2015

A YEAR IN REVIEW

TSX : GUY

GUYANA'S
PREMIER GOLD PRODUCER

TSX : GUY

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GUYANA GOLDFIELDS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2015

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GUYANA GOLDFIELDS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED December 31, 2015

(Amounts are expressed in thousands of United States dollars, unless otherwise noted)

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Guyana Goldfields Inc. ("Guyana Goldfields" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2015. References to "Guyana Goldfields" in this MD&A refer to the Company and its subsidiaries taken as a whole.

Effective in 2014, the Company changed its financial year-end from October 31st to December 31st and reported a one-time, fourteen month transition year covering the months of November 2013 to December 2014. Consequently, the Company had a one-time fifth fiscal quarter in 2014 reflecting the extension of the fiscal year from October 31, 2014 to December 31, 2014. The Company's first full financial year after the transition covered the period January 1, 2015 to December 31, 2015. Accordingly, this MD&A presents the results of operations and comprehensive income (loss) and cash flows for the three and twelve months ended December 31, 2015 with comparatives for the two and fourteen months ended December 31, 2014. Unless stated otherwise, any reference in this document to the financial year ended December 31, 2014 is for the fourteen month period ended December 31, 2014.

This MD&A has been prepared in compliance with the requirements of National Instrument ("NI") 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements and the related notes for the twelve months ended December 31, 2015 (with comparatives for the fourteen months ended December 31, 2014), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Results are reported in thousands of United States dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at March 10, 2016 unless otherwise indicated.

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

Further information about the Company and its operations is available on the Company's website at **www.guygold.com** or on SEDAR at **www.sedar.com**.

The Company is a reporting issuer under applicable securities legislation in each of the provinces of Canada and its outstanding Common Shares are listed on the Toronto Stock Exchange under the symbol "GUY".

COMPANY BUSINESS

Guyana Goldfields is a Canadian-based company engaged in the acquisition, exploration, development and operation of mineral property interests, principally gold resource properties in Guyana, South America. The Company's primary focus has been on the development of its 100% owned Aurora Gold Project (the "Aurora Project" or "Project").

On November 18, 2011, the Company signed a Mineral Agreement with the Government of Guyana and received the Mining Licence for the Aurora Project. The Mineral Agreement ("MA") and Mining Licence detail all fiscal, property, import-export procedures, taxation provisions and other related conditions for the continued exploration, mine development and operation of the Aurora Project. Significant terms include: net smelter return ("NSR") royalty of 5% on gold sales at a price of gold of $1,000 per ounce or less (royalty of 8% at a price of gold over $1,000 per ounce); corporate income tax rate of 30% and no withholding tax on interest payments to lenders; and duty and value added tax exemptions on all imports of equipment and materials for all continuing operations at the Aurora Project. The Mining Licence is the Company's permit to build and operate mining facilities at the Aurora Project and is valid for an initial 20-year term with provisions for extension.

On January 29, 2013, the Company filed on SEDAR its Aurora Project NI 43-101 Technical Report, Updated Feasibility Study (the "Updated Feasibility Study"), which was an update to its previous technical report entitled NI 43-101 Technical Report, Feasibility Study filed on April 9, 2012 (the "April 2012 Feasibility Study"). Based on the key findings of the Updated Feasibility Study and Board of Director approval, the Company advanced with the development of the Aurora Project. The Project economics were subsequently updated in December 2013 based on the existing capital cost estimates and envisioned a phased mining and milling approach, production from both open pit and underground mining, and self-performance with an anticipated capital investment of $205 million.

In December 2013, the Company announced an updated timeline to commercial production and a projected $44 million increase in pre-production capital investment over the Updated Feasibility Study. The increase was due to improved estimates as a result of further detailed engineering, transitioning to an engineering, procurement and construction development approach which assumes a lower project execution risk for the Company, additional funds for operational readiness, and increased estimates. Total construction and development costs budget was set at $277 million (which includes initial development costs of $249 million, and $28 million in financing costs, pre-operating costs and working capital investment).

In May 2014, Guyana Goldfields' wholly owned subsidiary AGM Inc. ("AGM"), owner and operator of the Aurora Project, formalized its existing contractual arrangements with Sedgman Limited and Graña y Montero (the "GSJV"), and signed the engineering, procurement and construction (the "EPC Contract") valued at $134 million with the GSJV for the Aurora process plant and power plant, with the novation of responsibilities and payments made under the previous contractual arrangements.

As a condition of obtaining project financing under the proposed Facility (as defined below) for the development of the Aurora Project, the Company was obligated to fund an additional $33 million for deposit into Company restricted bank accounts. On June 27, 2014 the Company raised the $33 million in equity by completing a non-brokered private placement.

On September 2, 2014, the Company and its wholly owned subsidiary AGM, announced the signing of a common terms agreement (the "Common Terms Agreement") with International Finance Corporation, Export Development Canada, ING Capital LLC, Caterpillar Financial Services Corporation, and The Bank of Nova Scotia (collectively the "Senior Lenders") and other definitive documentation with respect to the $185 million project loan facility (the "Project Loan Facility" or the "Facility"), to fund the development and construction of, and general matters relating to the Project. See "Liquidity, Capital Resources and Business Prospects" for further details.

On October 17, 2014 the Company satisfied all conditions to first disbursement under the Project Loan Facility and commenced to draw on Facility funds. By September 30, 2015, the Company had fully drawn on the Tranche 1 facility of $160 million and substantially completed all construction and development activities. Commissioning and pre-commercial production operations started in September 2015 and

ended on December 31, 2015.

Effective January 1, 2016, the Aurora Project mine declared commercial production which was defined to have occurred as the first calendar month following the mill having operated for a period of sixty consecutive days at an average of 75% or more of the designed production capacity (including both soft and fresh rock components) equivalent to processing 3,750 tonnes of ore per day, and with gold recoveries at least 85%.

On January 14, 2016, the Company updated its Mineral Reserves for its Aurora Project utilizing a gold price of $1,000 per ounce. The previous Mineral Reserve estimate was issued on January 11, 2013 utilizing a gold price of $1,300 per ounce. There has been no change to the Mineral Resource model of the Project as previously disclosed on June 24, 2012. Total proven and probable Mineral Reserves are estimated to be 32,208 kilo tonnes at a grade of 2.94 grams per tonne ("g/t") containing 3,042,000 ounces, net of depletion as of December 31, 2015. See "Aurora Project – Updated Mineral Reserves at $1,000 per ounce – at January 1, 2016" for further details.

On January 18, 2016, the Company reported key findings from its new feasibility study (the "New Feasibility Study") entitled "NI 43-101 Technical Report 2015 Updated Feasibility Study for the Aurora Gold Project, Guyana" dated January 18, 2016 and effective September 30, 2015 for the 100% owned Aurora Project. The New Feasibility Study reflects an extended open-pit/deferred underground mining scenario, as well as current cost parameters, and reserves based on a revised gold price of $1,000 per ounce.

The new mine plan within the New Feasibility Study anticipates production of 2,865,726 ounces of gold at an average life of mine ("LOM") grade of 2.94 g/t gold over an initial 16 year mine life at an all-in sustaining cost of $661 per ounce. Average annual gold production over the LOM is estimated to be 188,000 ounces, and averages 200,000 ounces per year over the period from 2017 to 2028. Gold production is expected to peak in year 2023 at 231,000 ounces. Gold production is staged with an initial open pit mill throughput rate of 5,000 tpd from the Rory's Knoll deposit expanding to 8,000 tpd in early 2017 with the inclusion of other open pit feeds from the Aleck Hill and Mad Kiss deposits. Underground mining at Rory's Knoll is planned to commence in year 2022 and lasts for nine years. The New Feasibility Study is available on SEDAR at www.sedar.com and the Company's website at www.guygold.com. See "Aurora Project – New Technical Study NI 43-101 Dated January 18, 2016 ("New Feasibility Study")" for further details.

The Company also holds a contiguous 216,888 acre land package located in the Aranka district of Guyana approximately thirty kilometres northeast of the Aurora Project, known as the "Aranka Properties" which consist of a number of separate properties including Sulphur Rose.

HIGHLIGHTS AND MILESTONES

Aurora Project

- Commercial production at the Aurora Project was declared January 1, 2016.
- Gold sales for 2015 were made substantially in November and December. For the four month pre-commercial production period ended December 31, 2015, the Aurora Project:
    - Produced (poured) 35,901 ounces of gold (within 2015 guidance range of 30,000 to 50,000 ounces),
    - Sold 28,850 ounces of gold at an average realized price of $1,079 per ounce, generating $31 million in gross pre-commercial production revenue.
    - Incurred operating costs (including royalties) of approximately $23 million over the four month ramp up period, generating approximately $8 million in operating profit.

- All of the above revenues and operating costs during the 2015 pre-commercial production period were capitalized to development costs.

- The month of December saw a ramp up in average mining rates to 16,589 tpd of total material moved, and 4,758 tpd of ore processed. Average head grade was 3.2 g/t in December 2015.
- As of December 31, 2015, 27% more ounces of gold were contained in the ore mined year-to-date than was predicted by the ore reserve model for the Project.
- At December 31, 2015, included in development costs was approximately $10 million in gold inventory composed of the following:
  - Run-of mine stockpile of 66,000 tonnes of ore grading 2.63 g/t,
  - In-circuit inventory containing approximately 4,817 ounces of doré, and
  - Finished goods inventory of 7,328 ounces of doré available for refining.
- Final adjustments to Project construction and development costs during the fourth quarter brought overall total development costs to $282 million versus a development budget of $277 million (that included initial development costs of $249 million, and $28 million in financing costs, pre-operating costs and working capital investment).

Board and Senior Officer Level Changes

- On May 26, 2015, Ms. Wendy Kei, CPA, CA was appointed as a director of the Company.
- On October 5, 2015, Mr. Lello Galassi, Chief Operating Officer responsible for the development of the Aurora Project announced his previously scheduled departure with the completion of construction activities at the Project.

Financial

- Net income for 2015 was $20.1 million (basic and diluted income per share of $0.13). This compares with a net loss of $12.8 million in the prior year ($0.09 basic and diluted loss per share). Net income for 2015 resulted from the recognition in the fourth quarter of approximately $28.9 million in deferred tax assets relating to tax losses available to the Aurora Project, and a corresponding income tax recovery.
- For the fourth quarter ended December 31, 2015, net income was $25.3 million (basic and diluted income per share of $0.16). The recognition of the $28.9 million deferred tax asset in the fourth quarter this year increased earnings over the prior year's fifth quarter net loss of $1.7 million (basic and diluted loss per share of $0.01).
- The Tranche 1 facility of $160 million was fully advanced at September 30, 2015. At December 31, 2015, the Company made its first principal debt repayment of $4.34 million.
- The Company did not need to draw on its Tranche 2 $25 million cost overrun facility available to fund the construction of the Aurora Project. Consequently, the Tranche 2 facility expired on November 30, 2015.
- As of December 31, 2015, the Company had a total of $27 million in overall funds available in restricted bank accounts for the Aurora Project. As the Company does not require their use to fund costs overruns on the Project, the $23 million residing in the Owner's cost overrun bank account will be deposited into debt service and mine closure restricted bank accounts at project completion. The $4 million in the Project's restricted completion bank account is expected to be available to the parent company Guyana Goldfields Inc.
- The extended commissioning and ramp up period in the fourth quarter of 2015 resulted in a consolidated working capital deficiency of approximately $47 million (excluding restricted cash). The Company expects that the working capital deficiency will be funded from the Aurora Project's operating cash flows in 2016. See "Liquidity, Capital Resources and Business Prospects" for details.

- Subsequent to December 31, 2015, the Company sold 29,137 ounces of gold for total proceeds of $34.3 million, reflecting an average realized price of $1,177 per ounce.
- At December 31, 2015, the Company had a total of 26,400,000 litres of diesel forward contracts at an average rate of $0.44/litre, which will settle on a net basis, covering subsequent periods that end in the third and fourth quarters of 2017.
- In January and February 2016, the Company entered into commitments for the purchase of new mining equipment and a used Twin Otter airplane for local employee mine transport between the Aurora mine site and Georgetown, Guyana for total commitments are approximately $6,400.

AURORA PROJECT

OPERATING PERFORMANCE: PRE-COMMERCIAL PRODUCTION

		Month of September 2015	**Fourth Quarter Fiscal 2015**	**Four months ended December 31, 2015**
Ore mined	*tonnes*	77,200	483,000	560,200
Waste mined	*tonnes*	298,000	1,004,000	1,302,000
Total Mined	*tonnes*	375,200	1,487,000	1,862,200
Strip ratio	*waste:ore*	3.9	2.1	2.3
Tonnes mined per day	*tpd*	12,506	16,163	15,263
Ore processed	*tonnes*	52,400	393,000	445,400
Tonnes processed per day	*tpd*	1,749	4,271	3,651
Head grade	*g/t Au*	1.99	3.32	3.16
Recovery	*%*	72	91.9	90.5
Mill utilization	*%*	45	83	74
Gold Produced (poured)	*ounces*	311	35,590	35,901
Gold Sold	*ounces*	-	28,850	28,850
Average Realized Gold Price	*$/ounce*	-	1,079	1,079

Pre-commercial production operations at the Aurora Project commenced in September 2015, when both construction activities at the Project substantially ceased and the Tranche 1 Facility was fully drawn at $160,000. Ramp up of pre-commercial production operations continued into the fourth quarter with the month to month buildup of gold inventory levels. The Company has combined both its September 2015 and fourth quarter pre-commercial production financial operating results in the financial performance section table below, as the Company believes that this grouping is more representative of its overall activities during the ramp up period leading to commercial production on January 1, 2016.

The Company does not believe that the year-to date financial information below is representative of expected results to be achieved in 2016, as optimal operating performance has not been achieved. Operating costs are higher in the four month ramp up period ended as the Company transitioned from development to commercial production, effective January 1, 2016. As such, the processing facility had not yet consistently attained its design capacity of milling 5,000 tpd, and the Company expects improvements to mining, processing and general and administrative (“G&A”) costs to be realized in 2016. In addition, gold sales were made substantially in November and December 2015. Extensive costs were incurred in September and October for commissioning and start-up operations.

Mining Activities

During the fourth quarter of fiscal 2015, open pit operations at Rory's Knoll mined 1,487,000 tonnes, of which 483,000 tonnes was ore and 1,004,000 tonnes was waste. Saprolite ore was the predominate ore that was mined in the quarter. Blasting commenced in November 2015 with fresh rock being encountered. The initial Rory's Knoll open pit advanced to a depth of -25 metres at December 31, 2015.

As at December 31, 2015, the run-of-mine stockpile contained over 66,000 tonnes of ore with a grade of approximately 2.63 g/t, which was made up almost exclusively of saprolite ore.

Daily mine production ramped up during the fourth quarter from an average of 14,356 tpd of total material mined in October to 16,589 tpd in December 2015. Mining rates showed an increase in the latter part of December and hit a sustained average of over 20,000 tpd by month end, with a peak production of 27,500 tonnes on a single day.

The block model reconciliation at December 31, 2015 comparing survey volumes of actual tonnes mined versus the reserve model showed a positive variance of 27% more ounces of gold contained in the ore mined year-to-date in 2015 than predicted by the ore reserve model. It is not determinable whether this positive reconciliation will continue in the future.

Processing Activities

During the fourth quarter, the mill processed 393,000 tonnes of ore, with saprolite representing approximately 67% of all ore milled in the fourth quarter. Ore processed was a combination of direct feed and from run-of mine stockpiles. Processing of fresh rock commenced late in November 2015 when fresh rock became available. The focus in December 2015 was the processing of fresh rock in order to test the crushing circuits and mill processing.

Average tonnes processed were 4,271 tpd in the fourth quarter, with the month of December 2015 seeing seventeen days of over 5,000 tpd milled, including a record day of 6,196 tpd.

The average head grade during the fourth fiscal quarter was 3.32 g/t of gold, with recoveries averaging 91.9%. Gold production (doré poured) for the fourth quarter was 35,590 ounces.

Gold recoveries were lower than planned during the fourth quarter as the mill continued to ramp up and stabilize. The introduction of fresh rock resulted in a decrease in gold recovery as expected as operating parameters were adjusted to the change in processing requirements. Electrical and mechanical issues in the leaching circuit due to tank launders not being able to handle the full process flow also contributed to lower than expected gold recoveries.

Mill utilization improved during the fourth quarter averaging 83%, while the mill utilization for December 2015 was 85%. Mill utilization continued to improve month on month as the ramp up and stabilization of the mill continued.

As of December 31, 2015, there was approximately 4,817 contained ounces of gold in circuit, with an additional 7,328 ounces in doré poured ready to be refined.

For the four month period ended December 31, 2015, 445,400 tonnes were milled, with 35,901 ounces being produced (poured).

FINANCIAL PERFORMANCE: PRE-COMMERCIAL PRODUCTION

(in thousands of US$s)		**Four months ended December 31, 2015**
Revenues (net of refining charges)	$	31,000
Operating Costs (mine, processing and local G&A)	$	20,536
Royalties		2,480
	$	23,016
Operating Profit[1]	**$**	**7,984**

Gold Revenues

For both the fourth quarter and year-to-date at December 31, 2015, a total of 28,850 ounces of gold were sold resulting in pre-commercial production revenues of $31.1 million (before refining costs). This amount was capitalized to development costs in 2015. The Company realized an average gold price of $1,079 during this period. Gold sales were made substantially in November and December 2015, with 1,445 ounces sold in October 2015 and no gold sales in September 2015.

Operating & Other Costs

Operating costs represent mining, processing, and local in country mine related general and administrative expenses, and for the four month period ended December 31, 2015 were $20.5 million. Approximately $2.5 million in royalties were paid during this pre-commercial production period.

During the four month pre-commercial production period ended December 31, 2015, higher than normal mining, processing and G&A costs were incurred to support the commissioning and ramp up of operations. This included incurring operating costs in the months of September and October 2015 when 1,445 ounces of gold were sold, and subsequently additional costs for the rental of mining equipment to increase mining rates, and added personnel to support improvements to mill throughput and gold recovery levels.

Operating Profit[1]

The Company realized an operating profit[1] of approximately $8 million during the four month pre-commercial production period, defined as revenues less operating costs and royalties.

Royalties

Under the Company's Mineral Agreement with the Government of Guyana, the sale of gold is subject to an 8% royalty when gold prices are more than $1,000 per ounce. Royalty expense is calculated after the deduction of refining, insurance and transportation charges, and commenced with the first sale of gold during the pre-commercial production period.

All of the above revenues and costs during the 2015 pre-commercial production period were capitalized to development costs at December 31, 2015.

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

Outlook for 2016

The Company believes it will achieve its production guidance for 2016 of approximately 130,000 to 150,000 ounces of gold. Total cash costs for 2016 are expected to be in the range of $487 to $537 per ounce of gold sold (excluding royalties), based on achieving the upper end of the 2016 production guidance. All-in sustaining cost guidance (assuming a gold price of $1,000 per ounce) remain unchanged and are expected to be between $587 to $637 per ounce.

The Company expects to reduce its future mining costs by eliminating reliance on rental equipment as it transitions to a Company owned fleet. Key areas of opportunity for reducing processing costs include a reduction in third party labour costs as the mill stabilizes and technical support is decreased. On-stream analyzers for free cyanide and weak acid dissociable cyanide were installed late in the fourth quarter of 2015 and are expected to result in reagent cost savings in the leaching and detoxification circuits going forward. Overall, the Company expects to streamline the number of personnel as it transitions to a steady state mine operation.

In fiscal 2016, assuming a gold price of $1,200 per ounce and an 8% royalty, the Aurora Project is expected to:

- Generate $90 million in free cash flow (after sustaining capex),
- Make principal debt repayments, accelerated principal repayments and pay interest on its Project Loan Facility, for a total of approximately $40 million,
- Utilize its $23 million in restricted bank account funds for re-deposit into Company debt service and mine closure restricted bank accounts, as required under the Facility, and
- Fund the excess Aurora Project liabilities at December 31, 2015 of $22 million and top up the new restricted bank accounts by an additional $7 million.

See “Liquidity, Capital Resources and Business Prospects” section for details on the consolidated liquidity outlook for 2016.

The Company’s main asset is the Aurora Project. As such, the outlook for the Company is strongly tied to the sustained profitable operation of the Aurora Project into an operating mine. See “Risk Factors” below.

EPC Contract – Update

As of December 31, 2015, all required and essential EPC Contract work has been completed. In January 2016, the Company negotiated a settlement with the GSJV of all extension of time claims and contingent bonuses relating to the construction of the processing and power plant at the Aurora Project. The settlement did not have a material impact on assets under development. The Company is committed to paying the GSJV approximately $18 million over the first and second quarters of fiscal 2016. This balance includes construction holdbacks, contractual EPC Contract scheduled payments, and agreed upon settlement funds. At December 31, 2015, this commitment is fully accrued and included in accounts payable and accrued liabilities and included in assets under development, a component of mineral properties, plant and equipment. See “Liquidity, Capital Resources and Business Prospects” for further details.

The total value of work accrued on the process and power plant at December 31, 2015 was approximately $149 million (see “Aurora Project – Development Cost Update” below). This includes all EPC Contract payment, approved contract variations, the settlement of all extension of time claims and contingent bonuses, and the value of Company supplied resources to support the process and power plant construction.

Development Cost Update

The Company's pre-commercial production operations effectively commenced September 2015 with the mechanical completion of the processing facility and hand over from the GSJV, and ended on December 31, 2015, with commercial production of the Aurora Project being effective January 1, 2016. As a result, the Company is separately tracking its activities in these two areas (see chart below). Ramp up of gold production lagged behind plan due to longer than planned commissioning and start up efforts.

