

Guyana Geology and Mines Commission

MINERAL EXPLORATION MAP OF GUYANA



60 0 60 120

Kilometers

Scale: 1:3,200,000

Mineral Occurrences

- Gold
- ◊ Diamond
- ⊙ Palladium / Platinum
- ⊙ Columbite / Tantalite
- ☆ Molybdenum
- ▲ Copper
- Chromium / Nickel
- Stone Quarry

- GOLD
- DIAMONDS WITH GOLD
- BAUMITE
- MANGANESE
- LATERITE (PEPPY)
- LATERITE (ALUM)
- GLASS SAND
- BRICK TILE & CERAMIC CLAY
- COLUMBITE & TANTALITE
- TACA
- HEMATITE
- KYANITE





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Section 1



Letter of Transmittal

August 31, 2008

Honourable Samuel A. Hinds
Prime Minister
Office of the Prime Minister
Wright's Lane, Kingston
Georgetown, Guyana.

Dear Sir;

Your Board of Directors submits to you the Annual Report 2002 of the Guyana Gold Board long with the Audited Financial Statement for the year ended December 31, 2002 in accordance with Section 16 of the Guyana Gold Board Act 1981.

Thank you.

On behalf of the Board of Directors

Anantram Balram
Secretary, Board of Directors



Corporate Information

AUDITORS

Audit Office of Guyana
63 High Street, Kingston
Georgetown Guyana.

Bisheswar, Seebarran & Company
198 Duncan Street, Lamaha Gardens,
Georgetown, Guyana.

LEGAL ADVISORS

Attorney General Chambers
59 Charnichael Street, North Cummingsburg,
Georgetown, Guyana.

REGISTERED OFFICE

68 Upper Brickdam,
Georgetown, Guyana.
P.O.Box 12204
Tel. No.: 225-3173
Fax No. : 225-4963
E-mail : ggb@gol.net.gy

BANKERS

Bank of Guyana
1 Avenue of the Republic, Robbstown
Georgetown, Guyana.

National Bank of Industry & Commerce
38 Water Street, Robbstown,
Georgetown, Guyana



Guyana Gold Board

Establishment (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Sections 3)

There is hereby established the Guyana Gold Board which shall be a body corporate and the provisions of the First Schedule shall have effect as to the constitution of the Board and otherwise in relation thereto.

Commencement

By Order No. 24 of 1982, the Guyana Gold Board commenced operations on May 15, 1982

Functions (Extracted from Guyana Gold Board Act Chap. 66:01 Sections 4)

It shall be the function of the Board

- (a) to carry on the business of trading in gold;
- (b) to secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices;
- (c) subject to this Act, to purchase all gold produced in Guyana;
- (d) subject to this Act, to sell all gold in Guyana and to sell gold outside Guyana;
- (e) to engage in other commercial or industrial activities.

The Guyana Gold Board has diligently delivered all of its mandated functions in 2002.



Minister Responsible and Board of Directors

Minister Responsible:



The Honourable Samuel A. Hinds
Prime Minister Co-operative Republic of Guyana; and
Minister Responsible for Mining

Board of Directors:

Charles Ramson S.C.
Chairman
Board of Directors

René Faerber
Director – Representing
Ministry of Finance

Devica Prashad
Executive Director/General Manager
Guyana Gold Board

Brindley Robeson Benn
Director- Representing
Guyana Geology and Mines Commission

Stanislaus Jardine
Director – Representing
Guyana Gold & Diamond Miners Association

Jerome Khan
Director Representing
People's National Congress/Reform

Nareshwar Harnanan
Legal Advisor
Attorney General Chambers



General Manager's Report

Introduction

The overall financial position of the Board in this year reflects some major corrections for exchange rates for income in the foreign sales stream. As is noted in the financial reports, the Board recognised an error in the accounting of income for previous years and this year's statements truly reflect the true position of the Board after many years.

