



Audit Office of Guyana

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AG: 84/2012

25 September 2012

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
LINDEN MINING ENTERPRISE LIMITED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL
AND COMMERCIAL INVESTMENTS LIMITED)
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

I have audited the accompanying financial statements of Linden Mining Enterprise Limited which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes. The audit was conducted in accordance with the Audit Act of 2009.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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 appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Linden Mining Enterprise Limited as at 31 December 2009, and of its financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards.

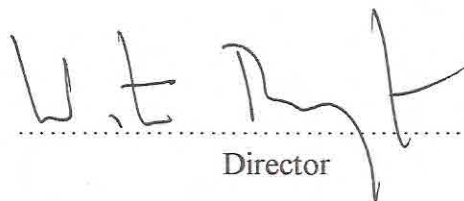

D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

Linden Mining Enterprise Limited
Balance Sheet
As at December 31, 2009

	Notes	2009 G\$	2008 G\$
ASSETS			
Non - Current Assets			
Property, Plant and Equipment		-	-
Investments in Subsidiaries and Associates		-	-
Deffered Expenditure		-	-
Total Non - Current Assets		-	-
Current Assets			
Cash in Hand and at Bank		-	-
Inventory		-	-
Receivables		-	-
Total Current Assets		-	-
TOTAL ASSETS		-	-
EQUITY & LIABILITY			
Equity & Reserves			
Share Capital	3	3,482,661,000	3,482,661,000
Retained Earnings		(22,499,801,751)	(22,499,801,751)
Capital Reserve	4	1,236,698,243	1,236,698,243
Total Equity & Reserves		(17,780,442,508)	(17,780,442,508)
Non - Current Liabilities			
Long - Term Borrowings	5	17,780,442,508	17,780,442,508
Current Liabilities			
Bank Overdraft		-	-
Payables		-	-
Total Current Liabilities		-	-
TOTAL EQUITY & LIABILITY		-	-

The Financial Statemets were approved by the Board of Directors on the September 20, 2012


 Director


 Director

The attached statements and notes on pages 1 to 4 form an integral part of these financial statements.

Linden Mining Enterprise Limited
Statement of Income
For the Period January 1, 2009 - December 31, 2009

	Notes	2009 G\$	2008 G\$
Revenue		-	-
<i>Cost of Sales / Directs Expenses</i>		-	-
Gross profit		-	-
Other Income		-	-
Income from Associates		-	-
Operating profit		-	-
Expenses			
Administrative		-	-
Distribution		-	-
Financial		-	-
Total		-	-
Loss for the Period		-	-

Linden Mining Enterprise Limited
For the Period January 1, 2009 - December 31, 2009
Statement of Changes in Equity

	Stated Capital G\$	Retained Earnings G\$	Capital Reserves G\$	Other Reserves G\$	Total G\$
Balance at January 01, 2008	3,482,661,000	(22,499,801,751)	1,236,698,243	-	(17,780,442,508)
Loss for the Year	-	-	-	-	-
Balance at December 31, 2008	<u>3,482,661,000</u>	<u>(22,499,801,751)</u>	<u>1,236,698,243</u>	<u>-</u>	<u>(17,780,442,508)</u>
Balance at January 01, 2009	3,482,661,000	(22,499,801,751)	1,236,698,243	-	(17,780,442,508)
Loss for the Year	-	-	-	-	-
Balance at December 31, 2009	<u>3,482,661,000</u>	<u>(22,499,801,751)</u>	<u>1,236,698,243</u>	<u>-</u>	<u>(17,780,442,508)</u>

Linden Mining Enterprise Limited
Statement of Cash Flows
For the Period January 1, 2009 - December 31, 2009