With the conclusion of construction activities, total development costs relating to the construction of the Project since its inception, were $282 million at December 31, 2015 on an accrual basis. Details of the actual capital spend for the Aurora Project as of December 31, 2015 is as follows:

Aurora Project Capital Expenditures (in Millions of US$)	Incurred: January 11, 2013 to December 31, 2014 F13 & F14	Incurred: January 1, 2015 to March 31, 2015 Q1 F15	Incurred: April 1, 2015 to June 30, 2015 Q2 F15	Incurred: July 1, 2015 to September 30, 2015 Q3 F15	Incurred: October 1, 2015 to December 31, 2015 Q4 F15	TOTAL ACTUAL CAPITAL COSTS INCURRED at December 31, 2015 (Note 1)	December 2013 Budget - Capital Costs to Commercial Production *(Note 2)*	Notes
GSJV: Fixed Price Process and Power Plant EPC Contract	**$102**	**$18**	**$14**	**$8**	**$7**	**$149**	**$134**	(3)
Owner's Cost – Balance of Scope								
Plant Infrastructure Buildings	-	1	-	-	-	1	2	
Plant Earthworks and Roads	4	-	1	-	-	5	6	
Mine Infrastructure Buildings	-	-	-	-	-	-	1	
Tailings Dam	3	1	-	-	-	4	6	(4)
Water Dams and Dykes	-	1	-	-	-	1	4	(4)
Site Services Water & Power	-	1	1	-	-	2	9	(4)
Logistics	2	(2)	-	-	-	-	8	(5)
sub-total	9	2	2	-	-	13	36	
Owner's Cost Infrastructure & Other	29	3	2	1	-	35	46	(6)
Owner's G&A	32	10	7	4	2	55	25	(7)
Owner's Costs - Operational Readiness	-	-	4	2	(6)	-	8	(8)
Total Owner's Cost	**70**	**15**	**15**	**7**	**(4)**	**103**	**115**	
Total Initial Development Capital	**$172**	**$33**	**$29**	**$15**	**$3**	**252**	**$249**	
Financing costs, pre-operating costs and working capital	16	2	5	8	(1)	30	28	(9)
TOTAL DEVELOPMENT COSTS (A)	**$188**	**$35**	**$34**	**$23**	**$2**	**$282**	**$277**	
PRE-COMMERCIAL PRODUCTION OPERATIONS								
Operating (profit) loss[1]				$6	$(14)	$(8)		(10)
Interest & finance costs				3	2	5		(11)
Inventory change				-	12	12		(12)
Sustaining capital				-	2	2		(13)
TOTAL PRE-COMMERCIAL PRODUCTION IMPACT (B)				**$9**	**$2**	**$11**		
Total Development Costs and Pre-Commercial Production Impact (A) + (B)						**$293**		

All costs incurred above are computed on an accrual basis. Aurora Project development costs above include both development costs, additions to fixed assets and deferred financing costs.

Note (1): Total development costs and pre-commercial production operating impact of $293 million above is reconciled to the consolidated financial statements as of December 31, 2015 as follows:

Total development costs including fixed asset addition – before accumulated depreciation (Note 9):	*$309 million*
Remove pre-development, exploration and corporate fixed asset additions:	*(11) million*
Remove non-cash items capitalized: amortization, ARO asset, stock-based compensation and accretion expense:	*(14) million*
Add deferred financing costs separately capitalized, considered development in above chart	*9 million*
Grand Total Aurora Project Development & Pre- Commercial Production Impact – December 31, 2015:	*$293 million*

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

Note (2): These costs compiled in December 2013, represent the initial development costs of $205 million as reflected in the January 2013 Feasibility Study, plus the projected $44 million increase in initial capital investment as described in the Company's MD&A for first quarter ended January 31, 2014. The $44 million estimated increase in development costs was due to costs associated with transitioning to an EPC development approach which assumes a lower project execution risk for the Company, additional funds for operational readiness, increased estimates and schedule delay.

Note (3): During the fourth quarter of fiscal 2015, the Company re-assigned amounts included in Owner's costs operational readiness to the EPC Contract, and included adjustments for the negotiated settlement with the GSJV on all extension of time claims and contingent bonuses. Included in the balance of $149 million, is $3 million in Owner supplied resources to support the process and power plant development.

Note (4): Total capital costs for the tailings dam, water dam and dykes, and site service water and power are lower than initially estimated, resulting from the change in execution strategy relating to the balance of scope work, which was self-performed.

Note (5): Logistics costs have been included in Owner's G&A due to the change in execution strategy for the balance of scope work.

Note (6): Owner's costs infrastructure and other costs are lower than expected due to the reduction in scope on non-critical infrastructure.

Note (7): Included in Owner's G&A quarterly spend are equipment maintenance, logistics and operational readiness costs attributable to Balance of Scope projects. Owner's G&A is $30 million above budget due to the shift in scope from external contractors to self-performance by the Owner's team. Increased scope responsibility led to an expansion of the work force and indirect supporting costs such as camp services, transportation costs and equipment maintenance beyond initial expectations.

Note (8): Owner's costs - operational readiness have been re-assigned to the EPC Contract and Owner's cost G&A.

Note (9): Finance pre-operating and working capital costs are higher than budget due to longer than anticipated production ramp up activities, resulting in additional costs being incurred.

Note (10): Operating (profit)[1] loss is defined as revenues from the sale of gold less operating costs and royalties.

Note (11): Interest and finance costs represent the September 30, 2015 and December 31, 2015 interest and commitment fees paid on the Facility.

Note (12): Inventory change represents the fourth quarter fiscal 2015 change in inventory balances, made up substantially of gold inventory.

Note (13): Represent capital expenditures on an accrual basis.

Key Milestone Dates – Aurora Project:

Key Milestones	**Start & End Dates**	**Update as of March 10, 2016**
Contractor access to site	Early calendar Q1 2014	Actual achieved – Jan 2014
450 Man Camp Installation	Early calendar Q2 2014	Actual achieved – May 2014
SAG Mill Delivery	Late calendar Q4 2014	Actual achieved – December 2014
CIL Tank Installation	Calendar Q4 2014 – calendar Q1 2015	Actual achieved – March 2015
Power Generator Installation	Calendar Q2 2015	Actual achieved – March 2015
First Gold Pour	Mid calendar 2015	Actual achieved – August 2015
Commercial Production	Calendar Q3 2015	Actual declared January 1, 2016

Updated Mineral Reserves at $1,000 per ounce – at January 1, 2016

On January 14, 2016, the Company updated its Mineral Reserves estimate for its Aurora Project and utilized a gold price of $1,000 per ounce. There has been no change to the Mineral Resource model of the Project as previously disclosed on June 24, 2012 (the "2012 Resource Estimate"). At January 1, 2016, total proven and probable Mineral Reserves are estimated to be 3,042,000 ounces, net of depletion, as follows:

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

January 2016			
Reserve Category	**Quantity (kt)**	**Grade (g/t)**	**Contained Gold (koz)**
Proven			
Open pit saprolite	18	3.10	2
Open pit fresh ore	4,939	3.12	495
Stockpile	120	1.73	7
Total Proven	**5,077**	**3.09**	**504**
Probable			
Open pit saprolite	3,265	1.98	208
O/P fresh ore	8,963	2.88	829
Underground	14,904	3.13	1,502
Total Probable	**27,132**	**2.91**	**2,539**
Total (P&P)	**32,208**	**2.94**	**3,042**

(1) CIM definitions were followed for Mineral Reserves.
(2) Mineral Reserves are estimated using a gold price of $1,000/oz, 5% royalty and an average metallurgical recovery of 97.0% for saprolite and 94.4% for fresh rock material.
(3) Mineral Reserves are based on a cut-off grade of:

- Open Pit Vein saprolite cut-off grade of 0.43 g/t Au - Upper saprolite cut-off grade of 0.41 g/t Au
- Open Pit Fresh rock cut-off grade of 0.75 g/t Au - Fresh rock Rory's Knoll cut-off grade of 0.64 g/t Au
- Underground 1.62 g/t Au.

(4) Mineral Reserves include:

- Open pit: ore loss of 5% and dilution of 4% to 23% at 0.1 g/t Au.
- Underground: ore loss of 12% and dilution of 21% at 1.43 g/t Au.

(5) Totals may not add due to rounding.

Aurora Gold Project Mineral Resources at $1,300/oz Gold:

June 2012			
Resource Category	**Quantity (kt)**	**Grade (g/t)**	**Contained Gold (koz)**
Measured & Indicated Resources (M&I)			
Open pit	32,500	2.64	2,750
Underground	30,060	3.91	3,780
Total M&I Resources	**62,560**	**3.25**	**6,530**
Inferred Resource			
Open Pit	5,080	1.54	250
Underground	11,810	4.12	1,560
Total Inferred Resource	**16,890**	**3.33**	**1,810**

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. The cut-off grades are based on a gold price of $1,300 per ounce and metallurgical recoveries of ninety-five percent for saprolite and fresh material. Open pit resources are reported within conceptual optimized open pit shells, whereas underground resources are external to these. Open pit resources are reported at a cut-off grade of 0.30 g/t Au and 0.40 g/t Au for Saprolite and Fresh rock respectively, whereas underground resources are reported at a cut-off of 1.8 g/t Au.

Resource Upside Potential and Opportunities

The updated Mineral Reserves documented above do not take into account material from the following underground Mineral Resources as defined in the 2012 Resource Estimate:

- 1.69 million ounces of gold @ 3.67g/t in the indicated category at Rory's Knoll

- 1.22 million ounces of gold @ 4.27g/t in the inferred category at Rory's Knoll
- 787,000 ounces of gold @ 3.90g/t in the indicated category in the satellite deposits
- 341,000 ounces of gold @ 3.64g/t in the inferred category in the satellite deposits

NI 43-101 Technical Report 2015 Updated Feasibility Study for the Aurora Gold Project, Guyana

On January 18, 2016, the Company filed its New Feasibility Study that was authored by Metal Mining Consultants with contributions from SRK Consulting Inc. and others. The New Feasibility Study reflects an extended open-pit/deferred underground mining scenario, as well as current cost parameters, and reserves based on a revised gold price of $1,000 per ounce, details as follow:

Highlights of the January 18, 2016 New Feasibility Study – Aurora Project at $1,000 Gold Price		
Gold Price (base case)		$1,000/oz
Mine Life (LOM)		16 years
Average Mill Throughput (initial)		5,000 tpd
Average Mill Throughput (extended)		6,040 tpd
Strip Ratio		6.8:1 (waste to ore)
Average Gold Grade (mill head)		2.94g/t
Gold Recovery (saprolite)		97%
Gold Recovery (fresh rock @ 5,000 tpd)		94.4%
Average Annual Production (LOM)		188,000 oz/yr
Average Annual Production (Years 2017-2028)		200,000 oz/yr
Total Gold Production (Recovered Gold)		2,865,726 oz
LOM Cash Costs (with royalty)		$564/oz
LOM All-in sustaining capital ("AISC")		$661/oz
All-In cost (AISC + Corp G&A + Exploration+ Debt)		$778/oz
Expansion Capital Cost	Mill (Year 2016)	$5.6 M
	Open Pit (Year 2016 + 2017)	$18.8 M
Underground Development Cost		$227.4 M
Pre-Tax NPV (5% Discount Rate)		$672 M
After-Tax NPV (5% Discount Rate)		$568 M
Net Revenue		$2.7 B
Net Operating Income		$1.2 B

<u>Project Economics</u>

The following table provides details of the Project's economics at variable gold price assumptions and assumes no sunk initial development capital costs of $249M.

Financials (at 5% Discount Rate)	Units	Gold Price Per Ounce in US$				
		$800	$900	$1,000	$1,100	$1,200
Average Operating Cash Cost (LOM)	US$/oz	554	559	564	602	610
All-In Sustaining Cost (LOM)	US$/oz	651	656	661	699	707
Pre-Tax NPV	US$M	297	485	672	795	977
After-Tax NPV	US$M	278	435	568	656	784
After-Tax Net Cash Flow	US$M	371	590	777	901	1,086

After-tax net cash flow defined as revenue less operating costs less capital expenditures.

LOM Operating Costs

Cash operating costs (@ $1,000 gold, includes royalty)	$564/oz
Mining cost per tonne (open pit)	$2.45/tonne
Mining cost per tonne to the Mill (open pit)	$19.23/tonne
Mining cost per tonne to the Mill (underground)	$29.85/tonne
Processing cost per tonne	$12.86/tonne
G&A cost per tonne milled	$8.29/tonne

Mining and Production

All mining to date has been focused in the Rory's Knoll pit and will continue through the end of 2016. Gold production is staged with an initial open pit mill throughput rate of 5,000 tpd from the Rory's Knoll deposit expanding to 8,000 tpd in early 2017 with the inclusion of other open pit feeds from the Aleck Hill and Mad Kiss deposits. During the initial years when saprolite and fresh rock ore are combined, mill throughput rate ranges from 5,000 to 8,000 tpd. After eight years of operation, open pit mining will be completed.

The capital cost for the mill expansion from 5,000 tpd to 8,000 tpd is approximately $5.6 million and should be funded from free cash flow and is contingent upon economic conditions. Major components of the plant were built for a 10,000 tpd throughput rate allowing for lower expansion capital.

Following a two year pre-production period, underground mining at Rory's Knoll commences in year 2022 as open pit mining operations are completed and sustains a mill throughput rate of 5,200 tpd for nine years. Pre-production and production mining will be completed by an underground contractor. Rory's Knoll underground will be mined utilizing the open benching and sublevel retreat mining methods via a decline access with truck haulage from a depth of -170 metres below sea level ("mbsl") down to -770 mbsl. The favorable orebody context and the results from a detailed coupled hydrogeological and geotechnical model support the open benching and sublevel retreat mining method approach. The study results show underground mining creates minimal surface subsidence and indicate water inflows are manageable. The underground mine plan, mining method, production rate, and cost estimates were validated by two independent Front End Engineering Development proposals completed in 2015.

EXPLORATION ACTIVITIES

During the three months ended December 31, 2015, the Company incurred on an accrual basis exploration and evaluation expenditures of $231, versus $448 in the comparative two month period ended December 31, 2014, on all its exploration properties. For the twelve months ended December 31, 2015 and fourteen months ended December 31, 2014, exploration and evaluation expenditures were $1,616 and $2,462 respectively.

Aranka Properties

The properties are now under care and maintenance and exploration work will be continued at a later date. The Company will continue to retain its licenses in these areas. The Company has a 100% interest in the Aranka Properties. At the option of the Company, the permit holders remain entitled to NSR royalties that vary from 1.5% to 2% or a fixed payment amount in lieu thereof.

Other Properties

The Company also holds an interest in certain other properties located northeast from the Aurora Project (the “Other Properties”) which have been placed under care and maintenance. The Company has a 100% interest in these Other Properties. At the option of the Company, the permit holder remains entitled to a NSR royalty of 1.5% or a fixed payment amount in lieu thereof.

Outlook

Exploration activities for 2016 will focus several drill ready targets proximal to the Aurora Project. Drilling on brownfield targets will commence to identify near surface open pit ore. The Iroma Prospect in particular is about 10 km northeast of the Project. This is an area composed of three prospecting licenses and five optioned properties. Total land area is 120 square km. Baseline exploration work including deep saprolite drilling has delineated a coherent 8.5 km by 0.5 km gold anomaly in soils. Drilling of this area is the prime target for the year. The Company will continue to maintain its existing exploration properties.

TECHNICAL DISCLOSURE

The scientific and technical data contained under the heading “Aurora Project - Updated Mineral Reserves at $1,000 per ounce - at January 1, 2016” has been reviewed, approved and verified by Mr. Scott E. Wilson, C.P.G. Geologist, of Metal Mining Consultants, a “Qualified Person” within the meaning of NI 43-101. Mr. Wilson is independent of the Company.

The scientific and technical data contained under the heading “NI 43-101 Technical Report 2015 Updated Feasibility Study for the Aurora Gold Project, Guyana” (i.e. the “New Feasibility Study”) has been reviewed, approved and verified by each of the following individuals who are each independent of the Company, and are each a Qualified Person within the meaning of NI 43-101:

- Mr. Scott E. Wilson, C.P.G., Geologist of Metal Mining Consultants,
- Mr. Carl E. Brechtel, PE, Mining Engineer, of Metal Mining Consultants,
- Mr. Glen Cole, PGeo, Geologist, of SRK Consulting (Canada) Inc.,
- Mr. Martin Telford, FAusIMM, Mining Engineer, of SRK Consulting (Canada) Inc.,
- Mr. Robert McCarthy, PEng, Mining Engineer, of SRK Consulting (Canada) Inc.,

For further information on the Aurora Project, please refer to the New Feasibility Study available on SEDAR at www.sedar.com

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". Mr. Flores is the Senior Geologist with the Company.

The scientific and technical data contained under the headings:

- "Company Business",
- "Aurora Project – Operating Performance: Pre-Commercial Production",
- "Aurora Project – Financial Performance: Pre-Commercial Production",
- "Aurora Project – Outlook for 2016",
- "Aurora Project – EPC Contract – Update",
- "Aurora Project – Development Cost Update", and

Have 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.

SELECTED ANNUAL INFORMATION

The annual summary is set out in the following table, which has been prepared in accordance with IFRS.

(Expressed in thousands of Unites States dollars except per share amounts and where otherwise noted)

	Ref.		**December 31, 2015**		December 31, 2014[A]		October 31, 2013[B]
Operating loss	(i)	**$**	**(7,164)**	$	(10,572)	$	(18,222)
Other income (expense)	(i)	**$**	**(1,709)**	$	(2,235)		(759)
Deferred tax recovery	(i)	**$**	**28,936**	$	-	$	-
Net income (loss) and comprehensive income (loss) for the period	(i)	**$**	**20,063**	$	(12,807)	$	(18,981)
Net income (loss) per share - basic	(i)	**$**	**0.13**	$	(0.09)	$	(0.16)
Net income (loss) per share - fully diluted	(i)	**$**	**0.13**	$	(0.09)	$	(0.16)
Cash and cash equivalents	(ii)	**$**	**12,899**	$	17,211	$	108,649
Restricted cash (current and non-current)	(ii)	**$**	**27,146**	$	33,311	$	328
Contract advances	(iii)	**$**	**-**	$	10,417	$	-
Deferred financing costs	(iv)	**$**	**-**	$	8,786	$	-
Mineral properties, property and equipment	(v)	**$**	**295,880**	$	182,205	$	19,471
Deferred tax asset	(i)	**$**	**28,936**	$	-	$	-
Total assets		**$**	**367,391**	$	253,925	$	129,219
Accounts payable and accrued liabilities	(vi)	**$**	**32,476**	$	34,161	$	2,722
Long-term debt (current & non-current) (net)	(vii)	**$**	**144,760**	$	62,417	$	-
Asset retirement obligations	(viii)	**$**	**4,019**	$	-	$	-
Derivative liability (current & non-current)	(ix)	**$**	**2,320**	$	-	$	-
Accumulated deficit	(x)	**$**	**(234,262)**	$	(254,325)	$	(241,518)

[A] The year ended December 31, 2014 covers a fourteen month period, represented by five fiscal quarters.

[B] The above figures have been re-stated to reflect the Company's voluntary change in accounting principle on "E&E" expenditures. See "Changes in Accounting Policies – Fiscal 2014" below.

(i) *Comparison of Net Income for Fiscal 2015 versus Net Loss for Fiscal 2014*

Overall, the Company's net income for the financial year ended December 31, 2015 totalled $20,063 with basic and diluted income per share of $0.13. This compares with a loss for the fiscal year ended December 31, 2014 of $12,807 with basic and diluted loss per share of $0.09. Fiscal 2015 reflected 12 months of operations while fiscal 2014 had 14 months due to the change in the Company's year end.

At December 31, 2015, the Company recognized $28,936 in deferred tax assets and an offsetting deferred income tax recovery. The deferred tax asset was recognized for unused current and prior years' tax losses, as it was probable that taxable profit will be available against which these losses can be utilized. The deferred tax asset was measured at a 30% corporate income tax rate, that is expected to apply to the period when the asset is realized, based on tax rates and laws that have been enacted or substantively enacted at December 31, 2015. The recognition of the deferred tax asset at December 31, 2015 was the main factor responsible for the increase in 2015 earnings.

The Company's operating loss for the financial year ended December 31, 2015 of $7,164 reflected a decrease in loss of $3,408 from fiscal 2014. The year-over-year decrease in operating loss was substantially attributable to:

- A reduction of $2,349 in general and administrative expenses resulting from a combination of factors. This included; two less reporting months in fiscal 2015 than in the prior year; a thirteen cent weakening in the current year of the Canadian dollar versus the United States dollar; and a greater proportion of management's time being devoted to the Aurora Project build in fiscal 2015 and therefore additional salaries and benefit expenses being included in capitalized development costs this year.
- A reduction of $846 in exploration and evaluation expenditure caused by an overall reduction in exploration activity, with the Aranka Properties being in care and maintenance for the full current fiscal year.

Other expenses of $1,709 in fiscal 2015 were $526 lower than the prior fiscal year. The decrease in expense was due to:

- The realized and unrealized loss on the diesel derivative forward contract of $2,359 that was marked-to-market at December 31, 2015. Derivative instruments were not present in the prior year.
- The above was offset by the year-over-year change in the foreign exchange account that reflected a reduction in the foreign exchange loss by $3,344. The current full year's net foreign exchange gain of $628 was due to a weakening Canadian dollar versus the United States dollar applied to a net foreign currency monetary liability position, while last year's foreign exchange loss of $2,716 was primarily due to a weakening of the Canadian dollar applied primarily against the Company's Canadian dollar denominated cash and cash equivalents.

Comparison of Net Loss for Fiscal 2014 versus Net Loss for Fiscal 2013

The Company's reported a net loss for the financial year ended December 31, 2014 of $12,807 (basic and diluted loss per share of $0.09). This compares with a loss for the year ended October 31, 2013 of $18,981 (basic and diluted loss per share of $0.16). Despite the additional fifth quarter in fiscal 2014 having a net loss of $1,686, the $6,174 decrease in loss over fiscal 2013 was substantially attributable to:

- Exploration and evaluation expenditure decrease of $5,361 from fiscal 2013, with the majority of

this decrease represented by exploration activity at the Aurora Project that occurred just prior to the date of when development activities commenced under the Company's new accounting policy on E&E expenditures. The balance of the reduction in exploration and evaluation ("E&E") expenditures reflected a shift in focus in the Company's exploration program whereby its Aranka Property was placed on care and maintenance with exploration activities to resume at a future date, while the Company's exploration program in fiscal 2014 focused on its Other Properties.

- Stock based compensation decrease of $2,384 from fiscal 2013. The total fair value of stock-based compensation during the fourteen months ended December 31, 2014 was $1,950 versus $4,112 in fiscal 2013. Of this amount, in fiscal 2014, $1,264 was expensed and the balance $686 capitalized to assets under development. In the twelve month period in fiscal 2013, $3,648 of the total fair value was expensed and the balance $464 capitalized. The decrease in stock based compensation expense of $2,384 versus fiscal 2013 was mainly due to a reduced number of options granted in the current fiscal year.
- The fiscal 2014 over fiscal 2013 change in the foreign exchange account that reflected an increase in the foreign exchange loss of $1,278. The fiscal 2014 net foreign exchange loss of $2,716 was primarily due to realized foreign exchange losses of approximately $1,381 and foreign exchange losses of approximately $1,335 that resulted from a weakening of the Canadian dollar applied primarily against the Company's Canadian dollar denominated cash and cash equivalents. The foreign exchange loss of $1,438 in the twelve month period in fiscal 2013 was due to a 4.2 cent weakening in the Canadian dollar year end spot rate.