The Gold Market & Future Outlook

Average gold prices were up 14.3% from last year and have been the highest since 1987. However, the movement in range during the year itself was the sharpest since 1979. This has been attributed to a growth in demand resulting from producer de-hedging and investor buying based on politico-economic concerns. Gold continued to shadow the US dollar for the year as US economy weakness impacted on interest rates and thus fund investment movements. There was recorded overall decrease in jewellery fabrication by 10% from decline in jewellery consumption in the Middle East, India, Asia and Italy. It should be noted that jewellery fabrication accounts for three fourths of the world demand for gold, followed by other industrial and decorative demands.

Overall supply rose by 1% and demand rose by just over 1%. The de-hedging demands were compensated for by the fall in fabrication demands. World investment nearly doubled this year also.

Of late the gold market has come to be affected by such factors as mentioned above and namely, interest rates, long-term rates, re-monetization of gold, the strength of the dollar, the dollar alternative or crisis asset of gold and central bank selling. These factors will be increasingly affecting the market in 2002 and further, thereby creating much volatility.

Succession planning, developing the multi-skilled worker and improving the integrity image of the Gold Board are some areas of immediate attention. The Board anticipates a year of sustained high gold prices in 2003 and projects that the coming year will see the maintenance of high gold declaration.

Production and Declaration

Declaration for 2002 was the highest realised since the formation of the Board, and reached comparative national levels for the years of the 1890s. 117,239 ounces of gold was declared from national production and 319,431 ounces from Omai's operations. National (non-Omai) gold saw renewed investment interest at the higher prices. Larger and more efficient Brazilian equipment have found way into the sector not only by the increased presence of Brazilian miners but also through the importation by local companies. Those providing goods, services and investment funding have been equally motivated to come on-stream.



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Gold is sold by miners, pork-knockers, dealers, shopkeepers, barter-arrangements, claim holders, and those offering goods and services for sale. The facility to declare but not necessarily to sell is granted to dealers, who can export after paying royalty and tax.

The fact remains that not all gold mined is being declared, and to a large extent this gold finds its way into money laundering, tax evasion and smuggling lines.

Omai	319,431 toz.
Seven Licensed Dealers	3,302 toz.
Guyana Gold Board	113,937 toz.

Foreign Exchange

Persons selling gold to the Board can request part or whole of the receipts in foreign currency (US\$). This is facilitated by the Board issuing a letter to the Central Bank, where the necessary transfer into the client's account is done. Foreign currency is accessed from the proceeds of gold sale through Mitsui & Co. into the Bank of Guyana.

The transfer of foreign currency in 2002 amounted to \$ 376 million or US\$1.9 million.

Human Resource

Management and staff comprised 20 persons subdivided into general administrative & services, finance and accounting, gold processing laboratory and internal audit. This team manages the whole operation of purchasing of gold, accounting and balancing of stock movements, preparation of financial and other statements and reports, procurement and maintenance of equipment. There are some aspects of maintenance activities which are contracted out.

Ongoing changes occurred in 2002 in the areas of security, management of assets, staff performance and accountability

Conclusion

The Guyana Gold Board wishes to thank Stakeholders, the Board of Directors and all staff for the 2002 performance and expects a sustained performance in 2003

Devica Prashad
General Manager (ag.)



Financial and Operational Highlights

	2002	2001	Inc/(Dec.)	% Change
Statement of Net Income				
Operating Income	72.78	31.94	40.84	127.86
Operating Expenditure	71.54	75.78	(4.24)	(5.60)
Balance Sheet				
Non- Current Assets	17.29	21.91	(4.62)	(21.08)
Total Current assets	1,159.31	1,994.37	(835.05)	(41.87)
Total Equity	144.60	210.49	(65.89)	(31.30)
Total Liabilities	1,032.01	1,805.79	(773.79)	(42.85)