	2009	2008
	G\$	G\$
Cash flows from Operating Activities		
Loss for the Year	-	-
<i>Adjustments For:</i>		
Depreciation	-	-
Gain / (Loss) on Foreign Currency	-	-
Other Non - Cash Adjustments	-	-
Operating Loss before Changes in Working Capital	<hr/> -	<hr/> -
(Increase) / Decrease in Inventories	-	-
(Increase) / Decrease in Receivables	-	-
Increase / (Decrease) in Payables	-	-
Cash Generated from Operations	<hr/> -	<hr/> -
<i>Extraordinary Items</i>		
Fixed Assets Transferred - OBMI	-	-
Investment Transfer - NICIL	-	-
Fixed Assets Transfer - NICIL	-	-
Deffered Expenditure	-	-
Capital Reserve Adjustment	-	-
Net Inflow / (Outflow) from Operations	<hr/> -	<hr/> -
Cash Flow from Investing Activities		
Purchases of Property, Plant and Equipment	-	-
Cash used in Invesments	<hr/> -	<hr/> -
Cash Flow from Financing Activities		
Loans drawn down and transfer	-	-
Loans Repaid / Offset	-	-
Net Cash flows from Financing Activities	<hr/> -	<hr/> -
Increase / (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents January 1	-	-
Cash and Cash Equivalents December 31	<hr/> <hr/> -	<hr/> <hr/> -

Linden Mining Enterprise Limited
Notes to the Financial Statements
For the Period January 1, 2009 - December 31, 2009

1. Incorporation

The Company was incorporated as a Private Company limited by shares under the Company's Act Chapter 89:01 on the 19th June, 1992. Consequent to the winding - up of the Bauxite Industry Development Company (BIDCO), LINMINE became a wholly owned subsidiary of National Industrial and Commercial Investment Limited with effect from December 31, 2003 vide Order No. 45 of 2003. The company's activities relate to the mining and sale of bauxite.

2. Significant Accounting Policies

a) Accounting Convention

The accounts have been prepared under the historical cost convention except as stated in policy (g) and the accounting policies conform to International Financial Reporting Standards (IFRSs).

b) Fixed Assets

Fixed Assets other than Freehold Land and Construction Work – In – Progress are shown in the Balance Sheet at cost / valuation less provision for depreciation and depletion.

Capital Work – In – Progress, when brought into use, is capitalized and depreciated in the normal manner.

Mineral Properties and Mining Rights are amortised on the depletion basis.

Depreciation is provided on the straight line method calculated to write off each asset over its estimated useful life as follows:-

Buildings	-	Varying lives up to 35 years
Plant and Equipment	-	Varying lives up to 12 years
Office Equipment	-	Varying lives up to 10 years

c) Related Party Transactions

The company is a wholly owned subsidiary of National Industrial and Commercial Investments Limited.

d) Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined using primarily the weighted average cost method and includes direct labor, materials, expenses, production and other attributable expenses.

e) Deferred Expenditure

Exploration and Drilling Expenditure

Exploration and drilling expenditure are accumulated and either written off when the prospect of mining the area is abandoned or amortised together with the development expenditure when mining commences.

Development Expenditure

This represents expenditure incurred in stripping an area of the mine before the mining can commence. Absorption of this expenditure is based on the quantity of ore mined during the year.

Linden Mining Enterprise Limited
Notes to the Financial Statements
For the Period January 1, 2009 - December 31, 2009

Significant Accounting Policies (Cont'd)

g) Translation of Foreign Currency

Historically the financial statements of the company were maintained in Guyana Dollars. However, a decision was taken to maintain the books in United States Dollars on 1st January, 1994.

Fixed Assets and Stores were converted to at the rate of exchange ruling at the date of acquisition.

Share Capital, Capital Reserves, Deposit on Shares, Loans and Investments were converted at the historic rate of exchange.

All other items in the Balance Sheet were converted at the rate of exchange ruling at the balance sheet date at December 31, 2009. The rate of exchange ruling at December 31, 2009 was G\$199.75 = US\$1.00 (2008 was G\$199.75).