(ii) Cash and cash equivalents at December 31, 2015 are substantially composed of cash balances at the corporate level of approximately $8 million ($3 million in 2014), and cash at Aurora Project level of $5 million ($14 million in 2014). Cash at the corporate level was increased by approximately $6 million in the year from the release of restricted completion bank account funds held by the Project and by approximately $4 million from the exercise of stock options, and reduced by the payment of general and administrative expenses in the year. Cash at the Aurora Project level at December 31, 2015 represented available cash generated by pre-commercial production operations, while in the prior year, the cash position reflected cash drawn under the Facility for ongoing construction and development activities.

(iii) Contract advances were made to the GSJV in the prior year pursuant to the EPC Contract, with approximately $10 million outstanding at December 31, 2014. These contract advances were repaid by the GSJV during 2015.

(iv) Deferred financing cost balance of $8,786 as at December 31, 2014 represents the portion of deferred financing costs that were not netted against the Facility, as the Facility was not fully drawn at that time.

(v) Development expenditures in 2015 on the Aurora Project were funded by the Facility up to September 30, 2015 when construction activities effectively ceased, and thereafter development expenditures were funded by net proceeds generated from pre-commercial production operations. In comparison, development expenditures on the Aurora Project in 2014 were primarily funded by the Company, and also supported by proceeds made under the Project Loan Facility. See also "Aurora Project – Development Cost Update" for details on the composition of development costs spend.

(vi) At December 31, 2015 and December 31, 2014, accounts payable and accrued liabilities included balances owed to the GSJV under the EPC Contract of $17,987 and $28,461, respectively. The reduction in amount owed to the GSJV in 2015 was offset by an increase in supplier accounts

payable and accrued liabilities as the Aurora Project transitioned away from construction activities towards pre-commercial production operations late in 2015.

(vii) Total net debt at December 31, 2015 of $144,760 is composed of $160,000 in advances received under the Tranche 1 Facility, less $4,340 principal repayment, offset by the unamortized deferred financing costs of $10,900 attributable to negotiating the Facility.

(viii) The $4,019 reflects the recognition of asset retirement obligations during 2015 resulting from the construction of the Aurora Project facilities.

(ix) The derivative liability of $2,320 represents the mark-to market fair valuation of the diesel forward contracts outstanding at December 31, 2015. No derivative instruments were outstanding in the prior year.

(x) The accumulated deficit at December 31, 2014 includes the change in the Company's accounting policy on E&E expenditures (see "Changes in Accounting Policies – Fiscal 2014" below). The cumulative impact of this change on accumulated deficit as of October 31, 2013 and December 31, 2014, is $172,520 and $175,193, respectively. Of this cumulative change at December 31, 2014, $138,430 relates to exploration activities for the Aurora Project incurred prior to development activities. The balance of the cumulative impact of the change in accounting policy relates to the Company's Aranka Properties and it's Other Properties that are currently in the exploration phase.

SUMMARY OF QUARTERLY RESULTS

Condensed Consolidated Financial Results

The following is a summary of the Company's consolidated quarterly results for the eight quarters ended December 31, 2015 following the basis of presentation utilized in its IFRS condensed consolidated interim financial statements:

(Expressed in thousands of United States dollars except per share amounts and where otherwise noted). (Quarterly results are unaudited)

	Q4 Dec 31, 2015	Q3 Sept 30, 2015	Q2 June 30, 2015	Q1 Mar 31, 2015	Q5 Dec 31, 2014 [A]	Q4 Oct 31, 2014[B]	Q3 July 31, 2014[B]	Q2 Apr 30, 2014[B]
Operating expenses								
General and administrative expenses	**$ 1,038**	$ 1,032	$ 1,123	$ 1,132	$ 779	$ 1,608	$ 1,290	$ 1,666
Exploration and evaluation expenses	**231**	387	571	427	448	510	412	525
Stock-based compensation	**209**	288	294	283	231	88	178	309
Amortization	**66**	27	25	31	20	34	37	39
Operating loss	**(1,544)**	(1,734)	(2,013)	(1,873)	(1,478)	(2,240)	(1,917)	(2,539)
Other income (expense)								
Realized and unrealized loss on derivative instrument	**(2,359)**	-	-	-	-	-	-	-
Realized and unrealized loss on short-term investments	**-**	-	-	-	-	-	(3)	(13)
Foreign exchange gain (loss)	**230**	250	193	(45)	(211)	(124)	435	752
Interest income	**10**	3	5	4	3	55	91	173
Deferred tax recovery	**28,936**	-	-	-	-	-	-	-
Net income (loss) and comprehensive income (loss) for the period	**$ 25,273**	$ (1,481)	$ (1,815)	$ (1,914)	$ (1,686)	$ (2,309)	$ (1,394)	$ (1,627)

[A] The fifth quarter of the year ended December 31, 2014 covers a two month period, due to the change in the Company's year-end that was effective in 2014.

[B] The above figures have been re-stated to reflect the Company's voluntary change in accounting principle on E&E expenditures. See "Changes in Accounting Policies – Fiscal 2014" below.

	Q4 Dec 31, 2015	Q3 Sept 30, 2015	Q2 June 30, 2015	Q1 Mar 31, 2015	Q5 Dec 31, 2014 [A]	Q4 Oct 31, 2014[B]	Q3 July 31, 2014[B]	Q2 Apr 30, 2014[B]
Net income (loss) per share								
Basic	**$ 0.16**	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)
Fully diluted	**$ 0.16**	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)
Weighted average number of share outstanding								
Basic	**152,402,774**	151,687,544	150,846,271	150,584,691	150,331,399	150,306,399	135,404,293	126,187,986
Fully diluted	**156,554,764**	151,687,544	150,846,271	150,584,691	150,331,399	150,306,399	135,404,293	126,187,986
Total assets	**$ 367,391**	$ 338,426	$ 312,651	$ 280,033	$ 253,925	$ 232,609	$ 189,933	$ 135,550
Total liabilities	**$ 183,575**	$ 180,458	$ 156,314	$ 123,700	$ 96,578	$ 74,262	$ 29,388	$ 15,256

[A] The fifth quarter of the year ended December 31, 2014 covers a two month period, due to the change in the Company's year end that was effective in 2014.

[B] The above figures have been re-stated to reflect the Company's voluntary change in accounting principle on "E&E" expenditures. See "Changes in Accounting Policies – Fiscal 2014" below.

The Company is engaged in the acquisition, exploration, development and operation of mineral property interests, principally gold resource properties in Guyana, South America. Its main project, the 100% owned Aurora Project, declared commercial production effective January 1, 2016. As at December 31, 2015, the Company expenses exploration and evaluation expenditures incurred, and capitalizes expenditures related to the development and construction of the Aurora Project as part of assets under development, a component of mineral properties, plant and equipment. Pre-commercial production revenues and operating results are also capitalized as part of assets under development. See "Aurora Project – Financial Performance: Pre-Commercial Production" for a discussion of revenues and operating costs during the pre-commercial production period. The Company commenced with the recording of mine operating results in the consolidated statements of operations and comprehensive income (loss) effective January 1, 2016.

During the pre-commercial production period and subsequent, the price of gold is the largest single factor in determining profitability from operations. Therefore the financial performance of the Company has been, and will continue to be, closely aligned to the price of gold. 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 major influences on the gold price in 2015 included the strengthening of the U.S. dollar with the United States Federal Reserve beginning to normalize monetary policy, volatility in global financial markets and concerns over the global economy. The closing gold price on December 31, 2015 was $1,060 per ounce.

The Company's profitability is also subject to industry wide cost pressures on operating costs with respect to labour, energy, capital expenditures and consumables in general. Since mining is generally an energy intensive activity, especially in open pit mining, energy prices can have a significant impact on operations. The cost of fuel is a significant component of the Company's overall operating cost for the Aurora Project. In 2015, global oil and fuel price decreases have occurred. The Company manages its exposure to energy costs by entering, from time to time, into various diesel forward contracts. See "Commitments and

Contingencies".

The Company's consolidated quarterly operating losses shown in the chart above substantially reflect the Company's Canadian based corporate activities. Variations in quarterly operating losses over the past eight quarters has not been significant. Factors that have caused quarterly fluctuations include the relative position of the Canadian dollar compared to the United States dollar, the number of months within each fiscal year, and the amount of salaries and benefits that have been capitalized to the Aurora Project.

Results of Operations

Results for the three month period ended December 31, 2015, compared to the two month period ended December 31, 2014

The Company's reported net income for the three months ended December 31, 2015 of $25,273 (basic and diluted income per share of $0.16). This compares with a loss for the two months ended December 31, 2014 of $1,686 (basic and diluted loss per share of $0.01). The $26,959 increase in profit was substantially attributable to:

- The Company's recognition of $28,936 in deferred tax assets and an offsetting deferred income tax recovery. The deferred tax asset was recognized for unused current and prior years' tax losses, as it was probable that taxable profit will be available against which these losses can be utilized. The deferred tax assets was measured at a 30% corporate income tax rate, that is expected to apply to the period when the asset is realized, based on tax rates and laws that have been enacted or substantively enacted at December 31, 2015.
- The realized and unrealized loss on the diesel derivative forward contract of $2,359 that was marked-to-market at the end of the fourth quarter of 2015. Derivative instruments were not present at the end of 2014.

TRENDS

Guyana Goldfields is a Canadian-based company engaged in the acquisition, exploration, development and operation of mineral property interests, principally gold resource properties in Guyana, South America. The Company's primary focus has been on the development of the Aurora Project. Effective January 1, 2016, the Aurora Project mine commenced commercial production. The Company attempts to acquire properties in Guyana, should such acquisitions be consistent with the objectives and acquisition criteria of the Company. The Company's future financial success will be dependent upon profitable production at its Aurora Project, and adherence to the Project Loan Facility requirements while in production. In addition, both the price of, and the market for, gold is volatile, difficult to predict and subject to changes in domestic and international political, social and economic environments. Currently, access to capital to fund exploration, development and operations by mining companies is challenging.

The Company is aware that governments around the world are looking to the resource sector as a possible source of additional revenue, be it taxes or royalties. The Company has negotiated a long-term agreement with the Government of Guyana it considers to be fair which should benefit all stakeholders.

Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS

Working Capital

For the fourth quarter ended December 31, 2015, the Company's primary focus was on the ramp up of pre-commercial production operations at its Aurora Project, and to achieve commercial production status which was declared on January 1, 2016. During the fourth quarter, the Company generated approximately $14 million in operating profit[1] from the sale of gold (see "Aurora Project – Development Cost Update" table). Together with available cash on hand previously drawn under the Facility, these funds were substantially used for the December 31, 2015 principal debt and interest payment, to build up year-end gold inventory balances and to finance residual construction activities.

As of December 31, 2015, AGM Inc. had a total of $27 million in funds available in restricted bank accounts for the Aurora Project for construction and development costs overruns, as follows:

- Owner's cost overrun equity restricted account $23 million, and
- Owner's project completion restricted account $4 million.

The Owner's project completion restricted bank account originally had $10 million in available funds for Project cost overruns. The Senior Lenders approved the release on May 7, 2015 of $6 million of funds back to the parent Company.

With the completion of construction activities at the Aurora Project, the Company does not require the use of these restricted bank account funds at December 31, 2015. The $23 million residing in the Owner's cost overrun bank account will be deposited into debt service and mine closure restricted bank accounts at project completion in 2016, as required under the Facility. The Company expects that the remaining $4 million in the restricted completion bank account will be made available to it.

The extended commissioning and ramp up efforts during the latter half of fiscal 2015, and the delay of pre-commercial production gold sales until November and December 2015, contributed to a working capital deficiency at December 31, 2015 on a consolidated basis and for the Aurora Project, of approximately $47 million and $53 million, respectively (excluding restricted cash balances). The Company has determined that approximately $22 million of its current liabilities are non-typical of ongoing mine operations at the Aurora Project, and are substantially represented by its liability to the GSJV at December 31, 2015 of approximately $18 million under the EPC Contract that includes construction holdbacks. Included in the $53 million working capital deficiency is $28 million in future scheduled principal debt repayments due in 2016.

Note that as a development stage company at December 31, 2015, the value of material and supplies inventory as well as gold inventory (combined total of approximately $15 million) has been included in assets under development, a component of mineral properties, plant and equipment.

The Company expects that the above working capital deficiency will be funded from the Project's operating cash flows in 2016. See "Liquidity Outlook" section below.

At December 31, 2015 the Company's available cash to support its corporate general and administrative expenses and its exploration program was approximately $8 million.

As of December 31, 2015, the Company held approximately $10 million of its consolidated cash in United States denominated currency, with the remaining predominantly in Canadian funds. The Company maintains substantially all of its cash in interest bearing bank accounts at select Canadian chartered banks.

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

Financing Activities

The Project Loan Facility for the Aurora Project signed September 2, 2014 consisted of two tranches; a Tranche 1 facility of $160 million and a Tranche 2 cost overrun facility of $25 million. With construction of the Aurora Project complete, the full $160 million Tranche 1 facility had been drawn as of September 30, 2015. Net draws under the Facility in 2015 amounted to approximately $87 million, representing draws of approximately $91 million, offset by a principal debt repayment of approximately $4 million.

As at November 30, 2015, the Company did not need to draw funds on its Tranche 2 $25 million cost overrun facility that was available to fund the construction of the Aurora Project. Consequently, the Tranche 2 facility was withdrawn in its normal course at that time.

The maximum term of the Tranche 1 facility is eight years and advances bear a weighted average interest rate of 3-month LIBOR plus 5.11%. There is no required gold hedging or other required similar provisions associated with the Facility.

Principal debt repayments under the Facility continue quarterly over the tenor of the Facility, with repayments over the next twelve months of approximately $7 million, $5 million, $8 million and $8 million, occurring on March 31, 2016, June 30, 2016, September 30, 2016 and December 31, 2016, respectively. Interest payments are also required on a quarterly basis.

Commencing with the December 31, 2015 principal debt repayment, AGM Inc. is required to maintain specified financial and non-financial covenants/conditions and reporting requirements, including adherence to environmental and social standards, and future funding of a debt service reserve account and mine closure reserve account. Financial covenants include a debt service coverage ratio, projected debt service coverage ratio, loan life coverage ratio, project life coverage ratio and a mining reserve tail ratio. The Facility also provides for a partial cash sweep mechanism for the benefit of the Senior Lenders, and the acceleration of principal repayment in the event of a change in control. The Company was in compliance with all key covenants under the Common Terms Agreement as of March 10, 2016.

Under the terms of the Facility, commencement of underground mine development requires various terms and conditions being met, including the pre-funding of underground capital costs/commitments from operating cash flows generated from the open pit mine or from other financing sources.

The parent company Guyana Goldfields Inc. has undertaken to provide additional funds, if required, to meet the Aurora Project's financial obligations. There can be no assurance that the Company will meet all ongoing conditions necessary for future compliance under the Facility. In these circumstances, this could result in a default under the Facility and require repayment of all Facility advances. See "Risk Factors" below.

During fiscal 2015, the Company received approximately $4 million in proceeds from the exercise of stock options.

Investing Activities

The Company's cumulative construction and development costs to build the Aurora Project at December 31, 2015 on an accrual basis since inception of the Project in 2013 are approximately $282 million (this excludes the impact of pre-commercial production activities). Aurora Project costs incurred of $277 million have been financed by $117 million in initial equity contributions by the Company and the $160 million Tranche 1 facility. See "Aurora Project – Development Cost Update" section for details. The excess of $5 million has been financed by sales of gold from pre-commercial production activities.

Revenues and costs incurred during the four month pre-commercial production period were also capitalized to development costs, a component of mineral properties, plant and equipment at December 31, 2015. For this four month period, pre-commercial production operating profit was

approximately $8 million representing the excess of proceeds from the sale of gold over mine operating costs. In addition, interest costs of $5 million were incurred along with a $12 million build up in inventory levels during this four month period ended December 31, 2015.

On a cash basis, Aurora Project development expenditures and additions to fixed assets were approximately $106 million in fiscal 2015 ($132 million in the preceding 14 month fiscal year).

As at December 31, 2014, the Company had approximately $10 million in contract advances due from the GSJV. These advances were fully repaid to the Company prior to commencement of the third fiscal quarter of 2015.

The Senior Lenders approved the release on May 7, 2015 of $6 million of restricted funds in the Project's Owner's completion bank account back to the parent Company. The Company expects the release of the remaining $4 million in restricted funds in 2016.

Liquidity Outlook

The Company regularly monitors its overall cash position and forecasts cash flows to ensure financial obligations are met. The Company expects to address its consolidated working capital needs in 2016 as follows:

Consolidated Cash Flow Estimate (in millions of US$s)		**Estimated Fiscal 2016** [A]
Opening cash position – January 1, 2016		$ 13
Operating profit	$ 104	
Sustaining capital	(8)	
Sustaining capital – new [B]	(6)	
Free cash flow		90
Principal debt repayments	(28)	
Interest payments	(9)	
Accelerated principal debt repayment	(3)	(40)
Cash transfer from Owner's equity restricted bank account	23	
Funding of Facility's debt service reserve bank account	(25)	
Funding of Facility's mine closure reserve bank account	(5)	(7)
Funding of excess Project liabilities at December 31, 2015		(22)
Corporate general and administrative costs		(5)
Exploration expenditures		(3)
Proceeds from stock option exercise		4
Closing cash position – December 31, 2016		30

[A] Assumes: (1) Gold production at upper end of 2016 guidance (see "Aurora Project – Outlook for 2016").
(2) Gold price of $1,200 per ounce.
(3) Royalty rate of 8%.
(4) Diesel price of $0.70 per litre, inclusive of local transport costs to site

[B] Represents commitments for the purchase of additional mine fleet and a refurbished Twin Otter airplane. Approximately 50% of the funding for the airplane is expected to be provided by the parent Company.

Sensitivity to a $100 per ounce change in the price of gold would affect operating profit as follows:

Gold Price per oz	**$1,000**	**$1,100**	**$1,200**	**$1,300**
Operating Profit (in millions of US$s)	$80	$90	$104	$118

A ten cent change in the price of diesel would affect annual operating profit by +/- $1.5 million (before the hedging impact of derivative instruments. See “Commitments and Contingencies” and “Capital and Financial Risk Management” sections for further details on the Company’s diesel forward contracts.

From January 1, 2016 to March 10, 2016, the Company sold 29,137 ounces of gold for total proceeds of $34.3 million, reflecting an average realized price of $1,177 per ounce.

In February 2016, the Company entered into commitments for the purchase of additional mine fleet and for a refurbished pre-owned fourteen seater airplane for local employee mine transport. Total commitments are approximately $6,400. Payments for the additional mine fleet will be made over the first three quarters of fiscal 2016, while the Aurora Project’s share for the airplane funding will be made in the first quarter of fiscal 2016.

Subsequent to 2016, under the Facility the Company is required to fund the mine closure reserve account with quarterly payment of approximately $0.4 million, up to a maximum amount of $9 million. The majority of the Aurora Project’s asset retirement obligations are expected to be incurred towards the end of the current mine plan commencing 2031.

With the Aurora Project achieving commercial production on January 1, 2016, the Company is dependent upon the successful and profitable operation of the Project in order to satisfy its financial obligations. As a “one-mine” company, this dependence is more pronounced, and in these circumstances if there was a prolonged disruption to the operations of the Aurora Project, the Company would use its corporate cash resources to supplement any shortfall in funds. If these measures are insufficient, the Company would look for other sources of financing that may involve debt or equity, or a combination of both.

OFF-BALANCE-SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

COMMITMENTS & CONTINGENCIES

The Mineral Agreement and Mining Licence for the Aurora Project require the Company to undertake various obligations and commitments over the twenty-year life of the agreements. The Company has completed its construction activities and is in compliance in all material respects with all terms and conditions of the Mining Licence and Mineral Agreement for the Aurora Project. 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.

As of March 10, 2016, the Company is committed to $31,244 for obligations under the EPC Contract, other Aurora Project contractual commitments, purchases of equipment goods and services, and operating leases.

(in thousands of US$)	Total	2016	2017	2018	2019	2020	There-after
EPC Contract	$ 11,000	$ 11,000	$ -	$ -	$ -	$ -	$ -
Other contractual commitments	5,043	2,373	1,364	624	250	216	216
Purchase Obligations	13,256	13,256	-	-	-	-	-
Operating leases	1,945	202	433	415	415	345	135
Total Contractual Obligations At March 10, 2016	**$ 31,244**	**$ 26,831**	**$ 1,797**	**$ 1,039**	**$ 665**	**$ 561**	**$ 351**

The $11,000 commitment for the EPC contract incorporates the negotiated settlement with the GSJV of all extension of time claims and contingent bonuses relating to the Aurora Project less payments made to date. This remaining commitment of $11 million is included in accounts payable and accrued liabilities and is repayable to the GSJV over the first and second quarters of fiscal 2016.

In February 2016, the Company entered into commitments for the purchase of new mine equipment and a used Twin Otter airplane for local employee mine transport between the Aurora mine site and Georgetown, Guyana. Total commitments are approximately $6,400 and balances are included in the table above within purchase obligations and other contractual commitments.

The Company's mineral exploration rights to the Aurora Property were acquired from Alfro Alphonso and are subject to an annual fee of $100, payable on January 2nd each year, up to a maximum of $1,500. Such payments are due and payable for such period that the Company maintains an interest in the property. As at December 31, 2015 total payments since the acquisition of $1,200 have been made (December 31, 2014 - $1,100). This remaining commitment has not been included in the above contractual commitment table.

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

The Company is also party to certain management and consulting contracts. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events such as contract termination or change of control by the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the consolidated financial statements.

The Company manages its exposure to fluctuations in commodity prices by entering into derivative financial instruments from time to time. The following new derivative contracts were entered into during 2015 which will settle on a net basis:

- 9.2 million litres of diesel at an average rate of $0.43/litre, covering the period October 2015 through to August 2017,
- 9.2 million litres of diesel at an average rate of $0.45/litre, covering the period October 2015 through to August 2017,
- 9.6 million litres of diesel at an average rate of $0.43/litre, covering the period December 2015 through to November 2017.