PURCHASES ACTUAL VS BUDGET (TROY OUNCES) 2002

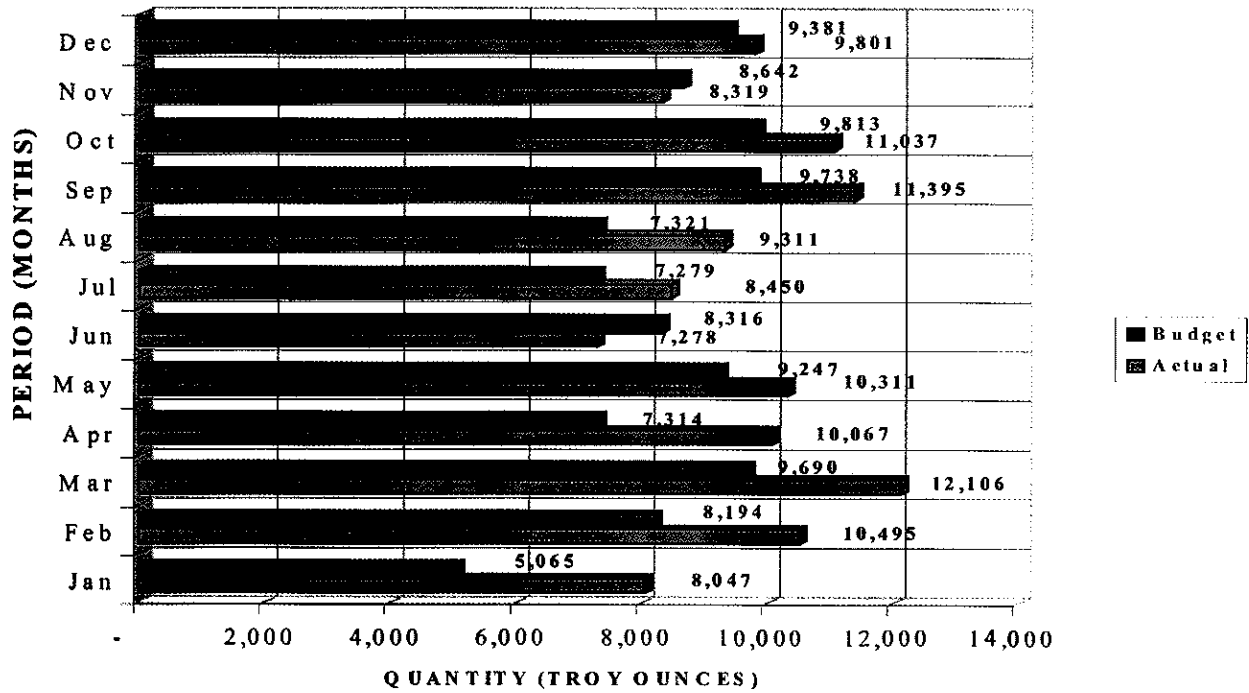
Period	Actual	Budget
Jan	8,047	5,065
Feb	10,495	8,194
Mar	12,106	9,690
Apr	10,067	7,314
May	10,311	9,247
Jun	7,278	8,316
Jul	8,450	7,279
Aug	9,311	7,321
Sep	11,395	9,738
Oct	11,037	9,813
Nov	8,319	8,642
Dec	9,801	9,381
TOTAL	116,617	100,000

PURCHASES 1993-2002 (TROY OUNCES)