Foreign Currency transactions (other than US Dollars) completed during the year are translated at the rates of exchange in effect at the date of each transaction.

3. Share Capital

Authorised 3,500,000 Ordinary Shares of G\$1,000 each	<u>3,500,000,000</u>	<u>3,500,000,000</u>
Issued and Fully Paid Ordinary Shares of G\$1,000 each	<u>3,482,661,000</u>	<u>3,482,661,000</u>

Linden Mining Enterprise Limited**Notes to the Financial Statements****For the Period January 1, 2009 - December 31, 2009**

	2009	2008
	G\$	G\$
4. Capital Reserve	<u><u>1,236,698,243</u></u>	<u><u>1,236,698,243</u></u>

This amount represents the net adjustment arising from the takeover of assets and liabilities of Guyana Mining Enterprise Limited which was dissolved by Order No. 19 of 1992. The value of the assets and liabilities assumed by the Company was approved by the Board of Directors. Fixed Assets transferred to OBMI re Vesting Order have been written off to Capital Reserve. The Order specified November 30 , 2004 as the date of transfer.

5. Loans

	2009	2008
	G\$	G\$
b) Ministry of Finance	11,608,608,230	11,608,608,230
a) Sysmin	6,171,834,276	6,171,834,276
Total Loans	<u><u>17,780,442,508</u></u>	<u><u>17,780,442,508</u></u>

a) Ministry of Finance (Government of Guyana): the terms and conditions of the loan have not yet been determined. Interest is at a fixed rate of 4% per annum.

b) Sysmin (Government of Guyana): Repayable within twenty (20) years period with a grace period of ten (10) years. Interest is at a rate of 4% per annum and is capitalised during the grace period.

Government of Guyana Sysmin loan previously denominated in Duetche Marks converted to Euros with effect from January 1, 2002.

All Loans are secured by guarantees from the Government of Guyana.

Linden Mining Enterprise Limited
Notes to the Financial Statements
For the Period January 1, 2009 - December 31, 2009

6. Taxation

In accordance with the arrangement for the rehabilitation of the Linden operations under the initial restructuring phase agreed between the Government of Guyana and the World Bank, and Order No. 19 of 1992, the Government has agreed to waive on an exceptional and temporary basis, all taxes, duties and other charges during the period of initial restructuring.

7. Pending Litigations

There are certain pending litigations against the Company, for which the Company's exposure, if any, has not yet been determined.

8. Going Concern

On the December 8, 2004 the operations of LINIMINE was privatized to Omai Bauxite Mining Company (OBMI). In accordance with the Agreement the Government of Guyana contributed 30% towards equity in OBMI. Shares issued to the Government of Guyana are held by National Investment and Commercial Investments Limited (NICIL). Orders 32 and 36 both of 2004 effected the transfer of the company's assets. Vesting Order #32 took effect from November 30, 2004 and transferred specific assets to OBMI. Vesting Order #36 of 2004 took effect from December 9, 2004 and transferred the following assets to NICIL:

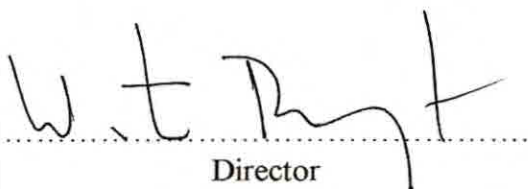
- a) All immovable property.
- b) All machinery, plant and equipment.
- c) Net current assets.
- d) All residual rights, titles and interests to assets not mentioned in the Order.

The LINMINE Secretariat was established to manage the non-current assets of the company pre-privatization. The secretariat is presently performing the duties of care taker of the assets transferred to NICIL as per Order 36 of 2004. The secretariat is under the management and control of NICIL.

