

2002

Guyana Goldfields Inc.

Champs D'or de Guyana Inc.

ANNUAL REPORT

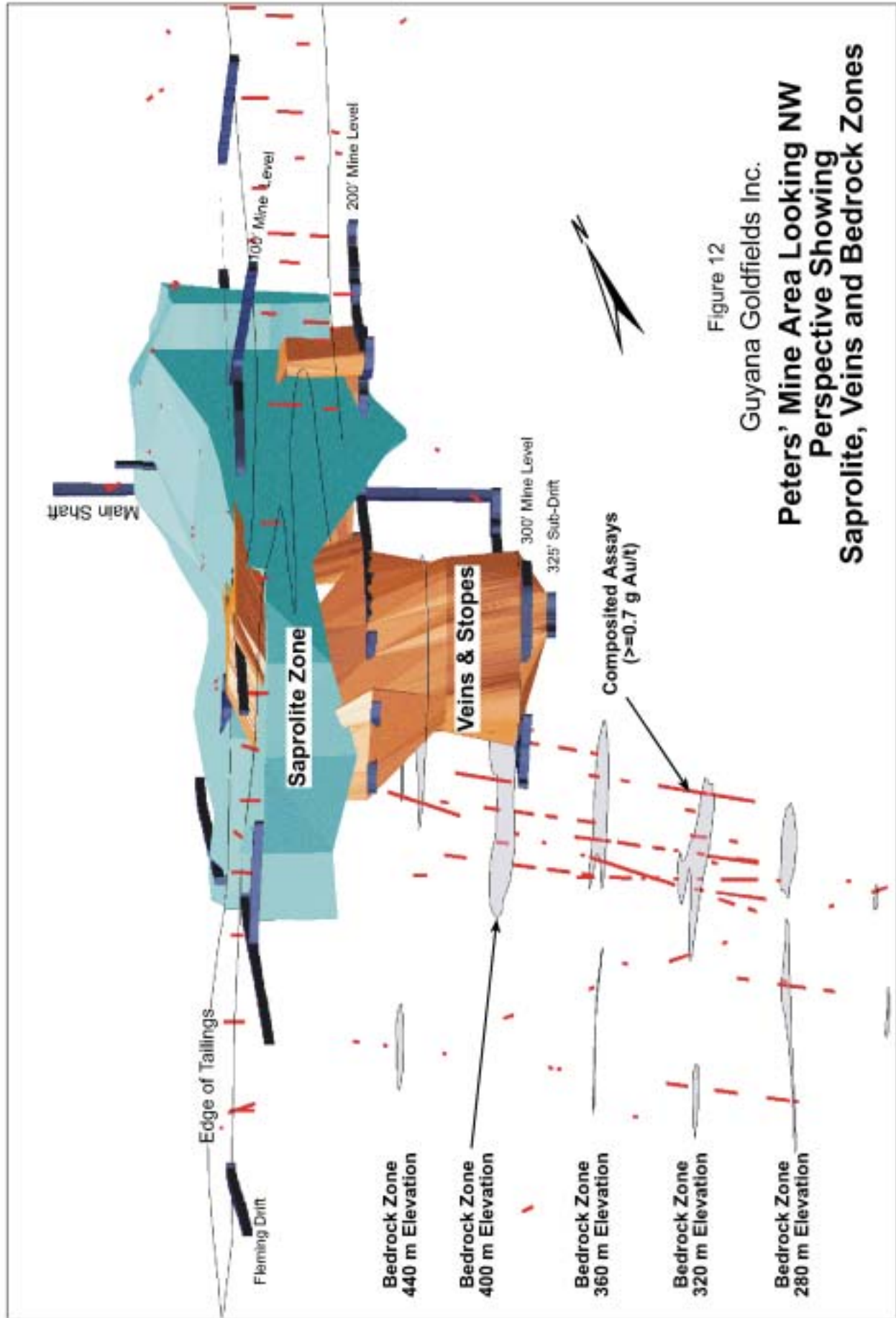


Figure 12
Guyana Goldfields Inc.
Peters' Mine Area Looking NW
Saprolite, Veins and Bedrock Zones

A MESSAGE FROM THE PRESIDENT

2002 – THE YEAR IN REVIEW

Your Company significantly advanced three major properties during the past year. Relatively buoyant gold prices assisted management in raising approximately \$1.8 million (Cdn). Accomplishments of the past year include:

- Final permitting applications at the Peters Mine are now complete and the Company expects, within the first half of 2003, to be able to announce the issuance of a mining license to bring the property into production at a rate of 1000 tonnes per day. This will be the first new mine in Guyana in more than a decade, and has received significant support from the Government of Guyana.
- The Aurora project has been readied for a 10,000 meter drill program which has an excellent chance of substantially expanding the already significant gold resource on the property.
- Field exploration on the Coronation Gulf Ni/Cu/PGM project has resulted in the discovery and definition of a major gravity anomaly which may represent a world-class orebody.