At December 31, 2015, the Company had a total of 26.4 million litres of diesel forward contracts outstanding at an average rate of $0.44/litre. The following is a summary of the Company's commitments for diesel forward contracts at December 31, 2015:

		Projected operating expenses	Number of litres hedged		Average rate per litre
Fiscal 2016	$	6,078,560	14,400,000	$	0.42
Fiscal 2017		5,464,320	12,000,000	$	0.46
Total	$	11,542,880	26,400,000	$	0.44

Subsequent to December 31, 2015, a derivative contract for 9.6 million litres of diesel at an average rate of $0.395/litre, covering the calendar year 2018, was entered into that will settle on a net basis.

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:

		December 31, 2015		***December 31, 2014***
Diesel forward contracts	$	(2,320)	$	-

PROPOSED TRANSACTIONS

The Company evaluates various opportunities and transactions as they arise. There are no material transactions pending at the date of this MD&A.

RELATED PARTY TRANSACTIONS

(a) Compensation to directors for director's fees and salaries and benefits for key management personnel were as follows:

(In thousands of United States dollars)		**Twelve months ended December 31, 2015**		Fourteen months ended December 31, 2014
Directors:				
Alan Ferry	**$**	65	**$**	79
Jean-Pierre Chauvin		48		66
David Beatty		37		48
Rene Marion		59		64
Michael Richings		45		52
Wendy Kei		22		-
Robert Bondy		-		6
Richard Williams		-		8
	$	**276**	**$**	**323**

Annual Director compensation when denominated in Canadian dollars, and when adjusted for the additional fiscal quarter in the prior year and the new Board of Director member in 2015, was approximately 24 percent higher in 2015 than in the prior year. This increase was

substantially due to increased Director level compensation. After considering the above factors, the almost thirteen cents weakening year-over-year of the Canadian dollar versus the United States dollar, Director level compensation dropped approximately fourteen percent when denominated in Unites States currency. For the current three month fourth quarter versus the two month fifth quarter last year, Director compensation when denominated in Canadian dollars was approximately six percent lower this quarter after adjusting for the new Board of Director present in 2015. With the significant weakening in the Canadian dollar this quarter versus the fifth quarter last year, Director compensation was lower in 2015 by approximately twenty percent.

(In thousands of United States dollars)		**Twelve months ended December 31, 2015**		Fourteen months ended December 31, 2014
Key Management:				
J. Patrick Sheridan, Executive Chairman of the Board	$	438	$	473
Scott Caldwell, President, CEO and Director (i)		481		586
Lello Galassi, President and Chief Operating Officer		326		425
Paul J. Murphy, Executive Vice-President, Finance and Chief Financial Officer		310		496
Daniel Noone, Vice-President of Exploration, and Director		192		274
Reed Huppman, Vice President Sustainability, Health and Safety		313		307
	$	**2,060**	**$**	**2,561**

Key management compensation in the current year when denominated in Canadian dollars was approximately nine percent higher than the prior year, after the removal of the extra fiscal quarter in 2014. Compensation for certain executives is denominated in currencies other than the Canadian dollar. The weakening of the Canadian dollar year-over-year against these currencies was the main contributor behind the annual increase in Canadian dollar compensation. Together with the year-over-year weakening in the Canadian dollar versus the United States dollar, management compensation dropped approximately twenty percent when denominated in Unites States currency. For the current fourth quarter versus the fifth quarter last year, management compensation when denominated in Canadian dollars was approximately sixty-two percent higher this year substantially due to the extra month in the current quarter versus the two month quarter last year. Management compensation when denominated in United States dollars was approximately thirty-nine percent higher this quarter reflecting an additional month in the current quarter, and the impact of stronger foreign currencies this year affecting certain management compensation.

(b) Included in accounts payable are the following amounts due to related parties:

(In thousands of United States dollars)		**December 31, 2015**		December 31, 2014
Key Management:				
J. Patrick Sheridan, Executive Chairman of the Board	$	17	$	7

The balances above are non-interest bearing and are payable on demand.

All the above related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NEW ACCOUNTING POLICIES – FISCAL 2015 AND 2016

Fiscal 2015

The Company adopted the following new accounting policy in 2015:

Asset retirement obligations:

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment, including adherence to environmental and social management systems as defined under the Project Loan Facility. The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties, plant and equipment when those obligations result from the construction, development or normal operation of the assets.

The Company has recorded a liability and corresponding asset for the estimated future cost of mine reclamation and closure at the Aurora Project, including the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, discounted to net present value. The present value of estimated costs is recorded in the period in which the asset is installed or the environment is disturbed and a reasonable estimate of future costs and discount rates can be made. The provision is present valued based on current market assessments of the time value of money using discount rates based on a risk-free rate that approximates the timing of expenditures to be incurred, and estimates of future cash flows are adjusted to reflect risks specific to the liability.

Each period the Company reviews cost estimates and other assumptions used in the valuation of the obligation to reflect changes in circumstances and new information available. The main factors that can cause expected cash flows to change are: changes in laws and regulations governing the protection of the environment; construction of new facilities; methods of reclamation; changes to estimated lives of operations and extent of reclamation work required; changes in the life of mine plan; and changing ore characteristics. Provisions for asset retirement obligations do not include any additional obligations which are expected to arise from future disturbances.

After the initial measurement, the obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The change in the provision due to the passage of time is capitalized as development costs, and will be recognized in profit and loss as finance expense after the Aurora Project achieves commercial production. Increases and decreases to the provision relating to the changes in estimated future cash flows are capitalized and once in commercial production will be depreciated over the life of the related asset, unless the amount deducted from the cost exceeds the carrying value of the asset, in which case the excess is recorded in profit and loss.

Actual costs incurred upon settlement of the asset retirement obligation are charged against the provision to the extent the provision was established for those costs. Upon settlement of the liability, a gain or loss may be recorded.

Fiscal 2016

With the commencement of commercial production at the Aurora Project on January 1, 2016, the Company has adopted the following new accounting policies on this date:

Commercial production:

The development phase ends and the production phase begin when the mine is in the condition necessary for it to be capable of operating in the manner intended by management. Various relevant criteria are considered to assess when the mine is substantially complete and ready for its

intended use and moved into the production phase. Some of the criteria considered include, but are not limited to:

- Completion of operational commissioning of each major mine and plant component.
- Demonstrated ability to mine and mill consistently and without significant interruption at a pre-determined average rate of design capacity of 75%, composed of both soft and hard rock.
- The passage of a reasonable period of time for testing of all major mine and plant components
- Gold recoveries are at or near expected production levels.

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

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

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

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

Deferred stripping costs:

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

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

Inventory:

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

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

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

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

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

At December 31, 2015, all inventories above are included within assets under development.

Revenue recognition:

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

Prior to achieving commercial production, proceeds from gold sales were included in assets under development.

CHANGES IN ACCOUNTING POLICIES – FISCAL 2014

Effective December 31, 2014, the Company adopted a voluntary change in accounting principle on exploration and evaluation expenditures that is also generally accepted under IFRS 6. The Company's new policy on accounting for exploration and evaluation expenditures is to expense these costs until such time as the work completed supports the future development of the property through the issuance of a NI 43-101 technical report or definitive bankable feasibility study, and such development receives

appropriate Board approvals. All subsequent expenditures on the property are then capitalized and classified as assets under construction, a component of property, plant and equipment. This change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets, and is an accepted accounting practice in the mining industry. As such, management had determined that such a voluntary change in accounting policy resulted in financial statements providing more reliable and more relevant information. At December 31, 2014, the change in accounting policy had been made retrospectively and the comparatives at that time were restated accordingly to all periods presented, as if the policy had always been applied.

RECENT ACCOUNTING PRONOUNCEMENTS

Revenue recognition

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"). The standard replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets From Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. The Company is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 "Financial Instruments" ("IFRS 9"). This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition, measurement and impairment of financial instruments and includes a substantially reformed approach to hedge accounting. The Company is in the process of determining the impact of IFRS 9 on its consolidated financial statements.

Leases

In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company is in the process of determining the impact of IFRS 16 on its consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

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

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

Judgments, estimates and assumptions are periodically evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Areas of judgment,

estimate and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Development costs and commencement of commercial production:

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

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

- Completion of operational commissioning of each major mine and plant component.
- Demonstrated ability to mine and mill consistently and without significant interruption at a pre-determined average rate of design capacity of 75%, composed of both soft and hard rock.
- The passage of a reasonable period of time for testing of all major mine and plant components.
- Gold recoveries are at or near expected production levels.

Impairment of assets:

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

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

Mineral Reserves and Resources:

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

There are numerous estimates in determining Mineral Reserves and Mineral Resources. Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Changes to management’s assumptions and judgements

made in estimating the size and grade of the ore body, metallurgical assumptions made in estimating recovery of the ore body, including economic estimates of commodity prices, production costs, future capital requirements, and exchange rates, will impact Mineral Reserve and Mineral Resource estimates.

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

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

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

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

Recovery of deferred tax assets:

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

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

At December 31, 2015, a deferred tax asset of $28,936 has been recognized. This is composed of a net deferred tax asset of $9,118 (December 31, 2014: $nil) that has been recorded in a foreign subsidiary that arose from non-capital losses on pre-commercial production operations, net of the deferred tax liability relating to deferred financing costs and exploration and evaluation assets in excess of their tax base. In addition, a deferred tax assets of $19,818 (December 31, 2014: $nil) has been recorded in a foreign branch that arose from non-capital losses on exploration and evaluation expenditures. Projections of income for the Aurora Project and tax planning initiatives between both the foreign subsidiary and foreign branch, support the conclusion that the realizability of these deferred tax assets is probable and consequently, the Company has fully recognized these deferred tax assets.

Asset retirement obligations:

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

result in a change to the asset retirement obligation recognized by the Company. This liability is reassessed and re-measured at each reporting date.

Inventory valuation:

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

Depreciation of equipment:

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

During the fourth quarter of fiscal 2015, the Company recorded a change in estimate in depreciating its assets by changing the method of depreciating its assets in use from declining balance to the straight line method to better reflect the remaining useful lives of its property and equipment. This did not result in a material change in the amount of depreciation expense recognized during the fourth quarter of 2015, and is not expected to result in a material change in future depreciation expense. In addition, the Company removed $1,475 in cost and accumulated depreciation associated with equipment that was fully depreciated and no longer in use at December 31, 2015.

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.

CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, taking on debt, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

At March 10, 2016, the properties in which the Company currently has an interest in are in the exploration and commercial production stages. Until such time that the Aurora Project operates profitably over an extended period of time, the Company is dependent on external financing to fund its activities which include carrying out its planned exploration program and paying for corporate administrative costs. As such the Company will attempt to spend its existing working capital and raise additional amounts as needed.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient potential and if it has adequate financial resources to do so.

The Company considers its capital to be (1) equity, comprising share capital, stock options, contributed surplus and accumulated deficit, which at December 31, 2015 totalled $183,816 (December 31, 2014 - $157,347), and (2) long-term debt, which at December 31, 2015, was $116,750 net of unamortized debt issuance costs (December 31, 2014 – $58,077). The Company manages capital through its financial and operational budgeting processes that are approved by the Company's Board of Directors. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on exploration and mine operating activities, as well as anticipated future gold production plans. Selected information is frequently provided to the Board of Directors of the Company. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company's capital management objectives, policies and processes have remained unchanged during the twelve months ended December 31, 2015.

Financial Risk Management

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, currency rate and price risk) and credit risk. Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values related to diesel price risk exposure. The company does not purchase derivative financial instruments for speculative purposes. See "Commodity Price Risk" below.

(a) Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company.

As of December 31, 2015, the Aurora Project had a total of $27 million in cash residing in restricted bank accounts, composed of $4 million in the restricted completion bank account, and $23 million in the cost overrun equity bank account. These restricted cash balances were initially established to fund any potential cost overruns on the Project. Construction and development of the Aurora Project was substantially completed in September 2015 when the Tranche 1 facility was fully drawn. Subsequent funding of pre-commercial production operating costs and debt servicing came from sales of gold. Consequently, these restricted bank account funds are no longer required to fund cost overruns on the Project. The Company expects that upon project completion in 2016, as defined under the Facility, the $4 million in completion funds will be returned to the parent Guyana Goldfields Inc., while the $23 million in the cost overrun bank account will fund the Aurora Project's debt service and mine closure reserve bank account.

The Company historically has generated cash flow primarily from its financing activities, and interest income earned on its cash balances. During the fourth quarter of fiscal 2015, the Company commenced to generate cash flow from its Aurora Project during its pre-commercial production phase. At December 31, 2015, the Company on a consolidated basis had current assets (excluding restricted cash) of approximately $15 million (December 31, 2014 - $30 million) to settle consolidated current liabilities of approximately $62 million (December 31, 2014 - $39 million). Note that as a development stage company, the December 31, 2015 value of material and supplies inventory as well as gold

inventory (combined total of approximately $15 million) has been included in assets under development, a component of mineral properties, plant and equipment.

This consolidated working capital deficiency of approximately $47 million resulted from AGM's extended ramp up and commissioning period that led to the accumulation of liabilities at December 31, 2015. See "Liquidity, Capital Resources and Business Prospects" for further details. Consolidated current liabilities of $62 million include the Aurora Project's $28 million in principal debt repayments over the next twelve months and $18 million due to the GSJV under the EPC contract (repaid in periodic payments going into the second quarter of fiscal 2016). All of the remaining accounts payable and accrued liabilities are subject to normal trade terms.

The Company expects that the above working capital deficiency will be funded from the Project's mining operating cash flows in 2016. See "Liquidity, Capital Resources and Business Prospects" for further details.

The Company regularly evaluates its overall cash position and forecasted cash flows to ensure preservation and security of capital as well as maintenance of liquidity. Forecasting takes into consideration the Company's debt financing, covenant compliance and internal liquidity targets.

With the Aurora Project achieving commercial production on January 1, 2016, there can be no assurances that ongoing mining operations will proceed as planned or that future results from operations will be profitable, or that all required financial and non-financial covenants under the Project Loan Facility will be satisfied, or that other supplemental financing activities will not be required, if available.

(b) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in foreign exchange rates, interest rates, and commodity prices.

Currency risk:

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the United States dollar and major purchases are transacted in United States dollars.

The Company is subject to gains and losses due to fluctuations in the Canadian and Guyanese dollar against the United States dollar. Sensitivity to a plus or minus 10% change in all foreign currencies (Guyanese and Canadian dollars) against the United States dollar with all other variables held constant as at December 31, 2015, would affect the statement of operations and comprehensive income (loss) by approximately $632 (December 31, 2014 - $58).

The Aurora Project has been funded by the Project Loan Facility that is denominated in United States currency, and from the sale of gold doré denominated in United States currency. For disbursement purposes, bank accounts are maintained in United States, Canadian, and Guyanese dollars. The Project's exposure to fluctuations in the Canadian and Guyanese dollar against the United States dollar is not significant as substantially most construction development costs and pre-commercial production operating costs were incurred in United States dollars, and the exchange rate between the Guyanese and United States dollar has remained relatively constant. The consolidated foreign exchange gain of $628 at December 31, 2015 is primarily derived from the translation of Canadian dollar denominated liabilities.

The Company funds its exploration activities in Guyana on a cash call basis using United States dollars converted from its Canadian dollar bank accounts held in Canada. The Company maintains Canadian and United States dollar bank accounts in Canada, and Guyanese and United States dollar bank accounts in Guyana. Similarly, the Company foreign exchange exposure to fluctuations in the

Canadian and Guyanese dollars is not significant as its annual exploration expenditures, and Canadian dollar cash balances, are both relatively small.

A significant portion of the Company's corporate administrative costs are denominated in Canadian dollars. Fluctuations in the United States dollar exchange rate against the Canadian dollar are not expected to cause a significant impact.

Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. In the normal course of business, the Company is exposed to interest rate fluctuations as a result its long-term debt, and its cash being invested in interest-bearing instruments. The Project Loan Facility bears interest at a variable rate (3-month LIBOR plus 5.11% for the Tranche 1 facility).

Excluding cash balances and long-term debt attributable to the Aurora Project, sensitivity to a plus or minus 1% interest rate change with all other variables held constant as at December 31, 2015, would affect the statement of operations and comprehensive income (loss) by approximately $70 (December 31, 2014 - $32). Prior to Commercial Production of the Project, related interest earned on cash balances and interest incurred on long-term debt are being credited to/charged to Aurora Project assets under development. Sensitivity to a plus or minus 1% interest rate change on the Project's cash balances and long-term debt with all other variables held constant as at December 31, 2015, would have affected assets under development by approximately $1,505 (December 31, 2014 – $216). The Company evaluates on an ongoing basis opportunities to hedge its interest rate exposure on its long-term debt.

Commodity price risk:

The Company is exposed to price risk with respect to the market price of gold. Fluctuation in the price for gold may adversely affect (1) the Company's ability to profitably operate the Aurora Project, (2) influence the course of action taken in operating the mine in the future, (3) ability to obtain additional financing, and (4) affect the Company's ability to meet the Facility's financial and non-financial covenants. As at December 31, 2015, a ten percent change in the price of gold would have affected assets under development by approximately $3,113. The Company has not entered into any gold forward sales and there are no such contracts outstanding as of December 31, 2015. Commencing with commercial production, effective January 1, 2016, the Company expects that fluctuations in the gold price will have a material impact on Company's earnings.

The Company may enter into derivative contracts in order to manage its exposure to fluctuations in the market price of diesel. At December 31, 2015, the Company had a total of 26,400,000 litres of diesel forward contracts at an average rate of $0.44/litre, which will settle on a net basis, covering subsequent periods that end in the third and fourth quarters of fiscal 2017. At December 31, 2015, the Company recorded a realized loss and unrealized loss of $150 and $2,209, respectively, reflecting the mark-to-market position of the contracts. The impact of a 10% increase or decrease in rate used in the fair valuation of derivative instruments with all other variables remaining constant is $875. The diesel commodity swap forward contracts are secured under the Facility and documented in the form of an International Swap and Derivative Association ("ISDA") master agreement.

(c) Credit risk:

Credit risk is the risk of financial loss to the Company if a third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's sales of gold, and also from its financing activities including deposits with banks, and derivative contracts.

The Company sells its gold bullion to a select financial institution. The Company does not have any historical experience relating to customer default, but considers the credit risk associated with gold sales

to be minimal. The Company is not economically dependent on a limited number of customers for the sale of its gold.

The Company is also exposed to credit risk related to derivative assets which is equal to the carrying value of the asset. There is no credit risk associated with derivative liabilities. The Company manages credit risk related to derivatives by entering into contracts with high credit-quality counterparties. At December 31, 2015, the Company has entered into derivative contracts with a chartered Canadian bank.

The maximum credit exposure at December 31, 2015 is approximately $1,153 (December 31, 2014 - approximately $11,156). The Company in 2014 had a significant concentration of credit risk arising from its contract advances to the GSJV, which have been repaid back to AGM. The Company maintains substantially all of its cash in interest bearing bank accounts at select Canadian chartered banks.

NATIONAL INSTRUMENT 52-109 DISCLOSURE

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of disclosure controls and procedures ("DC&P") and the design of Internal Controls over Financial Reporting ("ICFR") to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's controls are based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework. The Company's CEO and the CFO have evaluated the design and effectiveness of the Company's DC&P as of December 31, 2015, and have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company. The CEO and CFO have also evaluated the design and effectiveness of the Company's ICFR as of December 31, 2015, and concluded that these controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

It should be noted that while the Company's CEO and CFO believe that the Company's disclosure controls and processes will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and processes will prevent all errors and frauds. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that its objectives are met.

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.

OUTSTANDING SHARE DATA

At the date of this MD&A, the issued and outstanding Common Shares totalled 152,793,914. Options outstanding amounted to 9,231,735 at the date of this MD&A, each of which is exercisable to acquire one Common Share in accordance with the terms thereof.

RISK FACTORS

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

Exploration, Development and Operating Risks

Mining operations generally involve a high degree of risk. Guyana Goldfields' operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, 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. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by Guyana Goldfields will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Guyana Goldfields not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by Guyana Goldfields towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore, or that future operations at the Aurora Project will be profitable.

Licencing Matters

Guyana Goldfields' operations are subject to receiving and maintaining permits and licences from appropriate governmental authorities. Although Guyana Goldfields currently has all required permits and licenses for its operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits and licenses for the existing operations or additional permits or licenses for all future operations. There can be no assurance that Guyana Goldfields will continue to hold all permits and licenses necessary to develop or continue operating at any particular property, or that any such licenses or permits awarded will not be cancelled pursuant to applicable legislation. At December 31, 2015, all of the expired exploration licences for both the Aranka Properties and Other Properties had been renewed

The interest of Guyana Goldfields in the Aurora Project is held through a MA and Mining Licence that sets out a tax regime and development and production framework. All other properties are held through property licences.

The MA and Mining Licence for the Aurora Project require the Company to undertake various obligations and commitments over the twenty year life of the agreements. 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. There can be no assurance that the Company will continue to be in compliance with all terms and conditions of the MA and Mining Licence or assurance that any dispute resolution process will decide in the Company's favour.

Geotechnical Risks

Geotechnical risks are present for any greenfield project where no previous mining history and experiences with the rock mass behavior and response to mining conditions have been tested. Those risks are stemming from the limitations of drill hole based on geotechnical and structural data and residual uncertainty in selected base case parameters. In such cases, it is important to assess potential ranges of outcomes and apply both empirical and numerical methods of rock mass strength and stress evaluation and conduct sensitivity analyses to understand the consequences of potential deviation from the base case. Third party consultants followed such process in respect of their work for the Company.

As part of the risk mitigation strategy, it was important to develop a design that has flexibility to address potential unexpected situations; such as hidden and undetected faults, or deviation from the ore body geometry etc., without major interruption to the mining process. The second important risk mitigation measure is the development and commissioning of comprehensive instrumentation and monitoring programs that will provide early warning and enable mine planners to develop an alternative approach. On January 29, 2013, the Company filed on SEDAR its Aurora Project NI 43-101 Technical Report, Updated Feasibility Study. In this report a third party consultant concluded that the Company has implemented adequate drilling programs to obtain the necessary geotechnical information for such report. It was further noted that additional drilling to better define the character of the shear zones and further geotechnical drilling would not materially improve the current knowledge.