Linden Mining Enterprise Limited
Balance Sheet
As at December 31, 2009

	Notes	2009 US\$	2008 US\$
ASSETS			
Non - Current Assets			
Property, Plant and Equipment		-	-
Investments in Subsidiaries and Associates		-	-
Deffered Expenditure		-	-
Total Non - Current Assets		-	-
Current Assets			
Cash in Hand and at Bank		-	-
Inventory		-	-
Receivables		-	-
Total Current Assets		-	-
TOTAL ASSETS		-	-
EQUITY & LIABILITY			
Equity & Reserves			
Share Capital	3	26,566,981	26,566,981
Accumulated Deficit		(127,361,756)	(127,361,756)
Capital Reserve	4	8,499,261	8,499,261
Total Equity & Reserves		(92,295,514)	(92,295,514)
Non - Current Liabilities			
Long - Term Borrowings	5	92,295,514	92,295,514
Current Liabilities			
Bank Overdraft		-	-
Payables		-	-
Total Current Liabilities		-	-
TOTAL EQUITY & LIBILITY		-	-

The Financial Statemets were approved by the Board of Directors on the September 20, 2012


 Director


 Director

The attached statements and notes on pages 1 to 4 form an integral part of these financial statements.

Linden Mining Enterprise Limited
Statement of Income & Expenditure
For the Period January 1, 2009 to December 31, 2009

	Notes	2009 US\$	2008 US\$
Revenue		-	-
<i>Cost of Sales / Directs Expenses</i>		-	-
Gross profit		<hr/> -	<hr/> -
Other Income		-	-
Operating profit		<hr/> -	<hr/> -
<i>Less Expenses:</i>			
Administrative, Financial and Marketing		-	-
Loss for the Period		<hr/> <hr/> -	<hr/> <hr/> -

Linden Mining Enterprise Limited
Statement of Changes in Equity
For the Period January 1, 2009 - December 31, 2009

	Stated Capital US\$	Retained Earnings US\$	Capital Reserves US\$	Other Reserves US\$	Total US\$
Balance at January 01, 2008	26,566,981	(127,361,756)	8,499,261	-	(92,295,514)
Loss for the Year	-	-	-	-	-
Balance at December 31, 2008	<u>26,566,981</u>	<u>(127,361,756)</u>	<u>8,499,261</u>	<u>-</u>	<u>(92,295,514)</u>
Balance at January 01, 2009	26,566,981	(127,361,756)	8,499,261	-	(92,295,514)
Loss for the Year	-	-	-	-	-
Balance at December 31, 2009	<u>26,566,981</u>	<u>(127,361,756)</u>	<u>8,499,261</u>	<u>-</u>	<u>(92,295,514)</u>

Linden Mining Enterprise Limited
Statement of Cash Flow
For the Period January 1, 2009 to December 31, 2009

	2009 US\$	2008 US\$
Cash flows From Operating Activities		
Loss for the Year	-	-
<i>Adjustments for:</i>		
Depreciation	-	-
Gain / (Loss) on Foreign Currency	-	-
Other Non - Cash Adjustments	-	-
Operating Loss before Changes in Working Capital	-	-
(Increase) / Decrease in Inventories	-	-
(Increase) / Decrease in Receivables	-	-
Increase / (Decrease) in Payables	-	-
Cash Generated from Operations	-	-
<i>Extraordinary Items</i>		
Fixed Assets Transferred - NICIL	-	-
Investment Transferred - NICIL	-	-
Deffered Expenditure	-	-
Capital Reserve Adjustment	-	-
Net Cash Inflow / (Outflow) from Operations	-	-
Cash Flow from Investing Activities		
Purchases of Property, Plant and Equipment	-	-
Proceeds from Sale of Property, Plant and Equipment	-	-
Cash Used in Investments	-	-
Cash Flow from Financing Activities		
Loans Drawn Down and Transfer	-	-
Loans Repaid / Offset	-	-
Net Cash Inflow / (Outflow) from Financing	-	-
Increase / (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents As at January 1	-	-
Cash and Cash Equivalents As at December 31	-	-

Linden Mining Enterprise Limited
Notes to the Financial Statements
For the Period January 1, 2009 - December 31, 2009

1. Incorporation

The Company was incorporated as a Private Company limited by shares under the Company's Act Chapter 89:01 on the 19th June, 1992. Consequent to the winding - up of the Bauxite Industry Development Company (BIDCO), LINMINE became a wholly owned subsidiary of National Industrial and Commercial Investment Limited with effect from December 31, 2003 vide Order No. 45 of 2003. The company's activities relate to the mining and sale of bauxite.

