

**Guyana Goldfields Inc.**

(An exploration stage entity)

**Interim Consolidated Financial Statements**

**July 31, 2007**

Unaudited - Prepared by Management

Not Reviewed by an Independent Auditor

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

	<b>July 31</b>	<b>October 31</b>
	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	31,756,078	25,786,450
Marketable securities (Note 4)	8,268,743	1,853,157
Accounts receivable and prepaid expenses	362,087	622,553
	<u>40,386,908</u>	<u>28,262,160</u>
<b>Mineral exploration properties</b> (Note 2)	<u>29,306,931</u>	<u>22,586,788</u>
	<u>69,693,839</u>	<u>50,848,948</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>2,278,450</u>	<u>2,539,966</u>
<b>Shareholders' equity</b>		
Share capital (note 3 (b))	62,607,538	45,602,919
Warrants (note 3 (d))	2,947,423	6,293,327
Stock options (note 3 (d))	10,934,286	8,995,058
Deficit	<u>(9,073,858)</u>	<u>(12,582,322)</u>
	<u>67,415,389</u>	<u>48,308,982</u>
	<u>69,693,839</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		Nine months ended	
	July 31		July 31	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Operating expenses</b>				
Management fees	50,301	310,576	473,624	435,750
Professional fees	42,702	43,512	167,817	185,638
Office	64,951	77,132	248,490	198,724
Shareholder information	4,996	14,322	32,416	61,705
Transfer, listing and filing fees	2,537	7,500	92,189	71,372
Stock-based compensation	414,422	1,161,179	2,558,211	3,181,661
<b>Loss from operations</b>	<b>(579,909)</b>	<b>(1,614,221)</b>	<b>(3,572,747)</b>	<b>(4,134,850)</b>
<b>Other income (expense)</b>				
Interest	261,346	279,904	954,474	440,302
Capital and other taxes	(15,000)	(32,720)	(172,069)	(32,720)
Option payment	-	-	-	66,563
Foreign exchange loss	-	-	(238,928)	-
Change in unrealized gain on marketable securities	2,529,776	-	2,159,381	-
Gain on sale of marketable securities	5,620	128,360	2,301,085	233,269
	2,781,742	375,544	5,003,943	707,414
<b>Net income (loss) and comprehensive income for the period</b>	<b>1,962,905</b>	<b>(1,238,677)</b>	<b>1,431,196</b>	<b>(3,427,436)</b>
<b>Deficit - Beginning of period</b>	<b>(11,036,763)</b>	<b>(10,211,058)</b>	<b>(12,582,322)</b>	<b>(8,022,299)</b>
<b>Fair value adjustment on marketable securities</b>	<b>-</b>	<b>-</b>	<b>2,077,268</b>	<b>-</b>
	<b>(11,036,763)</b>	<b>(10,211,058)</b>	<b>(10,505,054)</b>	<b>(8,022,299)</b>
<b>Deficit- End of period</b>	<b>(9,073,858)</b>	<b>(11,449,735)</b>	<b>(9,073,858)</b>	<b>(11,449,735)</b>
<b>Income (loss) per share</b>				
Basic	\$ 0.04	\$ (0.03)	\$ 0.03	\$ (0.08)
Diluted	\$ 0.04	-	\$ 0.03	-
Weighted average number of shares outstanding during the period				
Basic	50,049,740	40,552,703	50,049,740	40,552,703
Diluted	53,456,916	-	53,456,916	-

See accompanying notes to interim consolidated financial statements.

## Guyana Goldfields Inc.

(An exploration stage entity)

Interim Consolidated Statements of Cash Flows

Unaudited

	Three months ended		Nine months ended	
	July 31		July 31	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Cash provided by (used in):</b>				
<b>Operations:</b>				
Net income (loss) for the period	1,962,905	(1,238,677)	1,431,196	(3,427,436)
Items not involving cash				
Option payment	-	(66,563)	-	(66,563)
(Unrealized gain) reduction in unrealized gain on marketable securities	(1,800,938)	-	(2,159,381)	-
Gain on sale of marketable securities	(5,620)	(128,360)	(2,301,085)	(233,269)
Stock-based compensation	414,422	1,161,179	2,558,211	3,181,661
Changes in non-cash working capital				
Accounts receivable and prepaid expenses	793,169	188,868	260,466	(89,990)
Accounts payable and accrued liabilities	56,220	(351,151)	(261,516)	81,709
	1,420,158	(434,704)	(472,109)	(553,888)
<b>Financing:</b>				
Proceeds from private placements	-	-	-	25,397,591
Proceeds from exercise of stock options	119,000	529,500	834,500	1,408,900
Proceeds from exercise of warrants	-	-	12,205,232	-
Share issue costs	-	13,910	-	(1,204,683)
	119,000	543,410	13,039,732	25,601,808
<b>Investments:</b>				
Net of purchase and sale of short-term investments	(1,138,415)	46,706	1,022,148	342,442
Expenditure on mineral exploration properties	(2,275,617)	(2,065,128)	(7,620,143)	(6,988,660)
	(3,414,032)	(2,018,422)	(6,597,995)	(6,646,218)
<b>Increase (decrease) in cash and cash equivalents</b>	(1,874,874)	(1,909,716)	5,969,628	18,401,702
<b>Cash and cash equivalents</b>				
- <b>Beginning of period</b>	34,359,790	28,957,264	25,786,450	8,645,846
- <b>End of period</b>	32,484,916	27,047,548	31,756,078	27,047,548

See accompanying notes to interim consolidated financial statements.

