

**Guyana Goldfields Inc.**

(An exploration stage entity)

**Interim Consolidated Financial Statements**

**January 31, 2007**

**Amended and Restated On September 26, 2007**

Unaudited - Prepared by Management

Not Reviewed by an Independent Auditor

# **Guyana Goldfields Inc.**

**Three Months Ended January 31, 2007**

## **Explanatory Note**

These unaudited consolidated financial statements for the three months ended January 31, 2007 have been revised to correct an error in the adjustment on marketable securities and unrealized gain in marketable securities.

The restatements reflect changes to the consolidated statement of operations and deficit and consolidated statement of cash flow for the three month period ended January 31, 2007 and are described in Note 8 to the interim consolidated financial statements titled "Restatement of previously issued financial statements".

**Guyana Goldfields Inc.**  
 (An exploration stage entity)  
 Interim Consolidated Balance Sheets  
**January 31, 2007 and October 31, 2006**  
 Unaudited

	<b>January 31 2007</b>	<b>October 31 2006</b>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	34,722,144	25,786,450
Marketable securities (Note 4)	7,107,238	1,853,157
Accounts receivable and prepaid expenses	850,001	622,553
	<u>42,679,383</u>	<u>28,262,160</u>
<b>Mineral exploration properties</b> (note 2)	<u>24,231,634</u>	<u>22,586,788</u>
	<u>66,911,017</u>	<u>50,848,948</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>1,745,169</u>	<u>2,539,966</u>
<b>Shareholders' Equity</b>		
Share capital (note 3 (b))	61,663,167	45,602,919
Warrants (note 3 (c))	2,947,423	6,293,327
Stock options (note 3 (d))	9,198,568	8,995,058
Deficit	<u>(8,643,310)</u>	<u>(12,582,322)</u>
	<u>65,165,848</u>	<u>48,308,982</u>
	<u>66,911,017</u>	<u>50,848,948</u>

See accompanying notes to interim consolidated financial statements.

# Guyana Goldfields Inc.

(An exploration stage entity)

Interim Consolidated Statements of Operations and Deficit  
Unaudited

	Three months ended	
	January 31	
	2007	2006
<b>Operating expenses</b>	\$	\$
Management fees	352,793	87,500
Professional fees	48,179	24,165
Office	81,158	52,822
Shareholder information	3,955	6,663
Transfer, listing and filing fees	22,643	41,635
Stock-based compensation	414,422	2,020,482
<b>Loss from operations</b>	<b>(923,150)</b>	<b>(2,233,267)</b>
<b>Other income (expense)</b>		
Interest	310,854	51,287
Capital taxes	(15,000)	-
Option payment	-	66,563
Unrealized gain on marketable securities	2,114,968	-
Gain on sale of marketable securities	374,072	-
	<u>2,784,894</u>	<u>117,850</u>
<b>Net income (loss) for the period</b>	<b>1,861,744</b>	<b>(2,115,417)</b>
<b>Deficit - Beginning of period</b>	<b>(12,582,322)</b>	<b>(8,022,299)</b>
<b>Fair value adjustment on marketable securities</b> (Note 1)	<b>2,077,268</b>	<b>-</b>
	<u>(10,505,054)</u>	<u>(8,022,299)</u>
<b>Deficit- End of period</b>	<b>(8,643,310)</b>	<b>(10,137,716)</b>
<b>Income (loss) per share</b>		
Basic	\$0.04	(\$0.06)
Diluted	\$0.04	(\$0.06)
<b>Weighted average number of shares outstanding during the period</b>		
Basic	48,715,593	36,146,345
Diluted	52,739,447	39,389,897

See accompanying notes to interim consolidated financial statements.

# Guyana Goldfields Inc.

(An exploration stage entity)

Interim Consolidated Statements of Cash Flows

Unaudited

	<b>Three months ended</b>	
	<b>January 31</b>	
	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Net income (loss) for the period	1,861,744	(2,115,417)
Items not involving cash		
Unrealized gain on marketable securities	(2,114,968)	-
Gain on sale of marketable securities	374,072	-
Stock-based compensation	414,422	2,020,482
Change in non-cash working capital (Note 5)	(1,022,245)	1,803
	<u>(486,975)</u>	<u>(93,132)</u>
<b>Financing:</b>		
Proceeds from exercise of stock options	298,200	753,800
Proceeds from exercise of warrants	12,205,232	-
	<u>12,503,432</u>	<u>753,800</u>
<b>Investments:</b>		
Net of purchase and sale of marketable securities	(535,917)	-
Expenditure on mineral exploration properties	(2,544,846)	(1,757,297)
	<u>(3,080,763)</u>	<u>(1,757,297)</u>
<b>Increase (decrease)     in cash and cash equivalents</b>	8,935,694	(1,096,629)
<b>Cash and cash equivalents</b>		
- <b>Beginning of period</b>	25,786,450	8,645,846
- <b>End of period</b>	<u><u>34,722,144</u></u>	<u><u>7,549,217</u></u>

See accompanying notes to interim consolidated financial statements.