PETERS MINE PROJECT, GUYANA, SOUTH AMERICA

The Company is currently awaiting its mining license to begin construction at the Peters Mine. Management is currently seeking project financing to this end. The initial operation will support production of 25,000-30,000 ounces of gold per year at cash costs of approximately US\$125. There is an excellent probability of expanding the initial operation and a 17-hole drilling program is in progress as of March, 2003. The Company intends to use the significant cash flow that the Peters Mine will generate to fund the additional exploration and development of both the Peters and Aurora Projects.

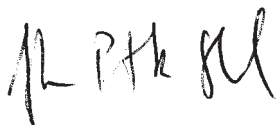
AURORA PROJECT, GUYANA, SOUTH AMERICA

The Aurora Property is the largest past producing gold operation in Guyana with recorded production (1942-1947) estimated in the 60,000 to 100,000 ounce range. Minimum mill head grades were approximately 22 g/tonne with all of the production coming from shallow, oxidized open pits and underground workings. The mineralization and geological setting are very similar to the El Callao district, Venezuela, which has produced 5.8 million ounces of gold to date. There are at least twelve documented drill targets on the property characterized by past drilling, historical workings, and/or geochemical anomalies. A 10,000 meter drilling program is scheduled to commence June, 2003. Both the Peters and Aurora Properties have a good chance of developing into million + ounce gold reserves.

CORONATION GULF PROJECT – (112,285 ACRES), NUNAVUT, CANADA

Your Company has been acquiring and exploring properties in the Coronation Gulf Region for the past four years. This area has now become one of the most active exploration areas in the world for gold, diamonds, and nickel-copper-platinum group metal orebodies. The 2002 field program was extremely encouraging as it led to the discovery and definition of a major gravity/magnetic geophysical anomaly. This anomaly is bounded by two major fault structures which are known to host significant grades of copper and silver as well as anomalous values of nickel. This major target may represent a world-class, billion dollar orebody.

Management would like to thank shareholders for their support as well as employees and consultants of the firm for their continued hard work and dedication.



J. Patrick Sheridan
President

AUDITOR'S REPORT TO THE SHAREHOLDERS

I have audited the consolidated balance sheets of Guyana Goldfields Inc. as at October 31, 2002 and 2001 and the consolidated statements of loss and deficit and changes in cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted an audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2002 and 2001 and the results of its operations and the changes in its cash flows for the year then ended in accordance with generally accepted accounting principles in Canada.



Wm. Andrew Campbell
Chartered Accountant
Toronto, Ontario
March 19, 2003

CONSOLIDATED BALANCE SHEETS

AS AT OCTOBER 31, 2002

	ASSETS	
	2002	2001
CURRENT		
Cash	\$ 158,418	\$ -
Short term investments	782,366	-
Miscellaneous receivables and prepaid expenses	103,524	45,740
Advances <i>(note 3 and 4 (c))</i>	299,835	-
	<u>1,344,143</u>	<u>45,740</u>
OTHER		
Interests in Resource Properties <i>(note 4)</i>	4,854,562	4,427,758
	<u>\$ 6,198,705</u>	<u>\$ 4,473,498</u>
	LIABILITIES	
CURRENT		
Bank indebtedness	\$ -	\$ 326
Accounts payable and accrued liabilities	34,071	64,970
Loans and advances from related parties <i>(note 5)</i>	68,362	142,068
Total Liabilities	<u>102,433</u>	<u>207,364</u>
	SHAREHOLDERS' EQUITY	
SHARE CAPITAL <i>(note 6)</i>	8,446,877	6,372,627
DEFICIT <i>(Page 4)</i>	(2,350,605)	(2,106,493)
	<u>6,096,272</u>	<u>4,266,134</u>
	<u>\$ 6,198,705</u>	<u>\$ 4,473,498</u>

- See Commitments and Contingencies *(note 4)*

Approved on behalf of the Board:



Director



Director

See accompanying notes to financial statements.
Refer to Auditor's Report appearing on page 2.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED OCTOBER 31, 2002