# **Guyana Goldfields Inc.**

(An exploration stage entity)

Notes to Interim Consolidated Financial Statements

Unaudited

**Nine months ended July 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 November 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.

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.

## Guyana Goldfields Inc.

(An exploration stage entity)

Notes to Interim Consolidated Financial Statements

Unaudited

Nine months ended July 31, 2007

### 1. Basis of presentation (continued)

#### Changes in accounting policies (continued)

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 July 31, 2007
	\$	\$	\$
Guyana, South America			
Peters Mine Property	3,982,855	(927,482)	3,055,373
Aurora Property	18,603,933	7,647,625	26,251,558
	<u>22,586,788</u>	<u>6,720,143</u>	<u>29,306,931</u>

#### 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.

## Guyana Goldfields Inc.

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Notes to Interim Consolidated Financial Statements

Unaudited

Nine months ended July 31, 2007

### 2. Mineral exploration properties (continued)

#### 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 July 31, 2007.

#### Back-in right agreement with Aranka Gold Inc.

On April 30, 2007, the Company and Aranka Gold Inc. ("Aranka") announced the exercise by the Company of the previously announced back-in agreement executed and delivered in 2005. As announced on October 20, 2005 the terms of the back-in agreement entitled the Company to acquire a 50% interest in all exploration areas held by Aranka by paying 125% of total expenditures on the properties which amounted to \$2,547,209 on May 7, 2007, the date the exercise of the back-in right received requisite regulatory approvals. The total amount, together with interest of \$30,499 was paid by the Company on August 27, 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	628,500	834,500
Value of options exercised	-	618,983
Balance July 31, 2007	<u>51,267,143</u>	<u>62,607,538</u>

## Guyana Goldfields Inc.

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Notes to Interim Consolidated Financial Statements

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Nine months ended July 31, 2007

### 3. Share capital (continued)

#### (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	(2,219,133)	(3,345,904)	5.50
Balance July 31, 2007	<u>1,730,000</u>	<u>2,947,423</u>	4.40

#### (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	325,000	1,626,000	11.08
Value of options vested during the period		932,211	
Exercised	(628,500)	(618,983)	1.33
Balance July 31, 2007	<u>4,196,450</u>	<u>10,934,286</u>	3.92

## Guyana Goldfields Inc.

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Notes to Interim Consolidated Financial Statements

Unaudited

Nine months ended July 31, 2007

### 3. Share capital (continued)

(d) Stock options (continued)

As at July 31, 2007 the following stock options were outstanding, of which 4,002,700 were exercisable:

Expiry Date	Exercise	
	Price	Shares
	\$	
June 8, 2008	2.50	905,000
September 27, 2009	2.43	474,950
February 1, 2010	2.02	505,000
April 28, 2010	2.00	556,500
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
February 21, 2012	11.00	200,000
		<u>4,196,450</u>

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	February 21, 2007
Number of options	125,000	200,000
Value	\$ 1,007,213	\$ 1,625,221
Expected life	5 years	5 years
Expected volatility	92%	94%
Expected dividend yield	Nil	Nil
Risk free interest rate	4%	4.5%

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Notes to Interim Consolidated Financial Statements

Unaudited

**Nine months ended July 31, 2007**

### **4. Marketable securities**

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

	July 31, 2007	October 31, 2006
Market value	\$ 8,268,743	\$ 3,930,425
Cost	4,032,094	1,853,157
Unrealized gain	\$ 4,236,649	\$ 2,077,268

### **5. Related party transactions**

Accounts payable and accrued liabilities includes \$184,801 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 \$617,624 were paid to the President and Chief Financial Officer. These expenditures have been allocated as follows:

Management fees	\$473,624
Mineral exploration properties	\$144,000

During the period fees of \$38,309 were paid to a Director. These expenditures have been allocated to mineral exploration projects.

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

The Company has been subject to a regulatory review. Amended and restated interim consolidated financial statements for the three and six month periods ended January 31, 2007 and April 30, 2007, together with amended and restated management's discussion and analysis for such periods are in the process of being prepared and will be available on SEDAR at [www.sedar.com](http://www.sedar.com).