# **Guyana Goldfields Inc.**

(An exploration stage entity)

Notes to Interim Consolidated Financial Statements

Unaudited

**Three months ended January 31, 2007**

## **1. Basis of presentation**

These interim consolidated financial statements include the accounts of the Company and its subsidiary. All significant inter-company balances and transactions have been eliminated. The interim statements should be read in conjunction with the annual audited financial statements for the Company's most recently completed fiscal year ended October 31, 2006, as these interim financial statements do not include all disclosures required for annual financial statements.

The preparation of interim financial statements to conform with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates relate to the determination of impairment of mineral properties, and assumptions used determining stock-based compensation. Actual results could differ from those estimates.

### **Changes in accounting policies**

Effective October 1, 2006, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement, Section 3861 Financial Instruments - Disclosure and Presentation and Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

# Guyana Goldfields Inc.

(An exploration stage entity)

Notes to Interim Consolidated Financial Statements

Unaudited

Three months ended January 31, 2007

## 1. Basis of presentation (continued)

### Changes in accounting policies (continued)

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its marketable securities as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

As a result of the application of Section 3855, the Company's deficit position as at October 31, 2006 was reduced by \$2,077,268 to reflect the opening fair value of marketable securities.

## 2. Mineral exploration properties

	Balance October 31, 2006	Expenditures (Recoveries)	Balance January 31, 2007
	\$	\$	\$
Guyana, South America			
Peters Mine Property	3,982,855	(925,519)	3,057,336
Aurora Property	18,603,933	2,570,365	21,174,298
	<u>22,586,788</u>	<u>1,644,846</u>	<u>24,231,634</u>

# **Guyana Goldfields Inc.**

(An exploration stage entity)

Notes to Interim Consolidated Financial Statements

Unaudited

**Three months ended January 31, 2007**

## **2. Mineral exploration properties (continued)**

### Peters Mine Property

On November 17, 2006 the Company entered into an option agreement with WSR Gold Inc. ("WSR") (formerly Westchester Resources Inc.) effective as of October 19, 2006, whereby Westchester can earn a 50% interest in the Company's Peters Mine property. Pursuant to the option agreement, in order to earn its 50% interest in the property, WSR is required to issue 5,000,000 common shares to the Company and spend a total of \$5,000,000 in exploration on the property over a three-year period; \$1,000,000 to be spent on or before the first anniversary date of the agreement, \$2,000,000 to be spent on or before the second anniversary date of the agreement and \$2,000,000 on or before the third anniversary date.

As at the date hereof 5,000,000 common shares in the capital of WSR have been issued to the Company pursuant to the WSR agreement. The shares were valued at \$0.18 per share for a total of \$900,000 which was credited as a recovery of costs of the Peters Mine mineral exploration property and recorded as marketable securities.

### Coppermine River Property

On May 11, 2006, the Company and Coronation Minerals Inc ("Coronation") entered into an agreement which allows Coronation to acquire the remaining 50% of the Coppermine River Property. Terms of the agreement call for Coronation to issue to the Company 6,000,000 shares of Coronation and the Company will retain a 1.5% net smelter royalty (NSR). Upon completion of the transaction, the Company will hold approximately 28% of the issued shares of Coronation. No shares have been issued to the Company in satisfaction of this agreement at January 31, 2007.

# Guyana Goldfields Inc.

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Notes to Interim Consolidated Financial Statements

Unaudited

Three months ended January 31, 2007

## 3. Share capital

(a) Authorized:

Unlimited number of common shares without par value

(b) Issued

	Number of Shares	Share Amount \$
Balance October 31, 2006	48,419,510	45,602,919
Issued on exercise of warrants	2,219,133	12,205,232
Value of warrants exercised	-	3,345,904
Issued on exercise of options	124,000	298,200
Value of options exercised	-	210,912
Balance January 31, 2007	<u>50,762,643</u>	<u>61,663,167</u>

(c) Warrants

	Number of Warrants	Allocated Value \$	Average Exercise Price \$
Balance October 31, 2006	4,116,636	6,293,327	5.04
Cancelled	(167,503)	-	5.50
Exercised	<u>(2,219,133)</u>	<u>(3,345,904)</u>	5.50
Balance January 31, 2007	<u>1,730,000</u>	<u>2,947,423</u>	4.40

# Guyana Goldfields Inc.

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Notes to Interim Consolidated Financial Statements