	2002	2001
OPERATING EXPENSES		
Management fees	\$ 80,000	\$ 80,000
Financing costs	57,673	-
Office, general and administration	114,506	59,144
Professional fees	40,039	44,462
Shareholder information	25,772	42,520
Consulting fees	6,107	17,400
Foreign exchange	7,665	-
Transfer agent's and regulatory fees	5,415	14,138
	<u>337,177</u>	<u>257,664</u>
(Loss) before the following items:	(337,177)	(257,664)
(Write off) of advances to related parties	-	(79,343)
(Write off) recovery of advances to other companies	13,500	(105,310)
Write off of investments - at cost	-	(224,384)
Other income	-	-
Write off other advances	-	72,148
Investment income	79,565	8,385
NET (LOSS) FOR THE YEAR	(244,112)	(585,168)
(DEFICIT), BEGINNING OF YEAR	(2,106,493)	(1,520,325)
(DEFICIT), END OF YEAR	<u>\$ (2,350,605)</u>	<u>\$ (2,106,493)</u>
(LOSS) PER SHARE	<u>\$ (0.015)</u>	<u>\$ (0.017)</u>

*See accompanying notes to financial statements.
Refer to Auditor's Report appearing on page 2.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED OCTOBER 31, 2002

	2002	2001
CASH PROVIDED BY (USED FOR)		
Net (Loss) for the year	\$ (244,112)	\$ (586,168)
Add (deduct) items not affecting cash:		
Write off of advances to related parties	-	79,343
Write off of advances to other companies	-	105,310
Write off of investments – at cost	-	224,384
Write off of advances	-	(72,148)
	<u>(244,112)</u>	<u>(249,279)</u>
Net change in non-cash operating working capital balances <i>(note 7)</i>	<u>(88,683)</u>	<u>20,167</u>
 (Used in) Operating Activities	 <u>(332,795)</u>	 <u>(229,112)</u>
 FINANCING ACTIVITIES		
Issuance of common shares	2,074,250	1,251,320
Increase (decrease) in loans and advances from related parties	(73,706)	(6,365)
(Decrease) in advances from other companies	-	(3,043)
Provided by Financing Activities	<u>2,000,544</u>	<u>1,241,912</u>
 INVESTING ACTIVITIES		
(Additions to) resource properties	(426,804)	(1,021,004)
Advances	(299,835)	-
(Increase) in advances to other companies	-	(8,500)
(Used in) Investing Activities	<u>(726,639)</u>	<u>(1,029,504)</u>
 INCREASE (DECREASE) IN CASH	 941,110	 (16,704)
CASH, BEGINNING OF YEAR	<u>(326)</u>	<u>16,378</u>
 CASH, END OF YEAR	 <u>\$ 940,784</u>	 <u>\$ (326)</u>
 CASH: consists of:		
Cash in bank	158,418	(326)
Short term investments	<u>782,366</u>	<u>-</u>
 CASH, END OF YEAR	 <u>\$ 940,784</u>	 <u>\$ (326)</u>

See accompanying notes to financial statements.

Refer to Auditor's Report appearing on page 2.

1. NATURE OF BUSINESS AND GOING CONCERN CONSIDERATIONS

Guyana Goldfields Inc. (The “Company”) was incorporated under the Quebec Mining Companies’ Act by Letters Patent on January 24, 1953.

The Company holds interests in the Peters Mine Property and the Aurora Mine Property in Guyana, South America and the Coppermine River Properties in Nunavut, Canada through its wholly owned subsidiary company, Coppercorp. Inc. The Coppermine River property is also known as the Coronation Gulf project.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the expenditures and the resource properties is dependent upon the existence of economically recoverable ore reserves and the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiary Coppercorp. Inc. incorporated under the laws of the Province of Ontario on June 2, 2000.

(b) Short term investments

Short-term investments are carried at the lower of cost and market value.

(c) Resource properties

Acquisition costs of resource properties together with exploration, development and certain administration expenditures are deferred in the financial statements until such time as the property is brought into commercial production, sold or abandoned.

Once commercial production has been reached, depletion is provided based on proven ore reserves using the units-of-production basis. Should a property be sold or abandoned the acquisition costs and deferred exploration expenditures are written off.

(d) Income taxes

The Company uses the liability method of accounting for income taxes. Future income tax related to the expected consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment or substantive enactment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(f) Financial instruments

Financial instruments are initially recorded at historic cost. If subsequent circumstances indicate that a decline in the fair value of a financial asset is other than temporary, the asset is written down to its fair value. Unless otherwise indicated, the fair values of financial instruments approximate their recorded amounts. The fair value of cash, short-term investments, accounts receivable and current liabilities approximate their recorded amounts because of the short period of receipt or payment of cash.

(g) Foreign currency translation

Current assets and current liabilities are translated from foreign currencies into Canadian dollars at exchange rates prevailing at the balance sheet date. Other assets and liabilities, income and expenses are translated at the average exchange rate in effect during the month the transactions take place.