Despite the satisfactory drilling program at the Aurora Project, it was noted in the January 2013 Report that two major geotechnical uncertainties exist that could potentially require mine operational adjustments, as follows:

- In-situ stress tests have not been conducted at site and there are no publically available in-situ stress results within a reasonable distance from the project site. Numerical analyses have been conducted to test the sensitivity to in-situ stress in order to understand the consequences of the deviation from selected base case values. In-situ stresses of different magnitude or direction may have an effect on the zone of mining induced stress around the underground operation. However, it was concluded that such change within the reasonable possible range of magnitude and/or direction would not result in a fatal flaw of the mining method and plan, but would potentially increase sloughing of the stope wall. Since the sub-level retreat ("SLR") method can tolerate limited stope wall instability, third party consultant concluded that such conditions would not require a change of the mining method. The sensitivity analyses indicated that it is unlikely that stress changes within a reasonable range of magnitude or direction could result in uncontrollable collapse of the stope walls. It is also important to understand that even if such an unlikely situation would occur, the monitoring program would provide an early warning of changing conditions and mitigation measures; such as waste backfilling of the SLR stope excavation could be implemented and SLR mining would change to sublevel "caving."; and
- the presence of unknown large scale structures. A third party consultant has concluded that with the amount of drilling and hydrogeological testing it is highly unlikely that any unknown structures would cause a major impact on the mining plan. Again, such structures would most likely be discovered during the early stages of the overburden stripping and would not come as unexpected surprises throughout the underground development, hence mitigation measures in terms of grouting and increasing pumping or storage capacity would be available.

The open pit design criterion at the Aurora Project is currently based on the previous geotechnical domains. The updated geological and geomechanical domains include the sericite shear band, which has a distinct strong foliation in which rock breakage occurs. These shear zones will need to be incorporated into an updated open pit design. Although the strongly foliated rock may present some risk in terms of toppling behavior within the north pit wall at Rory's Knoll, third party consultants have indicated

that the sub vertical nature and limited extent in the pit wall should not have a material impact on the operation.

Open Pit Mine Risks

The proposed mining operation at the Aurora Project is located in a region that receives significant tropical rainstorms that could materially impact the mining operation. To minimize the risk, the mining schedule allows for delays due to poor weather, and the mine dewatering is designed to cope with 25 year storm events. In order to minimize the impact of high rainfall, the mine has to adopt "wet mine" culture and proposed recommendations in terms of water diversions, slope erosion preventions etc. has to be implemented. With the global change in weather conditions, there is an elevated risk that significant rainfall outside the expected design parameters could cause further production interruptions. This mine plan accounts for certain external dilution of the ore during the mining operations. This allowance is based on third party consultants' practical open pit mining experience but requires accurate ore control modeling and field observations, followed by dig face demarcation and digging, in order to achieve the estimated dilution rates. If dilution is higher than estimated, it may result in the loss of certain ore blocks which will drop below the cut-off grade.

Underground Mine Risks

There are no field-observed hydraulic conductivity values obtained for the shear zones at the Aurora Project. Higher than expected water inflows may cause delays in the mine plan and may increase the operating costs. To mitigate this risk, a complementary drilling program was proposed to further evaluate geotechnical and hydrogeological conditions of the shear zone. Also, the mine design has 13,500 m3 of storage capacity in the decline and there is provision to increase pumping capacity. Although this would increase the operating cost, third party consultant has indicated that it would not be a fatal flaw in terms of the mine design. External mudrush risk exists for the underground mine due to the heavy rainfall and the potential for generating fines and clays from the overlaying saprolite material. This risk will be mitigated by partial pre-stripping of saprolites as part of the open pit mining and by implementation of proper dewatering and water diversion programs, such as perimeter drainage, collection sumps, etc. Timely supply of expatriate and skilled local personnel has the potential to be a very significant risk to the success of the project. The ability to adequately train local un-skilled labour to the required level is also a key factor for the underground mine. To mitigate this risk, third party consultant has assumed that in the years the mine will be developed using an experienced underground contractor, a comprehensive training program is introduced.

The underground mine plan, mining method, production rate, and cost estimates were validated by two independent Front End Engineering Development ("FEED") proposals completed in 2015. Despite these FEED proposals, underground development projects are prone to material cost overruns versus budget. The capital expenditures and time required to develop these projects are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project. It is not unusual in the mining industry to experience unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated.

Mineral Processing Risks

In the January 2013 Report, third party consultant recommended that a full risk assessment of the transportation of reagents and consumables to site at the Aurora Project should be conducted to determine any logistics issues given the plant site location.

Infrastructure Risks

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important

determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Guyana Goldfields' operations, financial condition and results of operations.

The 120 km access road from Buckhall to Tapir was designed for logging operations. The increase in traffic and loading that would result from the construction and operation of the Aurora mine would greatly exacerbate the risk of traffic accidents. This access road has been upgraded and an operating plan with Barama Logging Company is in place.

Insurance and Uninsured Risks

Guyana Goldfields' business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Guyana Goldfields' properties or the properties of others, delays in mining, monetary losses and possible legal liability.

The Company currently maintains director's and officer's liability, general liability, construction, marine cargo and other required insurances in such amounts as it considers to be reasonable. Accordingly, the insurance of the Company may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development or production is not generally available to Guyana Goldfields or to other companies in the mining industry on acceptable terms. Guyana Goldfields might also become subject to liability for pollution or other hazards which may not be insured against or which Guyana Goldfields may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Guyana Goldfields to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of Guyana Goldfields' operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Guyana Goldfields' operations. Environmental hazards may exist on the properties on which Guyana Goldfields holds interests which are unknown to Guyana Goldfields at present and which have been caused by previous or existing owners or operators of the properties. Government approvals and permits are currently, and may in the future be required in connection with Guyana Goldfields' operations. To the extent such approvals are required and not obtained, Guyana Goldfields may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the

exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on Guyana Goldfields and cause increases in exploration expenses, development costs, capital expenditures, operating costs or require abandonment or delays in development of new and existing mining properties.

Commercial production at the Aurora Project involves the use of sodium cyanide which is a poison. Should sodium cyanide leak or otherwise be discharged from the containment system then Guyana Goldfields may become subject to liability for cleanup work that may not be insured. While all steps will be taken to prevent discharges of pollutants into the ground water and the environment, Guyana Goldfields may become subject to liability for hazards that may not be insured against. Cyanide used by the processing facility is all destroyed prior to being discharged.

Uncertainty Relating to Mineral Resources

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to Mineral Resources, there is no assurance that Mineral Resources will be upgraded to Mineral Reserves as a result of continued exploration.

Reliability of Resource Estimates

There is no certainty that any of the Mineral Resources or reserves on any of Guyana Goldfields' properties will be realized. Until a deposit is actually mined and processed the quantity of Mineral Resources or Reserves and grades must be considered as estimates only. In addition, the quantity of Mineral Resources or reserves may vary depending on, among other things, metal prices. Any material change in quantity of Mineral Resources or Reserves, grade or stripping ratio may affect the economic viability of any project undertaken by Guyana Goldfields. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Fluctuations in gold and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources or Reserves could have a material adverse effect on Guyana Goldfields' results of operations and financial condition, and on its ability to comply with the Project Loan Facility requirements.

Uncertainty of Feasibility Study Results & Revisions to Estimates

Feasibility studies are used to determine the economic viability of a deposit, as are pre-feasibility studies and preliminary assessments. Feasibility studies are the most detailed and reflect a higher level of confidence in the reported capital and operating costs. Generally accepted levels of confidence are plus or minus 15% for feasibility studies, plus or minus 25-30% for pre-feasibility studies and plus or minus 35-40% for preliminary assessments. These levels reflect the levels of confidence that exist at the time the study is completed. Accordingly, although the Company has commenced commercial production at the Aurora Project and ceased all development activities, it has exceeded its initial development costs estimates by approximately $5 million or two percent at December 31, 2015. The Company cannot be certain that future significant construction costs will not be required to correct any deficiencies in constructing the Aurora Project, or that available funding will be sufficient.

Mine Closure

Mine closure plans may materialize earlier than planned to reflect market conditions and closure costs may not be fully known for a period of time. The closure plan and site rehabilitation plan may be incomplete and not fully documented.

No History of Mineral Production

Guyana Goldfields has never had any interest in mineral producing properties, other than the Aurora Project which commenced commercial production on January 1, 2016. There is no assurance that commercial quantities of minerals will be discovered at any of the properties of Guyana Goldfields or any future properties, nor is there any assurance that the exploration programs of Guyana Goldfields thereon will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any property of Guyana Goldfields will ever be brought to a stage where mineral resources can profitably be produced thereon. Factors which may limit the ability of Guyana Goldfields to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources which are currently being explored for, availability of capital and financing and the nature of any mineral deposits.

Production and Cost Estimates

The Company prepares estimates of future production, operating costs and capital costs for its operations. Despite the Company's best efforts to budget and estimate such costs, as a result of the substantial expenditures involved in the development of mineral projects and the fluctuation and increase of costs over time, development projects may be prone to material cost overruns. The Company's actual costs may vary from estimates for a variety of reasons, including: increased competition for resources and development inputs; cost inflation affecting the mining industry in general; short term operating factors; revisions to mine plans; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability, floods, and earthquakes; and unexpected labour shortages or strikes. Operating costs may also be affected by a variety of factors, including: ore grade metallurgy, labour costs, cost of commodities and other inputs, general inflationary pressures and currency exchange rates. Many of these factors are beyond the Company's control. No assurance can be given that cost estimates will be achieved. Failure to achieve production or cost estimates, or incurring material increases in costs, could have a material adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

Land Title

Although the title to the properties in which Guyana Goldfields holds an interest were reviewed by or on behalf of Guyana Goldfields, no formal title opinions were delivered to Guyana Goldfields and, consequently, no assurances can be given that there are no title defects affecting such properties. Title insurance generally is not available, and Guyana Goldfields' ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Guyana Goldfields has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. Accordingly, Guyana Goldfields' mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects.

In addition, Guyana Goldfields may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Global Financial Conditions

In recent years financial conditions have been characterized by volatility. Access to financing has been negatively impacted by many factors as a result of the recent global financial crisis. This may

impact the Company's ability to obtain equity or debt financing in the future on terms acceptable or favourable to the Company. A period of renewed uncertainty in the world capital markets could make any project debt component of the financing more expensive than anticipated or, in certain cases, unavailable. It is not uncommon for financial institutions to require some form of cost overrun facility, a price guarantee (hedging) program and/or a completion guarantee in association with the provision of project debt finance. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such volatility and market turmoil continue, the Company's business and financial condition could be adversely impacted.

Competition May Hinder Corporate Growth

The mining industry is competitive in all of its phases. Guyana Goldfields faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Guyana Goldfields. As a result of this competition, Guyana Goldfields may be unable to maintain or acquire attractive mining properties or skilled resources on terms it considers acceptable or at all. Consequently, Guyana Goldfields' revenues, operations and financial condition could be materially adversely affected.

Additional Capital

The development and exploration of Guyana Goldfields' properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of Guyana Goldfields' properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Guyana Goldfields. In addition, financing of the underground development at the Aurora Project may not proceed as planned, and external financing may be unavailable, or prohibitively expensive.

With the commencement of commercial production at the Aurora Project on January 1, 2016, the company is reliant on the profitable operations of the Aurora Project to fund its current and future liabilities, especially its working capital deficiency at December 31, 2015. There can be no assurance that operating cash flow or any additional financing will be sufficient for any unexpected development, or other costs for the Aurora Project.

The amount and timing of raising additional capital, which may involve debt or equity, or a combination of both, may be materially impacted by the economic climate in the capital markets. As a result, the cost and availability of any debt and or equity financing may be restricted. Accordingly, there can be no assurance that the Company will be able to raise sufficient funds to satisfy its contractual obligations or to develop a mining operation at the Aurora Project upon terms acceptable to the Company, or at all.

Dilution

The Company may require additional monies to fund development, construction, operational and exploration programs. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into shares or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. If the Company raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of existing shareholders. The cost and availability of equity may also be restricted. Sales of substantial amounts of the Company's Common Shares, or the availability of such Common Shares for sale, could adversely affect the prevailing market prices for the Company's securities.

Commodity Prices

A decline in the price of gold will materially adversely affect the price of the Common Shares, Guyana Goldfields' financial results and exploration, development and mining activities. Gold prices fluctuate widely and are affected by numerous factors beyond Guyana Goldfields' control such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States currency, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. The price of gold has fluctuated widely in recent years, and future serious price declines could cause development and or operations of Guyana Goldfields' properties to be impracticable. Future production from Guyana Goldfields' properties is dependent on gold prices that are adequate to make these properties economic.

In addition to adversely affecting Guyana Goldfields' reserve and/or resource estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

If the world market price of gold continues to drop and the prices realized by the Company decrease further and remain at such a level for any substantial period, the Company's profitability and cash flow would be negatively affected. In such circumstances, the Company may determine that it is not economically feasible to continue commercial production at its Aurora Project, or the future development of some or all of its current projects, which could have an adverse impact on the Company's financial performance and results of operations. The Company may curtail or suspend some or all of its activities, with the result that depleted reserves are not replaced. In addition, the market value of the Company's gold inventory may be reduced and existing reserves may be reduced to the extent that ore cannot be mined and processed economically at the prevailing prices.

Indebtedness and Inability to Satisfy Repayment Obligations

Although the Company has been successful in making its first scheduled principal debt repayment on December 31, 2015, there can be no assurance that it will continue to do so. The Company's level of indebtedness could have important consequences for its operations and the value of its common shares including: (a) limiting its ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of strategic initiatives, or other purposes; (b) limiting the Company's ability to use operating cash flow in other areas because of its obligations to service debt; (c) increasing the Company's vulnerability to general adverse economic and industry conditions, including increases in interest rates; (d) limiting the Company's ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation; and (e) limiting its ability or increasing the costs to refinance indebtedness.

The Company expects to utilize its Aurora Project cash flow from operations to pay its mine operating costs and to pay principal and interest on its Facility. The Company's ability to meet these payment obligations will depend on its future financial performance, which will be affected by financial, business, economic and other factors. The Company will not be able to control many of these factors, such as economic conditions in the markets in which it operates. The Company cannot be certain that its future cash flow from operations will be sufficient to allow it to make principal and interest payments on its Project Facility and meet its other obligations. If cash flow from operations are insufficient or if there is a contravention of its Facility covenants, the Company may be required to refinance all or part of its existing debt, sell assets, borrow more money or issue additional equity. There can be no assurance that the

Company will be able to refinance all or part of its existing debt on terms that are commercially reasonable.

Interest Rate Fluctuations

Fluctuations in interest rates can affect the Company's results of operations and cash flow. The Company's Project Loan Facility is subject to variable interest rates.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect the costs that Guyana Goldfields incurs in its operations. The appreciation of non-United States dollar currencies against the United States dollar can increase the cost of gold production in United States dollar terms. Although the majority of the Company's expenditures for the Aurora Project are paid in United States currency, a strengthened Canadian and Guyanese dollar relative to the United States dollar would negatively impact the Company.

Government Regulation

The mining, processing, development and mineral exploration activities of Guyana Goldfields are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters.

Exploration, development and mine operations may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both Guyana Goldfields' ability to undertake exploration and development activities in respect of present and future properties in the manner contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and/or development rights to date.

Although Guyana Goldfields believes that its exploration and operating activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail future exploration, development and mine production activities. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on Guyana Goldfields.

Political Risks

All of Guyana Goldfields' current operations are presently conducted in Guyana, South America and as such, Guyana Goldfields' operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; and changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Future political actions cannot be predicted and may adversely affect Guyana Goldfields. Changes, if any, in mining or investment policies or shifts in political attitude in the country of Guyana may

adversely affect the Company's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's consolidated business, results of operations and financial condition.

The Company has established a community and social relations office in Guyana which is in part, responsible for management and monitoring of government relations. The Company's senior management meets with government officials on a regular basis to support the continued operation of the Aurora Project.

Territorial Risk

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

If the Aurora Project property subject to the Mining Licence issued by the Government of Guyana is encroached upon by the government of Venezuela, the Company would be unable to realize a recovery of amounts capitalized under mineral properties, plant and equipment, and would recognize a write-down of the full recorded value.

Political instability in relation to these or other matters could also have a material adverse impact upon Guyana Goldfields' ability to access suitable financing on acceptable terms. Furthermore, Guyana Goldfields requires consultants and employees to work in Guyana to carry out its planned exploration programs and operations, and in the event of civil unrest or war, it may be difficult to find or hire qualified people or to obtain all of the necessary services or expertise in Guyana at reasonable rates. In addition, although considered very unlikely, the possibility that Venezuela may secure control over the land underlying the Company's property interests and the potential expropriation of such assets cannot be ruled out. The occurrence of these uncertainties cannot be accurately predicted and may constrain Guyana Goldfields' ability to secure claim to its mineral properties, and/or impact its inability to operate its properties as permitted or enforce its rights with respect to its property interests. Any such loss, reduction or expropriation of its entitlements would have a material adverse effect upon Guyana Goldfields.

Labour and Employment Matters

While Guyana Goldfields has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities in whose jurisdictions Guyana Goldfields carries on business. Adverse changes in such legislation, or the unionization of the Project's work force, may have a material adverse effect on Guyana Goldfields' business, results of operations and financial condition.

Subsidiaries

The Company conducts its operations through its domestic and foreign subsidiaries, and holds certain of its assets through its subsidiaries. Accordingly, any limitation on the transfer of cash or other

assets between the Company and its subsidiaries could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Market Price of Common Shares

Securities of micro and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in gold prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to Guyana Goldfields' performance that may have an effect on the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning Guyana Goldfields' business may be limited if investment banks with research capabilities do not continue to follow the Company; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Company's securities to be delisted from the exchange on which they trade, further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect Guyana Goldfields' long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares. Guyana Goldfields has previously completed private placements at prices per share which are from time to time lower than the market price of the Common Shares. Accordingly, a significant number of shareholders of the Company have an investment profit in the Common Shares that they may seek to liquidate.

Dependence on Management and Key Personnel

Guyana Goldfields is dependent on the services of key executives, including the Executive Chairman of the Board, President and Chief Executive Officer, Chief Financial Officer of the Company, and a small number of highly skilled and experienced executives and personnel, which is sufficient for the Company's present stage of operation. The Company also has an experienced management team supporting its production operations at the Aurora Project, and is dependent upon the services of these individuals. Guyana Goldfield's development to date has largely depended, and in the future will continue to depend, on the efforts of key management and other key personnel to develop and operate the Aurora Project. Loss of any of these people, particularly to competitors, could have a material adverse effect on the Company's business. Further, with respect to the development and operation of the Company's projects, it may become necessary to attract both international and local personnel. The marketplace for skilled personnel may become more competitive, which means the cost of hiring, training and retaining such personnel may increase. Factors outside the Company's control, including competition for human capital and the high-level of technical expertise and experience required to execute the development and operation of the Company's projects, will affect the Company's ability to employ the specific personnel required. The failure to retain or attract a sufficient number of skilled personnel could have a

material adverse effect on the Company's business, results of operations and financial condition. The Company has not taken out and does not intend to take out key man insurance in respect of any directors, officers or other employees.

Competition

The international mining industry is highly competitive. Guyana Goldfields may encounter competition from other mining companies in its efforts to hire experienced mining professionals. Competition for services and equipment could cause future development and operating costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase future project development, operations, exploration or construction costs, result in project delays or both.

Shortages and Price Volatility of Input Commodities and Equipment

The Company is dependent on various input commodities (such as diesel fuel and cyanide) and equipment (including parts) to conduct its mining operations and development projects. A shortage of such input commodities or equipment or a significant increase in their cost could have a material adverse effect on the Company's ability to carry out its operations and therefore limit, or increase the cost of, production. The Company is also dependent on access to and supply of water to carry out its mining operations, and such access and supply may not be readily available. Market prices of input commodities can be subject to volatile price movements which can be material, occur over short periods of time and are affected by factors that are beyond the Company's control. An increase in the cost, or decrease in the availability, of input commodities or equipment may affect the timely conduct and cost of operations and development projects. If the costs of certain input commodities consumed or otherwise used in connection with the Company's operations and development projects were to increase significantly, and remain at such levels for a substantial period, the Company may determine that it is not economically feasible to continue commercial production at its Aurora Project, which could have an adverse impact on the Company's financial performance and results of operations.

Hedging Risk

The Company's results of operations can vary significantly with fluctuations in the market price of gold. The Company's practice is not to hedge gold sales. The Company does however enter into forward contracts for the purchase of diesel when deemed advantageous by management. These derivative instruments are not formally recognized as hedging instruments and accordingly are classified as financial instruments.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration, development and/or operation, and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the Canada Business Corporations Act ("CBCA") and other applicable laws.

Cyber Security Threats

Information systems and other technologies, including those related to the Company's financial and operational management, are an integral part of the Company's business activities. Network and information systems-related events, such as computer hackings, cyber-attacks, computer

viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, malicious social engineering or other malicious activities, or any combination of the foregoing, or power outages, natural disasters, terrorist attacks or other similar events, could result in damage to the Company's property, equipment and data. These events also could result in significant expenditures to repair or replace the damaged property or information systems and/or to protect them from similar events in the future. Further, any security breaches, such as misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in the Company's information technology systems, including personnel and other data, could damage its reputation and require the Company to expend significant capital and other resources to remedy any such security breach. Insurance maintained by the Company against losses resulting from any such events or security breaches may not be sufficient to cover any consequent losses or otherwise adequately compensate the Company for any disruptions to its business that may result, and the occurrence of any such events or security breaches could have a material adverse effect on the business of the Company. There can be no assurance that these events and security breaches will not occur in the future or not have an adverse effect on the business of the Company.

Compliance with Anti-Corruption Laws

Guyana Goldfields is subject to various anti-corruption laws and regulations including but not limited to the *Canadian Corruption of Foreign Public Officials Act 1999*. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company's primary operations are located in Guyana and, according to Transparency International, the country of Guyana is perceived as having fairly high levels of corruption relative to the selected sample of countries around the world. Guyana Goldfields cannot predict the nature, scope or effect of future regulatory requirements to which its operations might be subject or the manner in which existing laws might be administered or interpreted. Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any potential violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, financial condition and results of operations, as well as on the market price of the Common Shares. As a consequence of these legal and regulatory requirements, the Company has instituted policies with regard to the code of business conduct and ethics. There can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring Guyana Goldfield's compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anti-corruption laws.