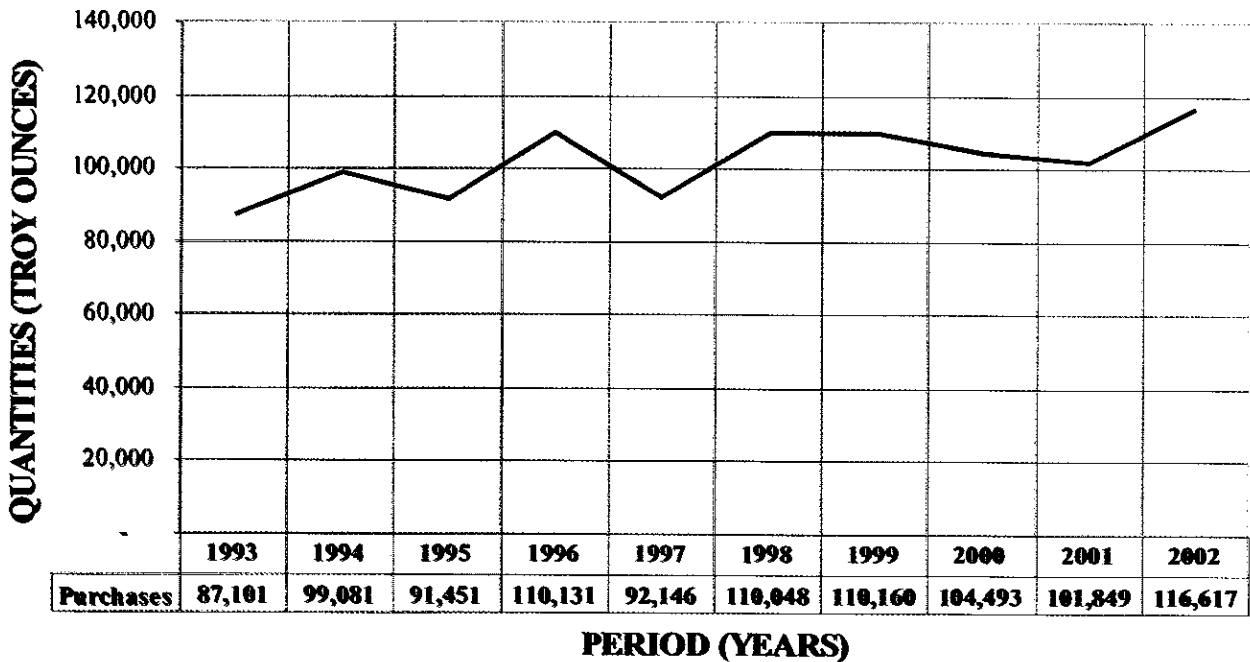
Period	Actual
1993	87,101
1994	99,081
1995	91,451
1996	110,131
1997	92,146
1998	110,048
1999	110,160
2000	104,493
2001	101,849
2002	116,617