(h) Stock-based compensation

The Company has adopted section 3870 of the CICA Handbook from the Canadian Institute of Chartered Accountants for stock-based compensation and other stock-based payments with effect for the year ended December 31, 2002. This section requires the Company to provide for either presentation in the statement of operations or on a pro forma earnings basis. This section requires that fair market value based accounting be used to account for stock-based compensation costs rather than the actual option price paid by the beneficiary of the stock option granted. The Company is disclosing this information in the notes to the financial statements.

(i) Loss per share

The loss per share is calculated by dividing the loss applicable to common shares by the weighted average number of shares outstanding during the year. Outstanding stock options and common share purchase warrants would have no dilutive effect on the loss per share.

(j) Administrative expense

Administrative expenses not related to exploration and development activities are charged to operations. Those administrative expenses, which are incurred by the Company on exploration and development activities, are allocated to mining expenditures incurred during the year.

3. LOANS AND ADVANCES

The advances of \$299,835 nil (2001: nil) are unsecured, non-interest bearing, and have no terms of repayment.

4. INTERESTS IN RESOURCE PROPERTIES

ALLOCATION OF COSTS TO PROPERTIES	2002	2001
Peters Mine property, Guyana, South America 5(a)	\$ 3,281,223	\$ 3,195,377
Aurora Mine property, Guyana, South America 5(b)).	886,016	547,667
Coppermine River Properties, Nunavut, Canada 5(c)	687,323	684,714
Balance – end of year	<u>\$ 4,854,562</u>	<u>\$ 4,427,758</u>

SUMMARY OF CHANGES DURING THE YEAR	2002	2001
Balance – beginning of year	\$ 4,427,758	\$ 3,406,754
Additions in year	426,804	1,021,004
Balance – end of year	<u>\$ 4,854,562</u>	<u>\$ 4,427,758</u>

- (a) The Company acquired a 100% mineral exploration right to the Peters Mine property, Puruni River, Guyana. The property is a former producer and consists of approximately 8,358 acres.
- (b) The Company has acquired a 100% interest in the Aurora Mine property, Cuyuni River located in Northwestern Guyana. The property is also a former producer and consists of approximately 14,131 acres.
- (c) The Company acquired by acquisition and staking approximately 112,285 acres located in the Coronation Gulf area, Nunavut, Canada.

On December 11, 2001, the Company transferred its interests in the properties to its wholly owned subsidiary Coppercorp Inc. (“Coppercorp”) in exchange for 10,000,000 common shares of Coppercorp.

On January 24, 2002, the Company through its 100% owned subsidiary Coppercorp. Inc. entered into an agreement with MSA Capital Corp., now Coronation Minerals Inc., whereby Coronation may earn a 50% interest in mineral rights on the Coronation Gulf Property.

In order to earn its 50% interest Coronation Minerals Inc. must make payments totaling \$300,000 over three years, issue 6,000,000 common shares (issued 3,000,000 common shares) over two years, and incur exploration expenditures of \$1,500,000 over a three year period.

The Company has spent \$ 299,835 on the property as an advance, which is to be recovered from Coronation Minerals Inc.

5. RELATED PARTY TRANSACTIONS

The Advances from related parties are interest free and have no terms of repayment. During the year \$80,000 (2001-\$80,000) was paid to the president of the Company as a management fee.

6. SHARE CAPITAL

- (a) Authorized: 30,000,000 common shares without par value, to be issued for consideration not to exceed \$30,000,000.

(b) Issued and outstanding	Number	Amount
Common shares – October 31, 2000	10,670,487	5,121,307
Issuances in 2001:		
Issued under employee stock option plan	188,000	63,920
Issued under private placements	1,748,253	762,000
Issued for property interest	1,000,000	400,000
Issued for services	64,843	25,400
Common shares – October 31, 2001	13,671,583	6,372,627
Issuances in 2002:		
Issued under private placement (i)	420,000	75,600
Issued under private placement (ii)	420,000	302,400
Issued under private placement (iii)	1,500,000	600,000
Issued under private placement (iv)	2,500,000	1,000,000
Issued in exercise of warrants	75,000	56,250
Issued on exercise of broker's warrants (iv)	100,000	40,000
Common shares – October 31, 2002	<u>18,686,583</u>	<u>\$ 8,446,877</u>