No History of Earnings or Dividends

The Company has no history of earnings and as such the Company has not paid dividends on its Common Shares since incorporation. It currently intends to retain future earnings, if any, to fund the development and growth of its businesses, and, therefore, investors cannot expect to receive a dividend on their common shares for the foreseeable future. The payment of future dividends, if any, will be reviewed periodically by the Company's Board of Directors and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and such other factors deemed by the Board of Directors to be relevant at the time.

Accounting Policies and Internal Control

With effect from November 1, 2011, the Company prepares its financial reports in accordance with IFRS.

In preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

FORWARD-LOOKING STATEMENTS AND ADDITIONAL INFORMATION

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; ability to continue to satisfy all conditions and covenants under the Project Loan Facility and make scheduled repayments thereunder; the future price of gold; expected operating cash flows and capital costs for the Aurora Project; success of exploration and development activities; cost and timing of future exploration and development; the estimation of Mineral Resources and Reserves and any anticipated upside potential thereof; conclusions of economic evaluations; successful and profitable operations of the Aurora Project; requirements for additional capital, expected improvements in mining, processing and general and administrative costs in 2016, 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 successfully satisfy all conditions under the Project Loan Facility to enable continued operations of the Aurora Project and to make scheduled repayments thereunder;
- the Company's failure to adhere to representations, warranties, affirmative and negative covenants under the Facility, which could give rise to an event of default under the Facility;
- the Company's' ability fund its working capital deficiency at December 31, 2015 from the operations of the Aurora Project;
- the Company's ability to achieve its production guidance for 2016 and its anticipated consolidated cash flow forecast for 2016;
- going concern status of the GSJV and its partners;
- the timing of achieving sustained level of gold production for the Aurora Project to develop the Project into a profitable producing mine;
- the timing and amounts of expected cash outflows relating to contractual commitments to the GSJV for the EPC Contract for the processing and power plant;

- the timing and amounts of expected cash outflows, and expected sales of gold, relating to profitable operations at the Aurora Project;
- 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 Project Loan Facility;
- unusual or unexpected geological formations encountered during development and/or mining operations;
- expectations that the 2015 year-to-date positive reconciliation between ounces of gold contained in actual tonnes mined versus the reserve model at December 31, 2015 will continue.
- adherence to the terms and condition of the Mineral Agreement and Mining Licence;
- uncertain political and economic environments;
- environmental hazards and industrial accidents;
- unionization of its work force in Guyana;
- governmental regulation and environmental liability;
- 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 Project, and affect the Company's ability to meet the Facility's financial and non-financial covenants;
- the Company's goal of creating shareholder value by concentrating on the acquisition and development 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 Project, corporate general and administrative expenses, and exploration activities;
- future plans for the Aurora Project and other property interests held by the Company or which may be acquired on a going forward basis, if at all;
- management's outlook regarding future trends, outlook and activities;

Forward-looking information is also subject to the risks further described in the Company's Annual Information Form. 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.

ADDITIONAL INFORMATION

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**.

NON-GAAP[1] PERFORMANCE MEASURE

The Company has included certain non-GAAP performance measures in this document. These measures are not defined under IFRS and should not be considered in isolation. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The inclusion of these measures is meant to provide additional information and should not be used as a substitute for performance measures prepared in accordance with IFRS. These measures are not necessarily standard and therefore may not be comparable to other issuers.

The following table reconciles these non-GAAP measure to the December 31, 2015 consolidated balance sheet and to the consolidated statement of operations and comprehensive income (loss).

(in thousands of US$s, except ounces and per ounce calculations)		**Four months ended December 31, 2015**
Consolidated Balance Sheet – Mineral Properties, plant and equipment: Note 9: "Pre-commercial production revenues less operating costs":	**$**	**(7,984)**
Composed of, and defined as the following:		
Revenues (net of refining charges) – sale of gold	$	(31,000)
Less mine, processing and local G&A costs		20,536
Less royalties		2,480
Operating profit	**$**	**(7,984)**

[1] GAAP – Generally accepted accounting principles

GUYANA GOLDFIELDS INC.

Consolidated Financial Statements

(Expressed in United States Dollars)

For the Twelve Months Ended December 31, 2015

And

The Fourteen Months Ended December 31, 2014

March 10, 2016

Independent Auditor's Report

To the Shareholders of
Guyana Goldfields Inc.

We have audited the accompanying consolidated financial statements of Guyana Goldfields Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2015 and December 31, 2014 and the consolidated statements of operations and comprehensive income (loss), changes in equity and cash flows for the 12-month and 14-month periods ended December 31, 2015 and December 31, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Guyana Goldfields Inc. and its subsidiaries as at December 31, 2015 and December 31, 2014 and their financial performance and their cash flows for the 12-month and 14-month periods ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

(Signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants, Licensed Public Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements, and notes thereto, and other information of Guyana Goldfields Inc. (the “Company”) were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. The significant accounting policies of the Company are summarized in Note 3 to the consolidated financial statements.

In order to discharge management’s responsibility for the integrity of the financial statements, the Company maintained a system of internal controls over the financial reporting process. These controls are designed to provide reasonable assurance that the Company’s assets are safeguarded, transactions are executed and recorded in accordance with management’s authorization, proper records are maintained and relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders. The external auditors have full and unrestricted access to the Audit Committee to discuss the scope of their audit, the adequacy of the system of internal controls, and the review of financial reporting issues.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Scott Caldwell	/s/ Paul J. Murphy
Chief Executive Officer	Chief Financial Officer

Toronto, Canada

March 10, 2016

Consolidated Balance Sheets

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

		December 31, 2015		December 31, 2014
ASSETS				
Current assets				
Cash and cash equivalents (Note 4)	**$**	**12,899**	$	17,211
Accounts receivable, prepaid expenses and other assets (Note 5)		**1,404**		1,995
Deposits with suppliers		**1,000**		-
Contract advances (Note 6)		**-**		10,417
Restricted cash (Note 7)		**27,146**		-
		42,449		29,623
Non-current assets				
Restricted cash (Note 7)		**126**		33,311
Deferred financing costs (net) (Note 8)		**-**		8,786
Mineral properties, plant and equipment (Note 9)		**295,880**		182,205
Deferred tax asset (Note 15)		**28,936**		-
Total assets	**$**	**367,391**	**$**	**253,925**
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 10)	**$**	**32,476**	$	34,161
Current portion of long-term debt (Note 11)		**28,010**		4,340
Derivative liability (Note 23)		**1,378**		-
Total current liabilities		**61,864**		38,501
Non-current liabilities				
Long-term debt (net) (Note 11)		**116,750**		58,077
Asset retirement obligations (Note 12)		**4,019**		-
Derivative liability (Note 23)		**942**		-
Total liabilities	**$**	**183,575**	$	96,578
Equity				
Share capital (Note 13)	**$**	**383,695**	$	377,668
Stock options (Note 14)		**7,840**		7,670
Contributed surplus		**26,543**		26,334
Accumulated deficit (Note 3(a))		**(234,262)**		(254,325)
Total equity		**183,816**		157,347
Total liabilities and equity	**$**	**367,391**	**$**	**253,925**

The notes on pages 65 to 96 are an integral part of these consolidated financial statements.

Commitments and Contingencies (Note 20)

Subsequent Events (Note 25)

APPROVED ON BEHALF OF THE BOARD:

“J. Patrick Sheridan”	“Wendy Kei”
Director	Director

Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	Twelve months ended December 31, 2015	Fourteen months ended December 31, 2014 (Notes 2(a) & 3(a))
Operating expenses		
General and administrative expenses (Note 16)	**$ 4,325**	$ 6,674
Exploration and evaluation expenses (Notes 17)	**1,616**	2,462
Stock-based compensation (Note 14)	**1,074**	1,264
Amortization	**149**	172
Operating loss	**(7,164)**	(10,572)
Other income (expense)		
Realized and unrealized loss on derivative instrument (Note 23)	**(2,359)**	-
Foreign exchange gain (loss)	**628**	(2,716)
Loss on short-term investments	**-**	(24)
Interest income	**22**	505
Net loss before taxes	**(8,873)**	(12,807)
Deferred tax recovery (Note 15)	**28,936**	-
Net Income (loss) and comprehensive income (loss) for the period	**$ 20,063**	$ (12,807)
Net Income (loss) per share		
Basic	**$ 0.13**	$ (0.09)
Diluted	**0.13**	$ (0.09)
Weighted average number of shares outstanding		
Basic	**151,386,143**	136,861,701
Diluted	**155,688,682**	136,861,701

The notes on pages 65 to 96 are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

	Share Capital	Stock Options	Contributed Surplus	Deficit	Total Equity
AT NOVEMBER 1, 2013	**$ 335,785**	**$ 11,962**	**$ 20,268**	**$ (68,998)**	**$ 299,017**
Cumulative effect of exploration and evaluation costs policy change (Note 3(a))	-	-	-	(172,520)	(172,520)
Balance at November 1, 2013, as adjusted	335,785	11,962	20,268	(241,518)	126,497
Shares issued on exercise of options	471	-	-	-	471
Fair value of options exercised	176	(176)	-	-	-
Issued by private placement (Note 13)	41,523	-	-	-	41,523
Share issue expense	(287)	-	-	-	(287)
Stock-based compensation – issued this period	-	887	-	-	887
Stock-based compensation – issued prior period	-	1,063	-	-	1,063
Expired options	-	(4,026)	4,026	-	-
Forfeited options	-	(357)	357	-	-
Cancelled options	-	(1,683)	1,683	-	-
Net loss for the period	-	-	-	(12,807)	(12,807)
AT DECEMBER 31, 2014	**$ 377,668**	**$ 7,670**	**$ 26,334**	**$ (254,325)**	**$ 157,347**

	Share Capital	Stock Options	Contributed Surplus	Deficit	Total Equity
AT DECEMBER 31, 2014	**$ 377,668**	**$ 7,670**	**$ 26,334**	**$ (254,325)**	**$ 157,347**
Shares issued on exercise of options	4,196	-	-	-	4,196
Fair value of options exercised	1,831	(1,831)	-	-	-
Stock-based compensation – issued this period	-	101	-	-	101
Stock-based compensation – issued prior period	-	2,109	-	-	2,109
Expired options	-	(163)	163	-	-
Forfeited options	-	(46)	46	-	-
Net income for the year	-	-	-	20,063	20,063
AT DECEMBER 31, 2015	**$ 383,695**	**$ 7,840**	**$ 26,543**	**$ (234,262)**	**$ 183,816**

The notes on pages 65 to 96 are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

	Twelve months ended December 31, 2015	Fourteen months ended December 31, 2014 (Notes 2(a) & 3(a))
Cash provided by (used in)		
Operations		
Net income (loss)	**$ 20,063**	$ (12,807)
Items not involving cash:		
Deferred tax recovery	**(28,936)**	-
Derivative instruments loss	**2,320**	-
Stock-based compensation	**1,074**	1,264
Unrealized foreign exchange (gain) loss	**(668)**	349
Amortization	**149**	172
Unrealized loss on short-term investments	**-**	24
Change in non-cash operating working capital:		
Deposits with suppliers	**(1,000)**	-
Accounts receivable, prepaid expenses and other assets	**317**	(1,294)
Accounts payable and accrued liabilities	**1,754**	182
	(4,927)	(12,110)
Financing		
Proceeds from long-term debt (net)	**87,087**	68,573
Proceeds from exercise of stock options	**4,196**	471
Deferred financing costs	**(109)**	(13,618)
Proceeds from private placement	**-**	41,523
Share issue expenses	**-**	(287)
	91,174	96,662
Investing		
Expenditures on assets under development	**(105,524)**	(131,186)
Contract advances	**10,417**	(10,417)
Restricted cash	**6,015**	(33,000)
Purchase of property and equipment	**(986)**	(688)
	(90,078)	(175,291)
Net change in cash and cash equivalents	**(3,831)**	(90,739)
Effect of exchange rate on cash held in foreign currency	**(481)**	(699)
Cash and cash equivalents, beginning of year	**17,211**	108,649
Cash and cash equivalents, end of year (Note 4)	**$ 12,899**	$ 17,211

The notes on pages 65 to 96 are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

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

The Company's primary focus has been on the development of the Aurora Gold Project (the "Aurora Project" or "Project"). Effective January 1, 2016 (see Note 25), the Aurora Project mine declared commercial production which has been defined as the first calendar month following the mill having operated for a period of sixty consecutive days at an average of 75% or more of the designed production capacity (including both soft and fresh rock components) equivalent to 3,750 tonnes per day, and with gold recoveries at least 85%.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as set out in the Chartered Professional Accountants of Canada ("CPA Canada") Handbook applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Different bases of measurement may be appropriate when a company is not expected to continue operations for the foreseeable future. For the twelve months ended December 31, 2015, the Company reported income of $20,063 and an accumulated deficit of $234,262 as at that date.

The Company's predominant source of funding has been the issuance of equity securities for cash, and the signing on September 2, 2014 (by its wholly owned subsidiary AGM Inc. ("AGM")), of the $185 million Project Loan Facility (the "Project Loan Facility" or the "Facility") for the development and construction of the 100%-owned Aurora Project with the International Finance Corporation, Export Development Canada, ING Capital LLC, Caterpillar Financial Services Corporation, and The Bank of Nova Scotia (collectively the "Senior Lenders"). First draw under the Facility occurred on October 17, 2014 and as of September 30, 2015 the full amount of the Tranche 1 Facility was drawn (see Note 11). Beginning late October 2015, the Company commenced with sales of gold production to fund ongoing pre-commercial production activities. The Company continued to generate proceeds from the sale of gold subsequent to December 31, 2015 (see Note 25).

The recovery of amounts capitalized for assets under development, a component of mineral properties, plant and equipment at December 31, 2015 in the consolidated balance sheet is dependent upon the future profitable mining operations at the Aurora Project or proceeds from its disposition. Recovery of amounts capitalized for the Project is also dependent upon compliance with financial and non-financial covenants under the Project Loan Facility.

2. BASIS OF PRESENTATION

(a) Change in year end

Effective in 2014, the Company changed its financial year-end from October 31st to December 31st and reported a one-time, fourteen month transition year covering the months of November 2013 to December 2014. Subsequently, the Company's first full financial year after the transition now covers the period January 1, 2015 to December 31, 2015. Accordingly, these consolidated financial statements present the financial position as at December 31, 2015, December 31, 2014, and January 31, 2014, as well as the results of operations and comprehensive income (loss) and cash flows for the twelve months ended December 31, 2015 and for the fourteen months ended December 31, 2014.

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The preparation of 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. See Note 3(t) for significant judgements, estimates and assumptions.

The Board of Directors approved the consolidated financial statements on March 10, 2016.

(c) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments such as (1) short-term investments that are held-for-trading and are measured at fair value through profit and loss; and (2) derivatives which are measured at fair value through profit or loss.

(d) Currency of presentation

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

3. ACCOUNTING POLICIES

During 2015, the Company adopted a new accounting policy on asset retirement obligations (see Note 3(n)). With the commencement of commercial production at the Aurora Project on January 1, 2016 (see Note 25), the Company has updated its accounting policies below including significant judgements, estimates and assumptions. The new accounting policies adopted effective January 1, 2016 are:

- Commercial production (see Note 3(i)),
- Deferred stripping costs (see Note 3(k)),
- Inventory (see Note 3(l)), and
- Revenue recognition (see Note 3(m)),

(a) Change in accounting policy on exploration and evaluation expenditures

Effective December 31, 2014, the Company adopted a voluntary change in accounting principle on exploration and evaluation expenditures that is also generally accepted under IFRS 6. The Company's new policy on accounting for exploration and evaluation expenditures is to expense these costs until such time as the work completed supports the future development of the property through the issuance of a National Instrument ("NI") 43-101 technical report or definitive bankable feasibility study, and such development receives appropriate Board of Director approvals. All subsequent expenditures on the property are then capitalized and classified as assets under development, a component of mineral properties, plant and equipment.

Exploration and evaluation expenditures incurred prior to the issuance of the Aurora Project's NI 43-101 feasibility study in January 2013 did not form part of the Project's development budget and funding under the financing Facility. This change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets, and is an accepted accounting practice in the mining industry. As such, management had determined that such a voluntary change in accounting policy resulted in financial statements providing more reliable and more relevant information. This change in accounting policy had been applied to all of the Company's exploration activities for all properties.

In accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", the change in accounting policy was made retrospectively during the previous fiscal year ended December 31, 2014, as if the policy had always been applied. A statement of financial position as at January 31, 2014 has been disclosed representing the beginning of the earliest comparative period presented.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an invested entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The consolidated financial statements include the accounts of the Company and the following subsidiaries:

Entity name	Place of Incorporation	Ownership
Aranka Gold Inc.	Canada	100%
AGM Inc.	Guyana	100%
Aranka Gold Inc. (Guyana)	Guyana	100%
Guy Gold Inc.	Guyana	100%
Aranka Gold (Barbados) Inc.	Barbados	100%
Aurora Gold (Barbados) Inc.	Barbados	100%
Guygold Barbados Inc.	Barbados	100%
Aurora USA Ltd	United States	100%
Guyana Goldfields Inc. UK Limited	United Kingdom	100%

(c) Functional and presentation currency

The functional and presentation currency of the company and its subsidiaries is the Unites States dollar. Transactions and balances denominated in foreign currencies are translated into the United States dollar as follows:

- Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date;
- Non-monetary assets and liabilities, expenses and other income arising from foreign currency transactions are translated at the exchange rate in effect at the date of the transaction;
- Revenue, expenses and capitalized development costs are translated using the rate in effect at the date of the transaction; and
- Exchange gains and losses arising from translation are included in the determination of net income (loss) and comprehensive income (loss).

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand and other highly liquid short-term instruments with maturity dates less than ninety days.

(e) Restricted cash

Cash subject to restrictions that prevent its use for general purposes is presented as restricted cash.

(f) Short-term investments

Short-term investments are designated as financial assets at fair value through profit and loss and are recorded at fair value using the last bid price. They represent the Company's investment portfolio in junior mining

exploration companies. The purchase and sale of short-term investments is recognized and derecognized as applicable, using settlement date accounting.

(g) Exploration and evaluation costs

Exploration and evaluation costs incurred on the exploration and evaluation of potential mineral reserves and resources include costs such as:

i. Acquisition of rights to explore;
ii. exploratory drilling, trenching and sampling;
iii. accumulating exploration data through topographical and geological studies;
iv. determining the volume and grade of resources;
v. test work on geology, metallurgy, mining, geotechnical and environmental; and
vi. conducting engineering, marketing and feasibility studies.

Exploration and evaluation costs are expensed as incurred. Purchased exploration and evaluation assets are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination.

(h) Development costs

Expenditures are considered as development costs when the work completed supports the future development of the property through the issuance of a NI 43-101 technical report or definitive bankable feasibility study, and such development receives appropriate Board of Director approvals. Subsequent to this point, development expenditures are then capitalized and classified as assets under development, a component of mineral properties, plant and equipment.

Development expenditures represent costs incurred to obtain access to proven and probable reserves and to provide facilities for extracting, treating, gathering, transporting and storing of minerals. Development expenditures are capitalized to the extent that they are necessary to bring the property to commercial production. Items which meet these criteria include:

i. the purchase price for acquired development assets, including any duties and any non-refundable taxes;
ii. costs directly related to bringing the asset to the location and condition for intended use such as drilling costs and removal of overburden to establish access to the ore reserve;
iii. direct and indirect costs incurred if they can be directly attributable to the area of interest;
iv. pre-production expenditures (including pre-production revenues) incurred prior to the mine being substantially complete and ready for its intended use;
v. the present value of the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located;
vi. costs incurred to expand operating capacity; and
vii. borrowing costs incurred while construction and development activities are in progress, when they directly relate to financing the construction of the project, and when general borrowings would have been avoided if the expenditure on the qualifying assets had not been made.

Projects are assessed to determine the point of commencement of production of the mine.

(i) Commercial production

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

- Completion of operational commissioning of each major mine and plant component.

- Demonstrated ability to mine and mill consistently and without significant interruption at a pre-determined average rate of design capacity of 75%, composed of both soft and hard rock.
- The passage of a reasonable period of time for testing of all major mine and plant components.
- Gold recoveries are at or near expected production levels.

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

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

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

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

(j) Mineral properties, plant and equipment

Mineral properties, plant and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses. The costs of mineral properties, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

When a project commences commercial production, the accumulated capitalized development costs are transferred to the appropriate mineral properties, plant and equipment and other assets. From this point forward, costs incurred are either capitalized to inventory or expensed as operating costs, except for capitalized costs related to assets under construction that provide a future benefit.

Additional development costs incurred after the commencement of commercial production are capitalized to the extent they are expected to give rise to a future economic benefit and are classified as assets under construction. Interest on borrowings related to construction or development projects is capitalized to the point when substantially all the activities that are necessary to make the asset ready for its intended use are complete.

Mineral properties and processing plant

Mineral properties are depreciated using a unit of production method based on estimated proven and probable mineral reserves to which they relate. Certain components of the processing facility are also depreciated using the unit-of-production basis over the proven and probable reserves of the mine.

Buildings, plant equipment, mobile fleet and other equipment

Depreciation on the following assets is recognized based on the cost of the item, less its estimated residual value, using the straight line method over its estimated remaining useful life, or the remaining life of the mine if shorter:

Buildings	3 to 10 years
Mobile fleet	3 to 8 years
Equipment – process plant and power plant	3 to 10 years
Vehicles	3 to 5 years
Field equipment	3 to 5 years
Computer equipment	3 years
Office furniture	5 years
Leasehold improvements	Lesser of term of lease or useful life

Depreciation on mineral properties, the processing facility and related equipment commenced with the start of commercial production on January 1, 2016.

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis. Where parts (components) of an item has a different useful life or for which a different depreciation rate would be appropriate, it is accounted for as a separate asset.

Expenditure on major maintenance or repairs includes the cost of the replacement of parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will be available to the Company, the expenditure is capitalized and the carrying amount of the item replaced is derecognized. Similarly, overhaul costs associated with major maintenance are capitalized and depreciated over their useful lives where it is probable that the future economic benefits will be available and any remaining carrying amounts of the cost of previous overhauls are derecognized. All other costs are expensed as incurred.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of operations and comprehensive income (loss).

Assets under construction for assets not related to mineral properties

Costs incurred in the course of construction of an asset are capitalized and recognized as assets under construction. On completion of construction activities, costs are transferred to the appropriate category of plant and equipment. Costs to bring an asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalized. Depreciation commences once the asset is complete and available for use.