Unaudited

Three months ended January 31, 2007

## 3. Share capital (continued)

### (d) Stock options

Stock option transactions and the number of options outstanding are as follows:

	Number of Options	Allocated Value of Vested Options	Average Exercise Price
		\$	\$
Balance October 31, 2006	4,499,950	8,995,058	3.04
Granted	125,000		11.20
Value of options vested during the period		414,422	
Exercised	(124,000)	(210,912)	2.17
Balance January 31, 2007	<u>4,500,950</u>	<u>9,198,568</u>	3.29

As at January 31, 2007 the following stock options were outstanding, of which 4,193,450 were exercisable:

Expiry Date	Exercise Price	Shares
	\$	
April 14, 2007	0.74	395,000
June 8, 2008	2.50	955,000
September 27, 2009	2.43	474,950
February 1, 2010	2.02	505,000
April 28, 2010	2.00	616,000
November 21, 2010	3.30	500,000
November 29, 2010	3.62	50,000
January 24, 2011	3.70	335,000
May 29, 2011	8.03	200,000
June 19, 2011	7.24	250,000
July 7, 2011	8.36	65,000
October 16, 2011	9.06	30,000
November 14, 2011	11.20	125,000
		<u>4,500,950</u>

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Notes to Interim Consolidated Financial Statements

Unaudited

Three months ended January 31, 2007

## 3. Share capital (continued)

(d) Stock options (continued)

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	November 14, 2006
Number of options	125,000
Value	\$ 1,007,213
Expected life	5 years
Expected volatility	92%
Expected dividend yield	Nil
Risk free interest rate	4%

## 4. Marketable securities

Marketable securities consist of shares in publicly traded companies and are stated at market value at January 31, 2007. At October 31, 2006 the marketable securities were stated at cost. See changes in accounting policies in note 1 above.

	January 31, 2007	October 31, 2006
Market value	\$ 7,107,238	\$ 3,930,425
Cost	\$ 2,915,002	\$ 1,853,157

# Guyana Goldfields Inc.

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Notes to Interim Consolidated Financial Statements

Unaudited

Three months ended January 31, 2007

## 5. Related party transactions

Accounts payable and accrued liabilities includes \$125,737 due to the Chief Executive Officer and Chief Financial Officer. The balances are non-interest bearing and are payable on demand.

During the period fees of \$400,793 were paid to the President and Chief Financial Officer. These expenditures have been allocated as follows:

Management fees	\$352,793
Mineral exploration properties	\$48,000

During the period fees of \$11,311 were paid to a Director. These expenditures have been allocated mineral exploration projects.

## 6. Supplemental cash flow information

Change in non-cash working capital comprised of:

	Three months ended January 31	
	2007	2006
Accounts receivable and prepaid expenses	(227,448)	(116,990)
Advances to Coronation Minerals Inc.	-	(100,000)
Accounts payable and accrued liabilities	(794,797)	218,793
	<u>(1,022,245)</u>	<u>1,803</u>

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Notes to Interim Consolidated Financial Statements

Unaudited

**Three months ended January 31, 2007**

## **7. Subsequent event**

On February 21, 2007 the Company granted an option to a director to purchase 200,000 common shares of the Company at \$11.00 per share. The fair value of the option on the date of grant was estimated to be \$1,625,221 using the Black-Scholes option pricing method with the following assumptions: expected life of five years; expected volatility of 94%; risk free interest rate of 4.5% per annum; and a dividend yield of nil%.

## **8. Restatement of previously issued financial statements**

The Company's interim consolidated statements of operations and deficit for the three month period ended January 31, 2007 records a fair value adjustment on marketable securities to the deficit at the beginning of the period November 1, 2006 of \$1,348,430 due to the adoption of CICA Hand book section 3855, Financial Instruments - Recognition and Measurement.

The fair value adjustment on marketable securities in the above-noted financial statements was calculated based on the market value of the securities as at October 31, 2005 of \$3,201,587. The fair value adjustment on marketable securities in the above-noted financial statements should have been based on the market value of the securities at October 31, 2006 of \$3,930,425.

The interim consolidated statements of operations and deficit for the three months ended January 31, 2007 recorded a fair value adjustment on marketable securities of \$1,348,430 based on the market value of the securities as at October 31, 2005. These financial statements should have reflected a fair value adjustment on marketable securities of \$2,077,268 and the unrealized gain in marketable securities (which was \$2,843,806) should have been \$2,114,968 based on the market value of the securities at October 31, 2006

The impact of each of the above-noted matters is that the unrealized income for the three months ended January 31, 2007 was overstated by \$728,838 and the deficit at November 1, 2006 was understated by \$728,838. While these adjustments affect the Company's profitability, they do not affect the Company's cash position or the value of the Company's mineral property assets.