- (i) During the year the Corporation completed a private placement consisting of 420,000 units at a price of \$0.18 per unit for cash proceeds of \$75,600. Each unit is comprised of one Common Share at a price of \$0.18 per share and one Common Share purchase warrant. Each Common Share purchase warrant entitles the holder to purchase one Common Share of the Corporation at \$0.25 per share for a two-year period ending February 19, 2004
- (ii) During the year the Corporation completed a private placement consisting of 420,000 units at a price of \$0.72 per unit for cash proceeds of \$302,400. Each unit is comprised of one Common Share at a price of \$0.72 per share and one Common Share purchase warrant. Each Common Share purchase warrant entitles the holder to purchase one half Common Share of the Corporation at \$1.00 per share for a one-year period ending June 25, 2003.
- (iii) During the year the Corporation completed a private placement consisting of 1,500,000 units at a price of \$0.40 per unit for cash proceeds of \$600,000. Each unit is comprised of one Common Share at a price of \$0.65 per share and one Common Share purchase warrant. Each Common Share purchase warrant entitles the holder to purchase one half Common Share of the Corporation for \$0.65 per share as follows: 500,000 expiring on October 15, 2002 and 250,000 expiring September 27, 2003.
- (iv) During the year the Corporation completed a private placement consisting of 2,500,000 units at a price of \$0.40 per unit for cash proceeds of \$1,000,000. Each unit is comprised of one Common Share at a price of \$0.40 per share and one Common Share purchase warrant. Each Common Share purchase warrant entitles the holder to purchase one half Common Share of the Corporation at \$0.65 per share for a one-year period ending November 30, 2003. In addition 100,000 brokers warrants were issued as part of this financing. These warrants were exercised during the year resulting in proceeds of \$40,000.

6. SHARE CAPITAL (continued):

(c) Incentive stock option plan and other options:

On May 15, 2001, the shareholders of the Corporation approved a new Incentive Stock Option Plan for directors, officers, employees and consultants of the Corporation that conforms to guidelines established by the Canadian Venture Exchange. The new Incentive Stock Option Plan authorizes options to acquire up to 2,500,000 Common Shares of the Corporation provided that they are not issued at a price per share that is less than the minimum issue price as permitted by securities regulatory authorities.

The following summarizes a continuity of all options activity during the year:

	Number of Options	Weighted average exercise price
Balance, October 31, 2001	1,800,000	0.44
Granted	450,000	0.53
Expired	(200,000)	(0.44)
Balance, October 31, 2002	<u>2,050,000</u>	<u>\$ 0.41</u>

At October 31, 2002, stock options outstanding to officers and directors and consultants on common shares, under the Corporation's stock option plan, were as follows:

Expiry date	Exercise price	Balance
November 17, 2002	\$ 0.42	700,000
October 31, 2005	\$ 0.34	900,000
April 29, 2004	\$ 0.53	450,000
		<u>2,050,000</u>

(d) Warrants

At October 31, 2002, warrants outstanding, were as follows:

Expiry date	Exercise price	Balance
November 30, 2002	\$ 0.60	192,308
August 23, 2003	\$ 0.375	181,819
February 19, 2004	\$ 0.25	420,000
June 25, 2003	\$ 1.00	210,000
September 27, 2003	\$ 0.65	250,000
November 30, 2003	\$ 0.65	1,250,000
		<u>2,504,127</u>

7. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

Cash Provided by (used for):	2002	2001
Miscellaneous receivables and prepaid expenses	\$ (57,784)	\$ (21,234)
Accounts payable and accrued liabilities	(30,899)	41,401
	<u>\$ (88,683)</u>	<u>\$ 20,167</u>

8. FUTURE 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 43% (2000-43%) to the net loss for the year. The reason for the difference is as follows:

	2002	2001
Income tax recovery based on statutory rate	\$ (105,000)	\$ (250,000)
Unrecorded tax benefit of losses	105,000	250,000
	<u>\$ -</u>	<u>\$ -</u>

At October 31, 2002, the Company had non-capital losses carried forward of approximately \$1,171,000 which have not been recognized in these financial statements. The non-capital losses may be utilized to reduce future years' taxable income and expire as follows:

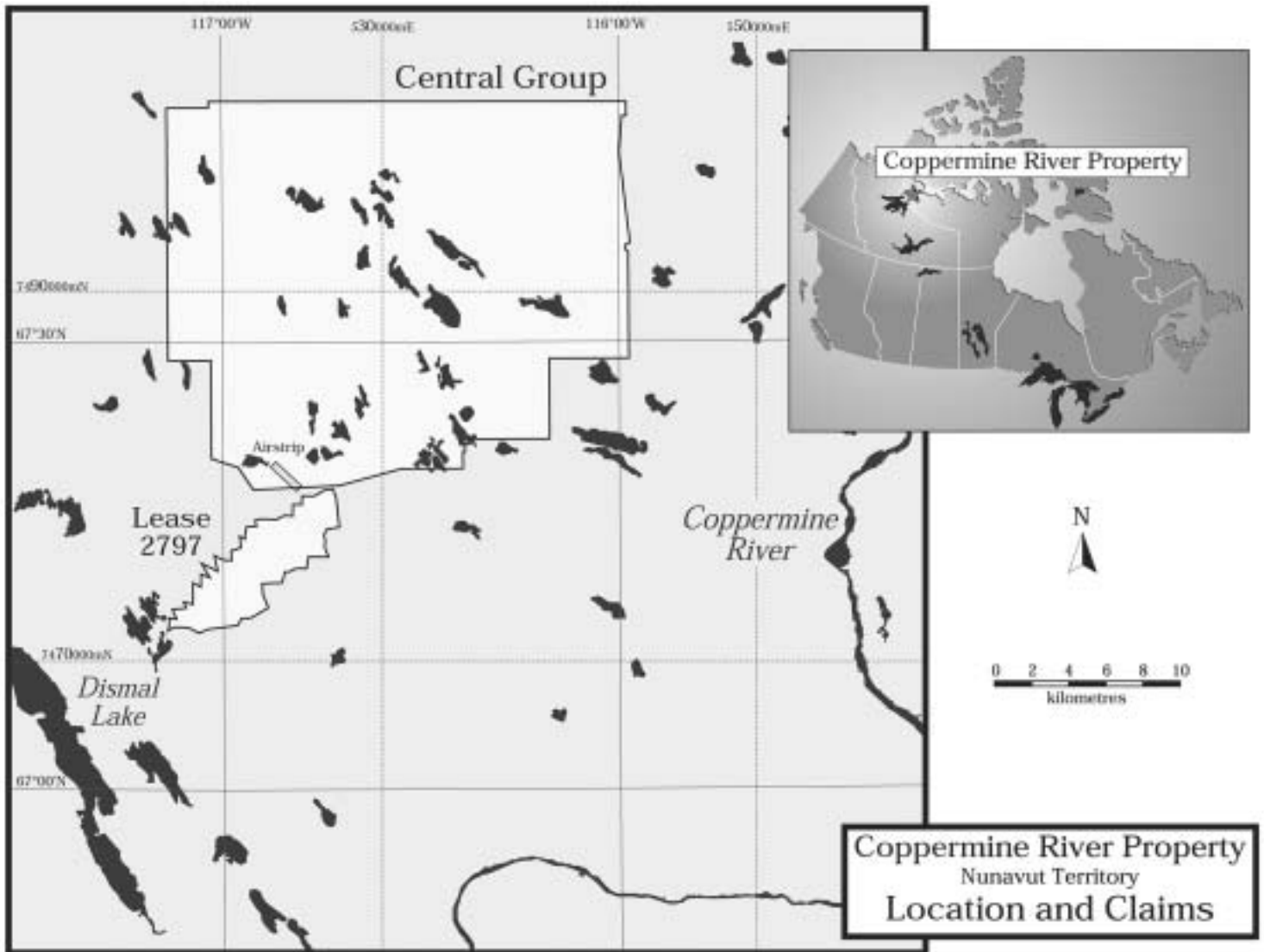
2003	\$ 48,000
2004	97,000
2005	173,000
2006	292,000
2007	144,000
2008	252,000
2009	165,000
	<u>\$ 1,171,000</u>