2. Significant Accounting Policies

a) Accounting Convention

The accounts have been prepared under the historical cost convention except as stated in policy (g) and the accounting policies conform to International Financial Reporting Standards (IFRSs).

b) Fixed Assets

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Mineral Properties and Mining Rights are amortised on the depletion basis.

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Buildings	-	Varying lives up to 35 years
Plant and Equipment	-	Varying lives up to 12 years
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c) Related Party Transactions

The company is a wholly owned subsidiary of National Industrial and Commercial Investments Limited.

d) Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined using primarily the weighted average cost method and includes direct labor, materials, expenses, production and other attributable expenses.

e) Deferred Expenditure

Exploration and Drilling Expenditure

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Development Expenditure

This represents expenditure incurred in stripping an area of the mine before the mining can commence. Absorption of this expenditure is based on the quantity of ore mined during the year.

Linden Mining Enterprise Limited
Notes to the Financial Statements
For the Period January 1, 2009 - December 31, 2009

Significant Accounting Policies (Cont'd)

g) Translation of Foreign Currency

Historically the financial statements of the company were maintained in Guyana Dollars. However, a decision was taken to maintain the books in United States Dollars on 1st January, 1994.

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Foreign Currency transactions (other than US Dollars) completed during the year are translated at the rates of exchange in effect at the date of each transaction.

3. Share Capital

Authorised 3,500,000 Ordinary Shares of G\$1,000 each	<u>26,717,557</u>	<u>26,717,557</u>
Issued and Fully Paid Ordinary Shares of G\$1,000 each	<u>26,566,981</u>	<u>26,566,981</u>

Linden Mining Enterprise Limited**Notes to the Financial Statements**

For the Period January 1, 2009 - December 31, 2009

	2009 US\$	2008 US\$
4. Capital Reserve	<u>8,499,261</u>	<u>8,499,261</u>

This amount represents the net adjustment arising from the takeover of assets and liabilities of Guyana Mining Enterprise Limited which was dissolved by Order No. 19 of 1992. The value of the assets and liabilities assumed by the Company was approved by the Board of Directors. Fixed Assets transferred to OBMI re Vesting Order have been written off to Capital Reserve. The Order specified November 30, 2004 as the date of transfer.

5. Loans

	2009		2008	
	€ \$	US\$	€ \$	US\$
b) Ministry of Finance		61,427,106		61,427,106
a) Sysmin	22,687,797	30,868,407	22,687,797	30,868,407
Total Loans	<u>22,687,797</u>	<u>92,295,514</u>	<u>22,687,797</u>	<u>92,295,514</u>

a) Ministry of Finance (Government of Guyana): the terms and conditions of the loan have not yet been determined. Interest is at a fixed rate of 4% per annum.

b) Sysmin (Government of Guyana): Repayable within twenty (20) years period with a grace period of ten (10) years. Interest is at a rate of 4% per annum and is capitalised during the grace period.

Government of Guyana Sysmin loan previously denominated in Duetche Marks converted to Euros with effect from January 1, 2002.

All Loans are secured by guarantees from the Government of Guyana.

Linden Mining Enterprise Limited
(Wholly Owned Subsidiary of National Industrial and Commercial Investments Limited)
Notes to the Financial Statements
For the Period January 1, 2009 - December 31, 2009

6. Taxation

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