(k) Deferred stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste materials in order to produce inventory or to improve access to ore which will be mined in the future. The process of removing

overburden and waste materials is referred to as stripping. Prior to the commencement of commercial production, stripping costs are capitalized as part of assets under development.

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

(l) Inventory

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

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

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

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

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

At December 31, 2015, all inventories above are included within assets under development.

(m) Revenue recognition

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

Prior to achieving commercial production, proceeds from gold sales were included in assets under development.

(n) Asset retirement obligations

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment, including adherence to environmental and social management systems as defined under the Project Loan Facility. The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties, plant and equipment when those obligations result from the construction, development or normal operation of the assets.

The Company has recorded a liability and corresponding asset for the estimated future cost of mine reclamation and closure at the Aurora Project, including the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, discounted to net present value. The present value of estimated costs is recorded in the period in which the asset is installed or the environment is disturbed and a reasonable estimate of future costs and discount rates can be made. The provision is present valued based on current market assessments of the time value of money using discount rates based on a risk-free rate that approximates the timing of expenditures to be incurred, and estimates of future cash flows are adjusted to reflect risks specific to the liability.

Each period the Company reviews cost estimates and other assumptions used in the valuation of the obligation to reflect changes in circumstances and new information available. The main factors that can cause expected cash flows to change are: changes in laws and regulations governing the protection of the environment; construction of new facilities; methods of reclamation; changes to estimated lives of operations and extent of reclamation work required; changes in the life of mine plan; and changing ore characteristics. Provisions for asset retirement obligations do not include any additional obligations which are expected to arise from future disturbances.

After the initial measurement, the obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The change in the provision due to the passage of time is capitalized as development costs, and will be recognized in profit and loss as finance expense after the Aurora Project achieves commercial production. Increases and decreases to the provision relating to the changes in estimated future cash flows are capitalized and once in commercial production will be depreciated over the life of the related asset, unless the amount deducted from the cost exceeds the carrying value of the asset, in which case the excess is recorded in profit and loss.

Actual costs incurred upon settlement of the asset retirement obligation are charged against the provision to the extent the provision was established for those costs. Upon settlement of the liability, a gain or loss may be recorded.

(o) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use, which is the present value of the future cash flows expected to be derived from an asset. Estimated future cash flows are calculated using estimated future commodity prices, mineral resources, operating and capital costs, using appropriate discount rates.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or groups of assets, in which case, the individual assets are grouped together into cash generating units for impairment purposes.

An impairment loss is reversed if there is indication that there has been a change in the estimates used to

determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(p) Share based payments

Equity settled share-based payments to employees and non-employees are measured at the fair value of the equity instrument at the grant date. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is determined using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted, and recognized over the period during which the options vest. The vesting periods are generally over a prescribed schedule of up to two to five years from date of grant issuance. The fair value is expensed or capitalized to assets under development, a component of mineral properties, plant and equipment, with a corresponding increase in equity, reflecting a graded vesting method based on the company's estimate of equity instruments that will eventually vest. Management estimates the number of options likely to vest at the time of a grant and at each reporting date up to the vesting date. Annually, the estimated forfeiture rate is adjusted for actual forfeitures in the period. Upon the exercise of stock options, the consideration received is recorded as share capital and the related stock option equity amount is transferred to share capital.

(q) Long-term debt

Debt is classified as current when the Company expects to settle the liability in its normal operating cycle or the liability is due to be settled within twelve months after the date of the consolidated balance sheet.

(r) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and, differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet reporting date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is reflected in equity.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are presented as non-current.

(s) Income (loss) per share

Basic income (loss) per share is calculated based on the weighted average number of common shares issued and outstanding during the year. Diluted income (loss) per share is calculated using the treasury stock method and if converted method, as applicable. The treasury method assumes that outstanding share options with an average market price that exceeds the average exercise prices of the options for the period are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common share for the period.

(t) Significant judgments, estimates and assumptions

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

Judgments, estimates and assumptions are periodically evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Areas of judgment, estimate and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Development costs and commencement of commercial production:

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

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

- Completion of operational commissioning of each major mine and plant component.
- Demonstrated ability to mine and mill consistently and without significant interruption at a pre-determined average rate of design capacity of 75%, composed of both soft and hard rock.
- The passage of a reasonable period of time for testing of all major mine and plant components.
- Gold recoveries are at or near expected production levels.

Impairment of assets:

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

performance.

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

Mineral reserves and resources:

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

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

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

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

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

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

Recovery of deferred tax assets:

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

To the extent that future taxable income differs significantly from estimates, the ability of the Company to realize the net deferred 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 15 for significant components of the Company's deferred tax assets and liabilities.

Asset retirement obligations:

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

Inventory valuation:

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

Depreciation of equipment:

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

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.

(u) Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as "fair value through profit and loss", directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit and loss", "available-for-sale", "held-to-maturity", or "loans and receivables". Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as fair value through profit and loss or "other financial liabilities".

Financial assets and financial liabilities at fair value through profit and loss include financial assets and financial liabilities that are held for trading or designated upon initial recognition as at fair value through profit and loss. These financial instruments are measured at fair value with changes in fair values recognized in the consolidated statements of operations and comprehensive income (loss). Financial assets classified as held-to-maturity and loans and receivables are measured subsequent to initial recognition at amortized cost using the effective interest method. Financial liabilities, other than financial liabilities classified as fair value through profit and loss, are measured in subsequent periods at amortized cost using the effective interest method.

Cash and cash equivalents, restricted cash and short-term investments are designated as fair value through profit and loss and are measured at fair value. Trade receivables and certain other assets are designated as loans and

receivables. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities.

Derivative assets and liabilities include derivative financial instruments that do not qualify as hedges, or are not designated as hedges and are classified as fair value through profit and loss.

(v) Recent Accounting Pronouncements

Revenue recognition

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"). The standard replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets From Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. The Company is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 "Financial Instruments" ("IFRS 9"). This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition, measurement and impairment of financial instruments and includes a substantially reformed approach to hedge accounting. The Company is in the process of determining the impact of IFRS 9 on its consolidated financial statements.

Leases

In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company is in the process of determining the impact of IFRS 16 on its consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

As of December 31, 2015, the Company held approximately $10 million of its cash in United States denominated currency, with the remaining predominantly in Canadian funds. Included in the Company's consolidated cash position at December 31, 2015 is approximately $5 million in cash attributable to AGM Inc. (December 31, 2014 - $14 million), that the Company is contractually obligated to spend to support the operations of the Aurora Project. The Company maintains substantially all of its cash and cash equivalents in interest bearing bank accounts at Canadian chartered banks.

5. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND OTHER ASSETS

		December 31, 2015		December 31, 2014
Accounts receivable	$	184	$	606
Sales tax receivable		-		136
Employee advances		9		109
Prepaid expenses & other assets		1,177		1,110
Short-term investments		34		34
	$	1,404	$	1,995

6. CONTRACT ADVANCES

Under the terms of the engineering, procurement and construction contract (“EPC Contract”) for the construction of the Aurora Project process and power plant with Sedgman Limited and Graña y Montero (“the GSJV”) (see Note 20), the Company previously advanced to the GSJV a total of $13,394. As of December 31, 2015, all contract advances were repaid by the GSJV (December 31, 2014 - $10,417 was outstanding).

7. RESTRICTED CASH

		December 31, 2015		December 31, 2014
AGM Inc. cost overrun equity account (i)	$	23,000	$	23,000
AGM Inc. completion account (i)		4,000		10,000
Other restricted balances (ii)		272		311
	$	27,272	$	33,311

(i) In accordance with the Project Loan Facility, in October 2014 the Company placed a total of $33 million into restricted bank accounts prior to first draw under the Facility. These restricted funds were available for project costs overruns on the Aurora Project, and are subject to security and debenture agreements whereby AGM has granted and created a lien for the benefit of the Senior Lenders. On May 7, 2015 the Senior Lenders approved the release of $6,000 of the $10,000 in funds held in AGM’s restricted completion bank account back to the parent company Guyana Goldfields Inc. The remaining $4,000 balance at December 31, 2015 will be released to the parent company Guyana Goldfields Inc. upon project completion in 2016, as defined under the Facility. The $23,000 residing in the cost overrun equity account at December 31, 2015, will be released at project completion, to the extent it is not drawn, and will be deposited into debt service reserve and mine closure reserve bank accounts, as required under the Project Loan Facility. These restricted cash bank account balances are denominated in United States dollars and held at a Canadian chartered bank.

(ii) The Company has outstanding letters of guarantee in the amount of $146 (December 31, 2014 - $160) that is required under the regulations prescribed by the Guyana Geology and Mines Commission ("GGMC") for prospecting licenses issued to the Company and its subsidiaries. The Company also has several company credit cards with a major financial institution with an aggregate credit limit of $126 (December 31, 2014 - $151). The financial institution holds a $126 deposit as collateral on the credit amount as long as the credit cards are active. The restricted cash amounts would change if there were any changes in the credit limits on the cards.

		December 31, 2015		December 31, 2014
Current portion of restricted cash	$	**27,146**	$	-
Non-current portion of restricted cash		**126**		33,311
	$	**27,272**	$	33,311

8. DEFERRED FINANCING COSTS

As of December 31, 2015, with the Tranche 1 Facility fully drawn (see Note 11), all deferred financing costs have now been netted against the Facility. These costs have been considered as borrowing transaction costs and represent expenses incurred in negotiating the Project Loan Facility, and include Senior Lenders' and other advisory fees, legal costs, as well as required technical engineering and social and environmental assessment costs that were pre-requisites to entering into Facility negotiations. A total of $15,097 in borrowing costs had been incurred with respect to the Facility. The balance of $8,786 as at December 31, 2014 represents the portion of deferred financing costs that were not netted against the Facility, as the Facility was not fully drawn at that time.

9. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Aurora Gold Project Assets under development	Mineral properties	Buildings, plant and related equipment	Mobile fleet, vehicles and other equipment	Total
COST					
At November 1, 2013 – as re-stated	**$ 13,894**	**$ -**	**$ -**	**$ 12,534**	**$ 26,428**
Additions during the period	160,404	-	-	688	161,092
Transfers	(6,035)	-	-	6,035	-
Transferred to deferred financing costs	(1,371)	-	-	-	(1,371)
Interest expense and commitment fees	2,065	-	-	-	2,065
Stock-based compensation (Note 14)	686	-	-	-	686
Amortization - deferred financing costs	434	-	-	-	434
Depreciation - equipment	2,109	-	-	-	2,109
At December 31, 2014	**172,186**	**-**	**-**	**19,257**	**191,443**
Additions during the period	101,664	-	108	2,010	103,782
Transfers	(6,269)	-	625	5,644	-
Pre-commercial production revenues less operating costs [(A)]	(7,984)	-	-	-	(7,984)
Change in asset retirement obligations (Note 12)	3,978	-	-	-	3,978
Interest expense and commitment fees	9,371	-	-	-	9,371
Stock-based compensation (Note 14)	1,136	-	-	-	1,136
Accretion of asset retirement obligation (Note 12)	41	-	-	-	41
Amortization - deferred financing costs	3,764	-	-	-	3,764
Depreciation - buildings and equipment	4,589	-	-	-	4,589
Disposals [(B)]	-	-	-	(1,475)	(1,475)
At December 31, 2015	**$ 282,476**	**$ -**	**$ 733**	**$ 25,436**	**$ 308,645**

[(A)] The month of September 2015 represented the commencement of pre-commercial production operations at the Aurora Project which ended December 31, 2015, when the processing facility was substantially complete and ready for its intended use. During this period, the Company has included in development costs the revenue from saleable gold produced to offset the costs incurred for pre-commercial production mining operations.

	Aurora Gold Project Assets under development	Mineral properties	Buildings, plant and related equipment	Mobile fleet, vehicles and other equipment	Total
ACCUMULATED DEPRECIATION					
At October 31, 2013	**$ -**	**$ -**	**$ -**	**$ 6,957**	**$ 6,957**
Depreciation for the period	-	-	-	2,281	2,281
At December 31, 2014	**-**	**-**	**-**	**9,238**	**9,238**
Depreciation for the period	-	-	323	4,679	5,002
Disposals [(B)]	-	-	-	(1,475)	(1,475)
At December 31, 2015	**$ -**	**$ -**	**$ 323**	**$ 12,442**	**$ 12,765**
NET BOOK VALUE					
December 31, 2014	$ 172,186	$ -	$ -	$ 10,019	$ 182,205
December 31, 2015	**$ 282,476**	**$ -**	**$ 410**	**$ 12,994**	**$ 295,880**

[(B)] During the fourth quarter of fiscal 2015, the Company recorded a change in estimate in depreciating its assets. This change in method of depreciating its assets in use from declining balance to the straight line method, to better reflected the remaining useful lives of its property and equipment. This did not result in a material change in the amount of depreciation expense recognized during the fourth quarter, and is not expected to result in a material change in future depreciation expense. In addition, the Company removed $1,475 in cost and accumulated depreciation associated with equipment that was fully depreciated and no longer in use at December 31, 2015.

Aurora Gold Project

On November 18, 2011, the Company signed a Mineral Agreement ("MA") with the Government of Guyana and received the Mining Licence (“ML”) for the Aurora Gold Project. The MA and ML details all fiscal, property, import-export procedures, taxation provisions and other related conditions for the continued exploration, mine development and operation of the Aurora Gold Project. Significant terms include:

- Net smelter return royalty of 5% on gold sales at a price of gold of $1,000/oz or less;
- Net smelter return royalty of 8% on gold sales at a price of gold over $1,000/oz;
- Corporate income tax rate of 30% and no withholding tax on interest payments to lenders; and
- Duty and value added tax exemptions on all imports of equipment and materials for all continuing operations at the Aurora Gold Project, including the construction and operation of the Buckhall Port facility, road and power improvements and the construction and operation of the mine.

The Mining Licence is the Company's permit to build and operate the Aurora Gold Project. The document was valid immediately, commencing November 18, 2011 for an initial 20-year term with provisions for extension on application by the Company.

On January 11, 2013 the Company announced the key findings of its Aurora Gold Project’s NI 43-101 Technical Report Updated Feasibility Study and received Board approval to further develop and bring the Aurora Gold Project to commercial production. This point commenced the recognition expenditures for the Aurora Gold Project as assets under development.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2015		December 31, 2014
Trade payables and accrued liabilities	$	31,681	$	33,998
Severance accrual		185		34
Employee related accrued liabilities		610		129
	$	32,476	$	34,161

11. LONG-TERM DEBT

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

		December 31, 2015		December 31, 2014
Secured Tranche 1 Facility advances	$	160,000	$	68,573
Principal repayment		(4,340)		-
		155,660		68,573
Unamortized deferred financing costs (Note 8)		(10,900)		(6,156)
		144,760		62,417
Less current portion		(28,010)		(4,340)
Non-current portion	$	116,750	$	58,077

On September 2, 2014 Guyana Goldfields Inc. and its wholly owned subsidiary, AGM Inc., announced the signing of a common terms agreement (the “Common Terms Agreement”) with its Senior Lenders, and other definitive documentation with respect to the $185 million Project Loan Facility to fund the development and construction of, and general matters relating to, the 100%-owned Aurora Project.

The Project Loan Facility consisted of two tranches; a Tranche 1 facility of $160 million and a Tranche 2 cost overrun facility of $25 million. First drawdown of the Facility occurred in October 2014 and as of September 30, 2015 the full amount of the Tranche 1 Facility was drawn. The Company was not required to draw on the Tranche 2 cost overrun facility to fund the construction of the Aurora Project, so on November 30, 2015 the Tranche 2 facility was withdrawn in its normal course. The maximum term of the Facility is eight years and advances under the Facility bear a weighted average interest rate of 3-month LIBOR plus 5.11% for the Tranche 1 facility. There is no required gold hedging.

Under the terms of the Common Terms Agreement, the Company has entered into security and debenture agreements pursuant to which AGM has granted and created a lien over all its assets and property of any kind to the benefits of the Senior Lenders. Similarly, the parent company Guyana Goldfields Inc. and certain of its wholly owned subsidiaries, namely Aurora Gold (Barbados) Inc., Guygold (Barbados) Inc., and Guy Gold Inc., (collectively the “Related Entities”) have entered into security agreements to grant and create liens over all their related rights, titles, and interests that are necessary for the Aurora Project, for the benefits of the Senior Lenders. In addition, certain of the Related Entities have entered into subordination agreements whereby any intercompany debt owed by these companies has been subordinated to the Project Loan Facility. The Company has undertaken to provide additional funds, if required, for the Project to achieve project completion, and to supplement any shortfall of funds needed to meet the Aurora Project’s financial obligations. Scheduled principal repayments, reflecting amounts drawn as of December 31, 2015 are as follows:

	Total	2016	2017	2018	2019	2020	There-after
Total long-term debt as of December 31, 2015	$ 155,660	$ 28,010	$ 36,470	$ 26,130	$ 13,610	$ 31,690	$ 19,750

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

Commencing with the first principal repayment on December 31, 2015, and for the duration of the Facility, AGM Inc. will be required to maintain specified financial and non-financial covenants/conditions and reporting requirements, including adherence to environmental and social standards, and funding of a debt service reserve account and mine closure reserve accounts as required. Financial covenants include a debt service coverage ratio, projected debt service coverage ratio, loan life coverage ratio, project life coverage ratio and a mining reserve tail ratio. The Company was in compliance will all key covenants under the Common Terms Agreement as of December 31, 2015. The Facility also provides for a partial cash sweep mechanism for the benefit of the Senior Lenders and the acceleration of principal repayment in the event of a change in control.

12. ASSET RETIREMENT OBLIGATIONS

Changes to asset retirement obligations are summarized below:

Balance, January 1, 2015	$	-
Revisions to expected cash flows		3,978
Unwinding of discount		41
Balance December 31, 2015	**$**	**4,019**

The Company recorded in the second quarter of fiscal 2015 a liability and corresponding asset for the estimated future cost of mine reclamation and closure at the Aurora Project, including the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, discounted to net present value. The present value of estimated costs is recorded in the period in which the asset is installed or the environment is disturbed and a reasonable estimate of future costs and discount rates can be made. The provision is discounted using a risk-free rate and estimates of future cash flows are adjusted to reflect risks.

The majority of the asset retirement expenditures are expected to be incurred towards the end of the current mine plan commencing 2031.

Under the Project Loan Facility, the Company is required to fund a mine closure reserve account for the estimated mine closure remediation costs to be incurred, with $4.9 million expected to be contributed upon project completion (as defined under the Facility), followed by quarterly funding payments of approximately $0.4 million.

13. SHARE CAPITAL

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

	Number of Shares		Amount
At October 31, 2013	**126,143,899**	**$**	**335,785**
Issued on exercise of options	300,000		471
Fair value of options exercised	-		176
Issued by private placement (i)	24,000,000		41,523
Share issue expenses	-		(287)
At December 31, 2014	**150,443,899**	**$**	**377,668**
Issued on exercise of options	1,994,250		4,196
Fair value of options exercised	-		1,831
At December 31, 2015	**152,438,149**	**$**	**383,695**

(i) On June 27, 2014 the Company completed a non-brokered private placement (the "Placement") to which it issued an aggregate of 24,000,000 Common Shares at a price of Cdn$1.85 per Common Share for aggregate gross proceeds of $41,523 (Cdn$44,400). Share issue expenses of $287 were incurred on the Placement.

14. STOCK OPTIONS

The stock option plan of the Company (the "Option Plan") was approved by the shareholders on May 15, 2015. The purpose of the Option Plan is to attract, retain and motivate officers, directors, employees and service providers by providing them an opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The number of stock options that may be granted under the Option Plan is limited to not more than 9% of the issued common shares of the Company at the time of the stock option grant. The Option Plan restricts the number of stock options which may be granted to each non-executive director within any one year period to such number of options as entails a maximum aggregate grant date value of Cdn$100 calculated based upon the Black-Scholes Option pricing model. The Option Plan also provides for a limitation which restricts the number of stock options issuable thereunder to non-executive directors to 1% of the total number of Common Shares issued and outstanding from time to time (calculated without reference to any initial option grants to any such persons who are not previously insiders of the Company upon such persons becoming or agreeing to become directors of the Company). 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.

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

	Number of Options		Amortized Value		Average Exercise Price (Cdn$)
At October 31, 2013	**9,631,250**	**$**	**11,962**	**$**	**3.04**
Stock-based compensation – issued this period	4,262,500		887		2.52
Stock–based compensation – issued prior period	-		1,063		-
Exercised	(300,000)		(176)		1.57
Expired	(1,636,250)		(4,026)		5.19
Forfeited	(6,250)		(357)		3.22
Cancelled	(450,000)		(1,683)		6.89
At December 31, 2014	**11,501,250**	**$**	**7,670**	**$**	**2.43**
Stock-based compensation – issued this period	580,000		101		3.05
Stock–based compensation – issued prior period	-		2,109		-
Exercised	(1,994,250)		(1,831)		2.65
Expired	(187,833)		(163)		3.53
Forfeited	(111,667)		(46)		2.66
At December 31, 2015	**9,787,500**	**$**	**7,840**	**$**	**2.40**

Stock-based compensation expense is comprised of:

		Twelve months ended December 31, 2015		Fourteen months ended December 31, 2014
Stock-based compensation:				
– issued this period	**$**	**101**	$	887
– issued prior period		**2,109**		1,063
Less value of stock-based compensation expense capitalized to assets under development (Note 9)		**(1,136)**		(686)
	$	**1,074**	$	1,264

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

Options granted to officers, directors and employees:

	Twelve Months Ended December 31, 2015	Fourteen Months Ended December 31, 2014
Fair value exercise price (Cdn$)	**3.10**	2.58
Risk-free interest rate	**0.87%**	1.35%
Dividend yield	**-**	-
Expected volatility	**69.68%**	68.57%
Expected option life	**4.4 years**	4.2 years
Expected forfeiture rate	**6%**	6%

The weighted average fair value on the grant date, of options granted to officers, directors and employees during the twelve months ended December 31, 2015 was Cdn$1.68.

Options granted to consultants:

	Twelve Months Ended December 31, 2015	Fourteen Months Ended December 31, 2014
Fair value exercise price (Cdn$)	**2.73**	-
Risk-free interest rate	**0.64%**	-
Dividend yield	**-**	-
Expected volatility	**60.96%**	-
Expected option life	**1.4 years**	-
Expected forfeiture rate	**6%**	-

The weighted average fair value on the grant date, of options granted to consultants during the twelve months ended December 31, 2015 was Cdn$0.77.