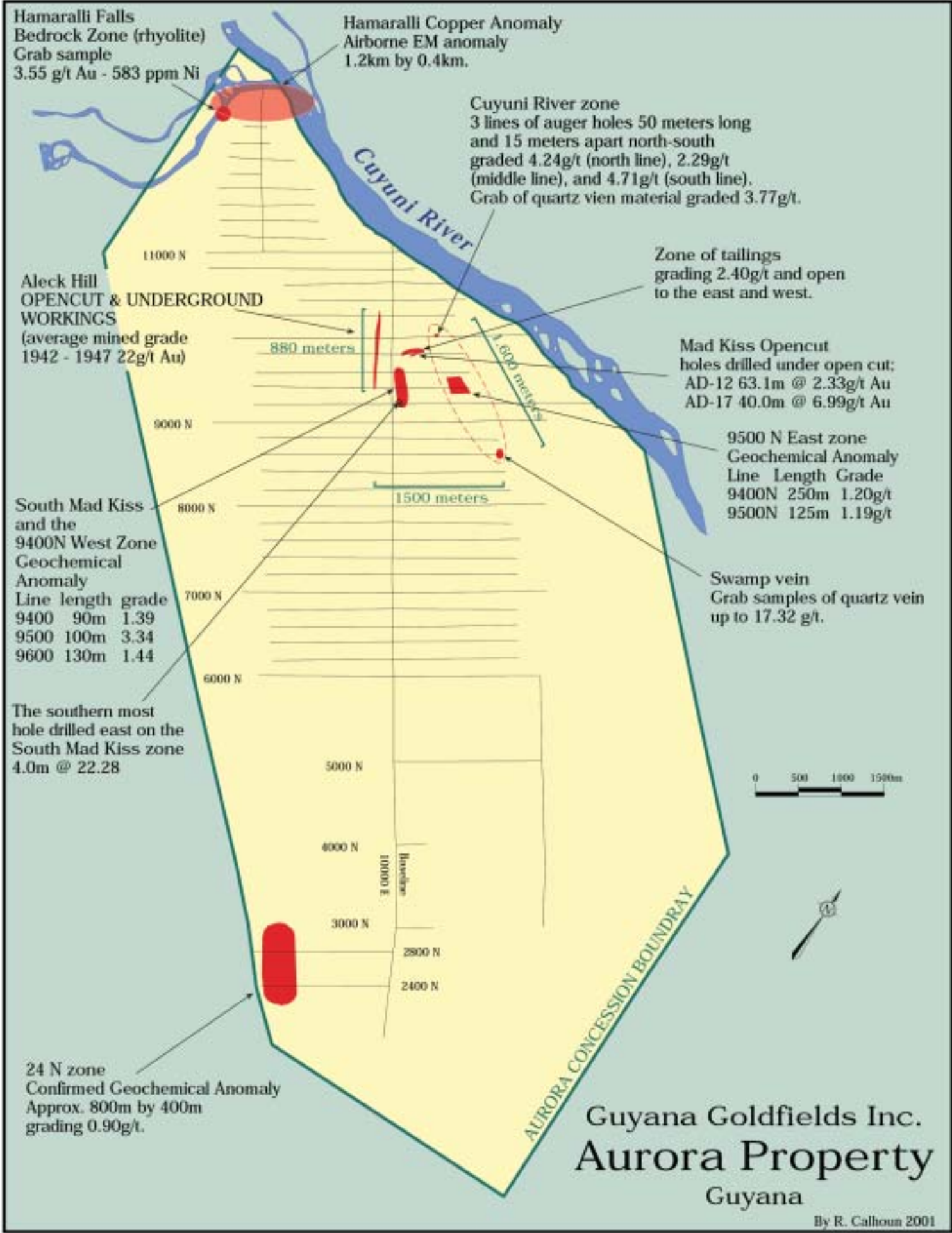
9. PRO-FORMA LOSS PER SHARE CALCULATIONS PROVIDING FOR DILUTIVE EFFECTS OF STOCK BASED COMPENSATION

The Company applies the intrinsic value based method of accounting for stock-based compensation awards granted to employees. Accordingly, no compensation cost has been recognized for its fixed stock option plan. Had compensation been determined based on the fair value at the grant date for award under the stock option plan, the Company's net loss and loss per share would have been increased to the pro forma amounts set out below:

Net (loss)	As reported	(241,112)
	Pro-forma	(402,257)
Basic (loss) per share	As reported	(0.014)
	Pro-forma	(0.025)

The fair value of the options issued in the year ended December 31, 2002 was determined using the Black-Scholes option pricing model with the following assumptions: risk-free rate of 3.3%; dividend yield of 0%; volatility factor of 125% for the expected market price of the Company's common shares; and a weighted-average expected option life of 3 years. The weighted average grant date fair values of the options issued during the year ended December 31, 2002 was \$0.53 per share.





Hamaralli Falls
Bedrock Zone (rhyolite)
Grab sample
3.55 g/t Au - 583 ppm Ni

Hamaralli Copper Anomaly
Airborne EM anomaly
1.2km by 0.4km.

Cuyuni River zone
3 lines of auger holes 50 meters long
and 15 meters apart north-south
graded 4.24g/t (north line), 2.29g/t
(middle line), and 4.71g/t (south line).
Grab of quartz vein material graded 3.77g/t.

Zone of tailings
grading 2.40g/t and open
to the east and west.

Aleck Hill
OPENCUT & UNDERGROUND
WORKINGS
(average mined grade
1942 - 1947 22g/t Au)

Mad Kiss Opencut
holes drilled under open cut;
AD-12 63.1m @ 2.33g/t Au
AD-17 40.0m @ 6.99g/t Au

9500 N East zone
Geochemical Anomaly
Line Length Grade
9400N 250m 1.20g/t
9500N 125m 1.19g/t

South Mad Kiss
and the
9400N West Zone
Geochemical
Anomaly
Line length grade
9400 90m 1.39
9500 100m 3.34
9600 130m 1.44

Swamp vein
Grab samples of quartz vein
up to 17.32 g/t.

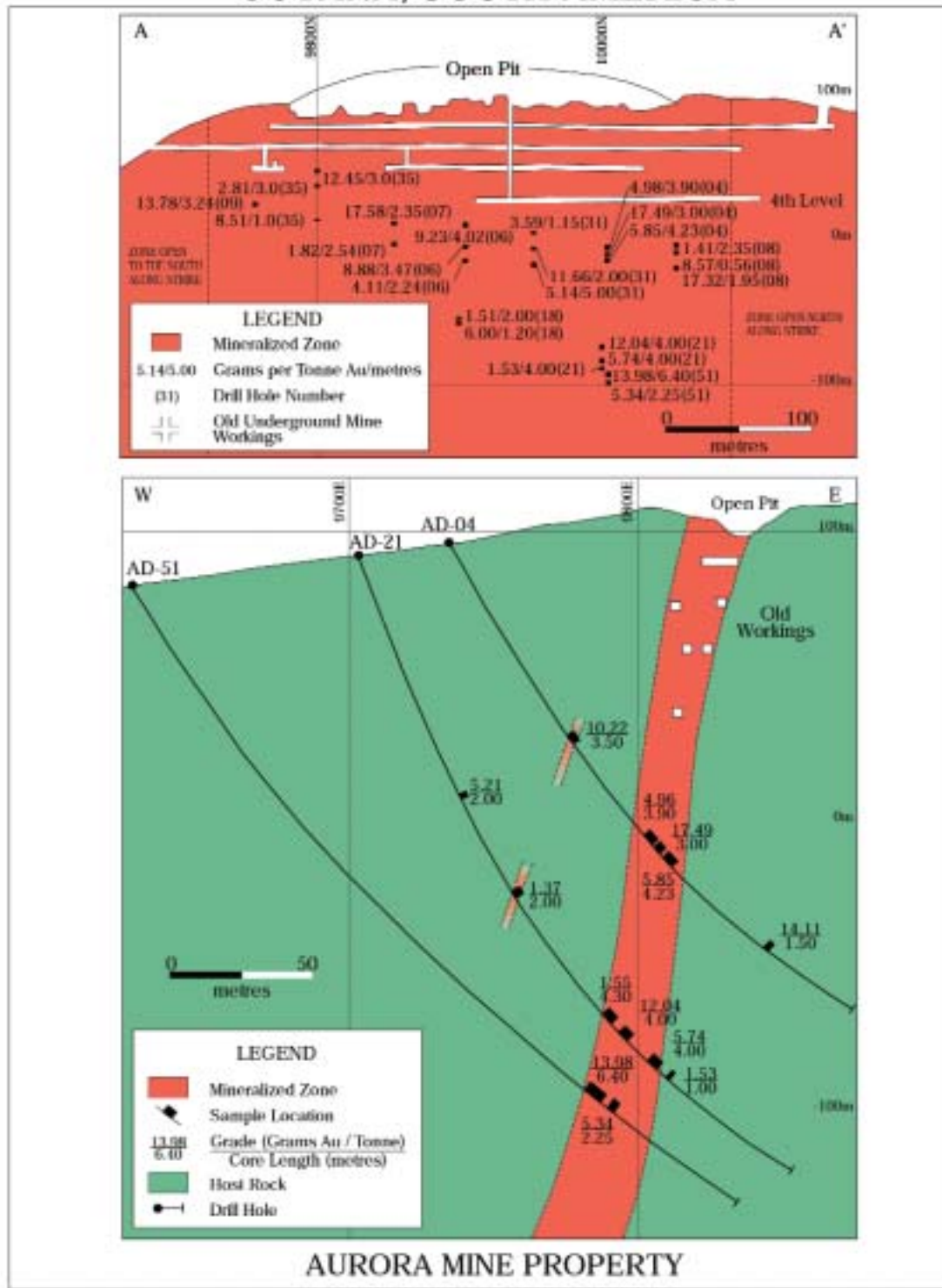
The southern most
hole drilled east on the
South Mad Kiss zone
4.0m @ 22.28

24 N zone
Confirmed Geochemical Anomaly
Approx. 800m by 400m
grading 0.90g/t.

AURORA CONCESSION BOUNDARY

Guyana Goldfields Inc.
Aurora Property
Guyana

ALECK HILL - LONGITUDINAL AND CROSS SECTION GUYANA, SOUTH AMERICA



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