The following are the stock options outstanding and stock options exercisable as at December 31, 2015:

	Stock Options Outstanding			**Stock Options Exercisable**		
Range of exercise prices (Cdn$)	Number of options	Weighted average exercise price (Cdn$)	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price (Cdn$)	Weighted average remaining contractual life (years)
$1.48 to $3.00	7,097,500	2.13	2.31	4,575,833	1.84	1.38
$3.01 to $3.95	2,690,000	3.11	1.63	2,340,000	3.09	1.17
	9,787,500	**2.40**	**2.12**	**6,915,833**	**2.26**	**1.31**

The intrinsic value of options outstanding at December 31, 2015 is $4,993. As of December 31, 2015, the remaining fair value of outstanding unvested options is $1,701.

15. INCOME TAXES

The Company's effective income tax rate differs from the amount that would be computed by applying the federal and provincial statutory rate of 26.50% (2014 – 26.50%) to the net loss. The reasons for the differences are a result of the following:

	Twelve Months ended December 31, 2015	Fourteen Months ended December 31, 2014
Net loss before taxes	**$ 8,873**	$ 12,807
EXPECTED TAX RECOVERY AT STATUTORY RATES	**2,351**	3,394
Tax effects of:		
Change in unrecognized deductible temporary differences	**27,284**	(3,006)
Stock-based compensation	**(284)**	(315)
Other	**(415)**	(73)
	$ 28,936	$ -

At December 31, 2015, deferred tax assets of $28,936 (December 31, 2014: $nil) have been recognized.

This is composed of a net deferred tax asset of $9,119 (December 31, 2014: $nil) that has been recorded in a foreign subsidiary that arose from non-capital losses on pre-commercial production operations, net of the deferred tax liability relating to deferred financing costs and exploration and evaluation assets in excess of their tax base. Significant components of the deferred tax assets in the foreign subsidiary:

		December 31, 2015		December 31, 2014
Deferred income tax assets				
Deductible temporary differences related to:				
Non-capital loss carry-forwards	**$**	**18,058**	$	-
Unrealized derivative losses		**663**		-
Asset retirement obligation		**1,206**		-
	$	**19,927**	$	-
Deferred income tax liabilities				
Taxable temporary differences related to:				
Deferred financing costs	**$**	**(3,270)**	$	-
Exploration & evaluation assets		**(7,538)**		-
	$	**(10,808)**	$	-
Deferred income tax asset, net	**$**	**9,119**	$	-

In addition, a deferred tax asset of $19,817 (December 31, 2014: $nil) has been recorded in a foreign branch that arose from non-capital losses and exploration and evaluation expenditures. Significant components of the deferred tax assets in the foreign branch:

		December 31, 2015		December 31, 2014
Deferred income tax assets				
Deductible temporary differences related to:				
Non-capital loss carry-forwards	**$**	**18,119**	$	-
Exploration & evaluation assets		**1,698**		-
	$	**19,817**	$	-

Movement in the net deferred taxes:

		December 31, 2015		December 31, 2014
Balance, beginning of year	**$**	**-**	$	-
Recognized in profit & loss/change in unrecognized temporary differences		**28,936**		-
Balance, end of year	**$**	**28,936**	$	-

The reversal of the deferred tax asset expected to be recovered or settled after more than 12 months:

	December 31, 2015	December 31, 2014
Deferred income tax assets		
Deferred income tax assets to be recovered within 12 months	$ 6,899	$ -
Deferred income tax assets to be recovered after more than 12 months	22,037	-
	$ 28,936	$ -

Projections of income for the Aurora Project and tax planning initiatives between both the foreign subsidiary and foreign branch, support the conclusion that the realizability of these deferred tax assets is probable and consequently, the Company has fully recognized these deferred tax assets.

Deductible temporary differences have not been recognized in respect of:

	December 31, 2015	*December 31, 2014*
Non-capital losses	$ 61,394	$ 52,390
Net capital losses	$ 390	$ 2,059
Property and equipment	$ 837	$ 9,066
Exploration and evaluation	$ 146,990	$ 168,087
Share issue costs	$ 2,405	$ 3,580
Short-term investments	$ 885	$ 886

The Company has non-capital losses that will expire, if not utilized, as follows:

	2021	2022	2023	2024	2025	2026 & beyond	No expiry date	Total
Barbados	$ 14	$ 136	$ 20	$ 73	$ -	$ -	$ -	$ 243
Canada	-	-	164	377	960	55,092	-	56,593
Guyana	-	-	-	-	-	-	3,547	3,547
United Kingdom	-	-	-	-	-	-	525	525
United States	-	-	-	-	-	486	-	486
	$ 14	$ 136	$ 184	$ 450	$ 960	$ 55,578	$ 4,072	$ 61,394

16. GENERAL AND ADMINISTRATIVE EXPENSES

	Twelve months ended December 31, 2015	Fourteen months ended December 31, 2014
Salaries and related benefits	$ 2,476	$ 3,897
Office, travel, insurance and other expenses	999	1,450
Professional fees	649	1,084
Shareholder relations and filing fees	201	243
	$ 4,325	$ 6,674

17. EXPLORATION AND EVALUATION EXPENSES

		Twelve months ended December 31, 2015		Fourteen months ended December 31, 2014
Other Properties	$	1,358	$	1,640
Aranka Gold Property		258		722
Aurora Gold Project		-		100
	$	1,616	$	2,462

Aranka Gold Property

The Company's has a 100% interest in these properties, and at the option of the Company, the permit holders remain entitled to net smelter return royalties that vary from 1.5% to 2% or a fixed payment amount in lieu thereof.

Other Properties

Other properties represent exploration expenditures at exploration targets near the vicinity of the Aurora Project. The Company has a 100% interest in these other properties and at the option of the Company, the permit holder remains entitled to a net smelter return royalty of 1.5% or a fixed payment amount in lieu thereof.

18. INCOME PER SHARE

		Twelve months Ended December 31, 2015		Fourteen months ended December 31, 2014
Net income (loss) attributable to common shareholders				
Basic and diluted income (loss)	$	20,063	$	(12,807)
Basic weighted average number of common shares outstanding		151,386,143		136,861,701
Effect of stock options		4,302,539		-
Diluted weighted average number of common shares outstanding		155,688,682		136,861,701
Basic income (loss) per share	$	0.13	$	(0.09)
Diluted income (loss) per share	$	0.13	$	(0.09)

19. RELATED PARTY TRANSACTIONS

(a) Remuneration of key management personnel of the Company was as follows:

		Twelve months ended December 31, 2015		Fourteen months ended December 31, 2014
Compensation – salaries and related benefits (i)	$	2,060	$	2,561
Directors fees		276		323
Share-based compensation		1,270		1,083
	$	3,606	$	3,967

Key management personnel are defined as the senior management team and members of the Board of Directors.

(i) For the twelve months ended December 31, 2015, $932 of salaries and related benefits was capitalized as assets under development, a component of mineral properties, plant and equipment (fourteen months ended December 31, 2014 - $831).

(b) Included in accounts payable are the following amounts due to related parties:

		December 31, 2015		December 31, 2014
To an officer of the Company	**$**	**17**	$	7

The balances are non-interest bearing and are payable on demand.

(c) Directors and insiders of the Company purchased under the June 2014 Placement a total of 114,000 Common Shares having a value of Cdn$210,900 or Cdn$1.85 per Common Share (see Note 13).

All the above related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

20. COMMITMENTS AND CONTINGENCIES

The Company is committed to $30,738 for obligations under the EPC Contract, other Aurora Project contractual commitments, purchases of equipment goods and services, and operating leases.

	Total	2016	2017	2018	2019	2020	There-after
EPC Contract	$ 17,987	$ 17,987	$ -	$ -	$ -	$ -	$ -
Other contractual commitments	3,354	1,610	1,064	232	232	216	-
Purchase obligations	7,269	7,269	-	-	-	-	-
Operating leases	2,128	409	428	409	409	341	132
Total Contractual Obligations At December 31, 2015	**$ 30,738**	**$ 27,275**	**$ 1,492**	**$ 641**	**$ 641**	**$ 557**	**$ 132**

The $17,987 commitment for the EPC Contract represents the negotiated settlement with the GSJV (see Note 25), of all extension of time claims and contingent bonuses relating to the Aurora Project. The settlement did not have a material impact on assets under development, a component of mineral properties, plant and equipment. This commitment is included in accounts payable and accrued liabilities at December 31, 2015, and is repayable to the GSJV over the first and second quarter of fiscal 2016.

The Company's mineral exploration rights to the Aurora Property were acquired from Alfro Alphonso and are subject to an annual fee of $100, payable on January 2nd each year, up to a maximum of $1,500. Such payments are due and payable for such period that the Company maintains an interest in the property. As at December 31, 2015 total payments since the acquisition of $1,200 have been made (December 31, 2014 - $1,100). This remaining commitment has not been included in the above contractual commitment table.

During the fourth quarter of fiscal 2015, the Company received an unfounded notification of a possible legal claim from the Government of Venezuela that relates to recent developments regarding the Venezuela-Guyana border dispute. The Venezuela-Guyana border dispute was resolved and agreed upon by all parties under the 1899 Arbitration Agreement and any claims made outside of such agreement violate international law. The matter is

currently before the United Nations, however Venezuela's border claim is widely viewed by the international community to be without merit.

21. SEGMENTED INFORMATION

As at December 31, 2015, the Company's operations comprise a single reporting operating segment engaged in mineral exploration and development in Guyana. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

Geographical Information

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

As at and for the twelve months ended December 31, 2015	Canada	Barbados	Guyana	United Kingdom	Total
Mineral properties, plant and equipment	$ 50	$ -	$ 295,830	$ -	$ 295,880
Total assets	39,239	-	328,152	-	367,391
Total liabilities	1,458	6	182,109	2	183,575
Net (income) loss	5,167	74	(25,508)	204	(20,063)
Additions to mineral properties, plant and equipment	17	-	106,493	-	106,510

As at and for the fourteen months ended December 31, 2014	Canada	Barbados	Guyana	United Kingdom	Total
Mineral properties, plant and equipment	$ 67	$ -	$ 182,138	$ -	$ 182,205
Total assets	49,781	-	204,144	-	253,925
Total liabilities	1,376	-	95,202	-	96,578
Net loss	9,463	20	3,083	241	12,807
Additions to mineral properties, plant and equipment	12	-	131,862	-	131,874

22. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, taking on debt, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

At December 31, 2015, the properties in which the Company currently has an interest in are in the exploration and advanced development stages. Until such time that the Aurora Project operates profitably over an extended period of time, the Company is dependent on external financing to fund its activities which include carrying out its planned exploration program and paying for administrative costs. As such the Company will attempt to spend its existing working capital and raise additional amounts as needed.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient potential and if it has adequate financial resources to do so.

The Company considers its capital to be (1) equity, comprising share capital, stock options, contributed surplus and accumulated deficit, which at December 31, 2015 totalled $183,816 (December 31, 2014 - $157,347), and (2) long-term debt, which at December 31, 2015, was $116,750 net of unamortized debt issuance costs (December 31, 2014 – $58,077). The Company manages capital through its financial and operational budgeting processes that are approved by the Company's Board of Directors. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on exploration and mine operating activities, as well as anticipated future gold production plans. Selected information is frequently provided to the Board of Directors of the Company. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company's capital management objectives, policies and processes have remained unchanged during the twelve months ended December 31, 2015.

Financial Risk Management

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, currency rate and price risk) and credit risk. Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values related to diesel price risk exposure. The Company does not purchase derivative financial instruments for speculative purposes.

(a) Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company.

As of December 31, 2015, the Aurora Project had a total of $27 million in cash residing in restricted bank accounts, composed of $4 million in the restricted completion bank account, and $23 million in the cost overrun equity bank account. These restricted cash balances were initially established to fund any potential cost overruns on the Aurora Project. Construction and development of the Aurora Project was substantially completed in September 2015 when the Tranche 1 facility was fully drawn. Subsequent funding of pre-commercial production operating costs and debt servicing came from sales of gold. Consequently, these restricted bank account funds are no longer required to fund cost overruns on the Project.

The Company expects that upon project completion, as defined under the Facility, the $4 million in completion funds will be returned to the parent Guyana Goldfields Inc., while the $23 million in the cost overrun bank account will fund the Aurora Project's debt service and mine closure reserve bank account.

The Company historically has generated cash flow primarily from its financing activities, and interest income earned on its cash balances. During the fourth quarter of fiscal 2015, the Company began to generate

cash flow from its Aurora Project during its pre-commercial production phase. At December 31, 2015, the Company on a consolidated basis had current assets (excluding restricted cash) of approximately $15 million (December 31, 2014 - $30 million) to settle consolidated current liabilities of approximately $62 million (December 31, 2014 - $39 million). This consolidated working capital deficiency of approximately $47 million resulted from AGM's extended ramp up and commissioning period that led to the accumulation of liabilities at December 31, 2015. Consolidated current liabilities of $62 million include the Aurora Project's $28 million in principal debt repayments over the next twelve months and $18 million due to the GSJV under the EPC contract (repaid in periodic payments going into the second quarter of fiscal 2016). All of the remaining accounts payable and accrued liabilities are subject to normal trade terms.

The Company expects that the above working capital deficiency will be funded from the Project's mining operating cash flows in 2016.

The Company regularly evaluates its overall cash position and forecasted cash flows to ensure preservation and security of capital as well as maintenance of liquidity. Forecasting takes into consideration the Company's debt financing, covenant compliance and internal liquidity targets.

With the Aurora Project declaring commercial production on January 1, 2016 (see Note 25), there can be no assurances that ongoing mining operations will proceed as planned or that future results from operations will be profitable, or that all required financial and non-financial covenants under the Project Loan Facility will be satisfied, or that other supplemental financing activities will not be required, if available.

(b) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in foreign exchange rates, interest rates, and commodity prices.

Currency risk:

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the United States dollar and major purchases are transacted in United States dollars.

The Company is subject to gains and losses due to fluctuations in the Canadian and Guyanese dollar against the United States dollar. Sensitivity to a plus or minus 10% change in all foreign currencies (Guyanese and Canadian dollars) against the United States dollar with all other variables held constant as at December 31, 2015, would affect the statements of operations and comprehensive income (loss) by approximately $632 (December 31, 2014 - $58).

The Aurora Project has been funded by the Project Loan Facility that is denominated in United States currency, and from the sale of gold denominated in United States currency. For disbursement purposes, bank accounts are maintained in United States, Canadian, and Guyanese dollars. The Project's exposure to fluctuations in the Canadian and Guyanese dollar against the United States dollar is not significant as substantially most construction development costs and pre-commercial production costs were incurred in United States dollars, and the exchange rate between the Guyanese and United States dollar has remained relatively constant. The consolidated foreign exchange gain of $628 at December 31, 2015 is primarily derived from the translation of Canadian dollar denominated employee benefits.

The Company funds its exploration activities in Guyana on a cash call basis using United States dollars converted from its Canadian dollar bank accounts held in Canada. The Company maintains Canadian and United States dollar bank accounts in Canada, and Guyanese and United States dollar bank accounts in Guyana. Similarly, the Company foreign exchange exposure to fluctuations in the Canadian and Guyanese dollars is not

significant as its annual exploration expenditures, and Canadian dollar cash balances, are both relatively small.

A significant portion of the Company's corporate administrative costs are denominated in Canadian dollars. Fluctuations in the United States dollar exchange rate against the Canadian dollar are not expected to cause a significant impact.

Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. In the normal course of business, the Company is exposed to interest rate fluctuations as a result its long-term debt, and its cash being invested in interest-bearing instruments. The Project Loan Facility bears interest at a variable rate (3-month LIBOR plus 5.11% for the Tranche 1 facility).

Excluding cash balances and long-term debt attributable to the Aurora Project, sensitivity to a plus or minus 1% interest rate change with all other variables held constant as at December 31, 2015, would affect the statements of operations and comprehensive income (loss) by approximately $70 (December 31, 2014 - $32). Prior to Commercial Production of the Project, related interest earned on cash balances and interest incurred on long-term debt are being credited to/charged to Aurora Project assets under development, a component of mineral properties, plant and equipment. Sensitivity to a plus or minus 1% interest rate change on the Project's cash balances and long-term debt with all other variables held constant as at December 31, 2015, would have affected assets under development by approximately $1,505 (December 31, 2014 – $216). The Company evaluates on an ongoing basis opportunities to hedge its interest rate exposure on its long-term debt.

Commodity price risk:

The Company is exposed to price risk with respect to the market price of gold. Fluctuation in the price for gold may adversely affect (1) the Company's ability to profitably operate the Aurora Project, (2) influence the course of action taken in operating the mine in the future, (3) ability to obtain additional financing, and (4) affect the Company's ability to meet the Facility's financial and non-financial covenants. As at December 31, 2015, a ten percent change in the price of gold would have affected assets under development by approximately $3,113. The Company has not entered into any gold forward sales and there are no such contracts outstanding as of December 31, 2015. Commencing with commercial production of the Project on January 1, 2016, the Company expects that fluctuations in the gold price will have a material impact on Company's earnings.

(c) Credit risk:

Credit risk is the risk of financial loss to the Company if a third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's sales of gold, and also from its financing activities including deposits with banks, and derivative contracts.

The Company sells its gold to a select financial institution. The Company does not have any historical experience relating to customer default, but considers the credit risk associated with gold sales to be minimal. The Company is not economically dependent on a limited number of customers for the sale of its gold.

The Company is also exposed to credit risk related to derivative assets which is equal to the carrying value of the asset. There is no credit risk associated with derivative liabilities. The Company manages credit risk related to derivatives by entering into contracts with high credit-quality counterparties. At December 31, 2015, the Company has entered into derivative contracts with a chartered Canadian bank.

The maximum credit exposure at December 31, 2015 is approximately $1,153 (December 31, 2014 - approximately $11,156). The Company in 2014 had a significant concentration of credit risk arising from its contract advances to the GSJV, which have been repaid back to AGM. The Company maintains substantially all of its cash in interest bearing bank accounts at select Canadian chartered banks.

23. FAIR VALUE MEASUREMENT

(a) Recurring fair value measurement

Carrying values for financial instruments, including cash and cash equivalents, short-term investments, deposits with suppliers, accounts receivable, contract advances, restricted cash, accounts payable and accrued liabilities approximate fair values due to their short-term maturities.

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 Company categorizes each of its fair value measurements in accordance with a fair value hierarchy. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing their classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Assets and liabilities measured at fair value on a recurring basis as at December 31, 2015 include:

	Level 1	Level 2	Level 3	Total
Derivative contracts:				
Diesel forward contracts	$ -	$ (2,320)	$ -	$ (2,320)

During the year ended December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The valuation techniques that are used to measure fair value are as follows:

Derivative contracts:

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

The Company may enter into derivative contracts in order to manage its exposure to fluctuations in the market price of diesel. At December 31, 2015, the Company had a total of 26,400,000 litres of diesel forward contracts at an average rate of $0.44/litre, which will settle on a net basis, covering subsequent periods that end in the third and fourth quarters of fiscal 2017. The following is a summary of the Company’s commitments for diesel forward contracts at December 31, 2015:

		Projected operating expenses	Number of litres hedged		Average rate per litre
Fiscal 2016	$	6,078,560	14,400,000	$	0.42
Fiscal 2017		5,464,320	12,000,000	$	0.46
Total	$	11,542,880	26,400,000	$	0.44

At December 31, 2015, the Company recorded a realized loss and unrealized loss of $150 and $2,209, respectively, reflecting the mark-to-market position of the contracts. The impact of a 10% increase or decrease in rate used in the fair value diesel instrument with all other variables remaining constant is $875. The diesel commodity swap forward contracts are secured under the Facility and documented in the form of an International Swap and Derivatives Association ("ISDA") master agreement.

	Balance sheet classification		Fair value of derivative instruments		
			December 31, 2015		December 31, 2014
Diesel forwards	Derivative liability	**$**	**2,320**	$	-
	Current portion of derivative liability	**$**	**1,378**		-
	Non-current portion of derivative liability	**$**	**942**		-

		Twelve months ended December 31, 2015		Fourteen Months ended December 31, 2014
Realized loss on derivative instruments – diesel forwards	**$**	**150**	$	-
Unrealized loss on derivative instruments – diesel forwards		**2,209**		-
Total realized and unrealized loss on derivative instruments – diesel forwards	**$**	**2,359**		-

(b) Fair value of financial assets and liabilities not measured and recognized at fair value

Long-term debt is measured at amortized cost and includes transaction costs on debt financing. The recorded value of long-term debt approximates fair value.

24. PAYMENTS MADE TO FOREIGN GOVERNMENT AUTHORITIES

During the twelve months ended December 31, 2015, the Company made in total approximately $9,061 (fourteen months ended December 31, 2014 - $6,767) in payments to the Government of Guyana or related government authorities in respect of royalties, taxes, property licences, duties, payroll deductions, property rentals, and other similar charges.

25. SUBSEQUENT EVENTS

Subsequent to December 31, 2015, the following events took place:

(a) The Company announced that its Aurora Project had declared commercial production effective January 1, 2016.

(b) On January 15, 2016, the Company negotiated a settlement with the GSJV of all extension of time claims and contingent bonuses amounting to approximately $18 million relating to the Aurora Project EPC Contract.

(c) On January 29, 2016 the Company entered into an agreement to purchase a refurbished Twin Otter plane for local employee transport in Guyana. The Company also entered into commitment for the purchase of new mining equipment. The total value is approximately $6.4 million.

(d) On February 11, 2016 the Company purchased a diesel forward contract for 9.6 million litres of diesel at an average rate of $0.395/litre, expected to be settled on a net basis. This commodity swap covers the calendar year 2018.

(e) The Company received $34.3 million from the sale of gold from January 1, 2016 to March 10, 2016.

DIRECTORY

DIRECTORY

Directors

Alan Ferry,
John Patrick Sheridan,
Daniel Noone,
Scott Caldwell,
Jean-Pierre Chauvin,
Rene Marion
David Beatty,
Michael Richings,
Wendy Kei

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Paul Murphy	Executive VP, Finance & Chief Financial Officer

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Shares Traded

TSX Exchange

Symbol T.GUY

Capital at December 31, 2015

Options	9,787,500
Common Shares	152,438,149

2015

A YEAR IN REVIEW

www.guygold.com

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