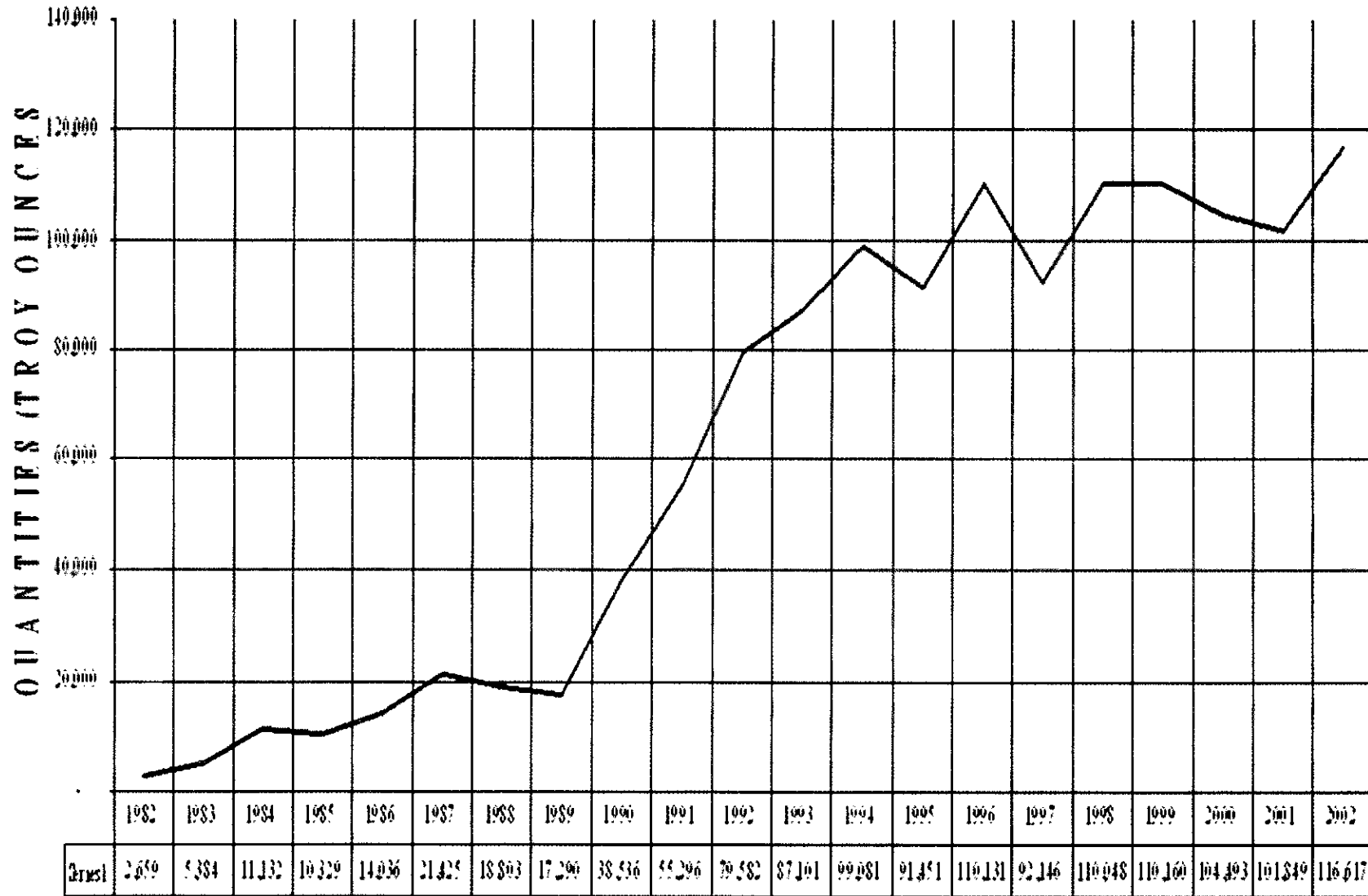
QUANTITY OF GOLD PURCHASED VS BUDGET 2007



GOLD PURCHASED (1993-2002)



GOLD PURCHASED (1982-2002)

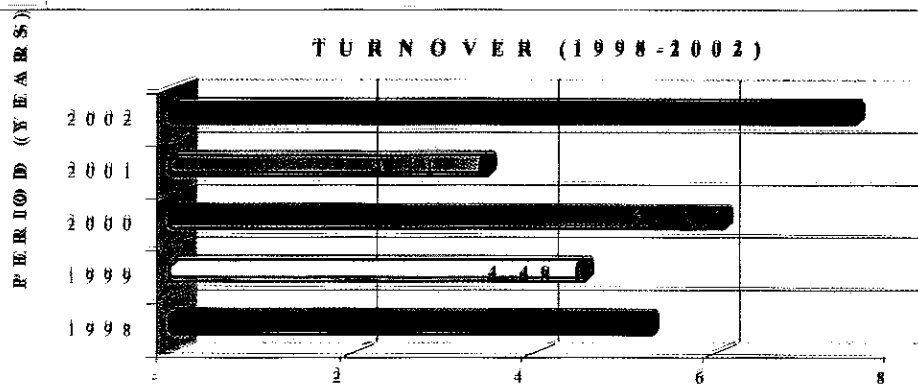


PERIOD (YEARS)



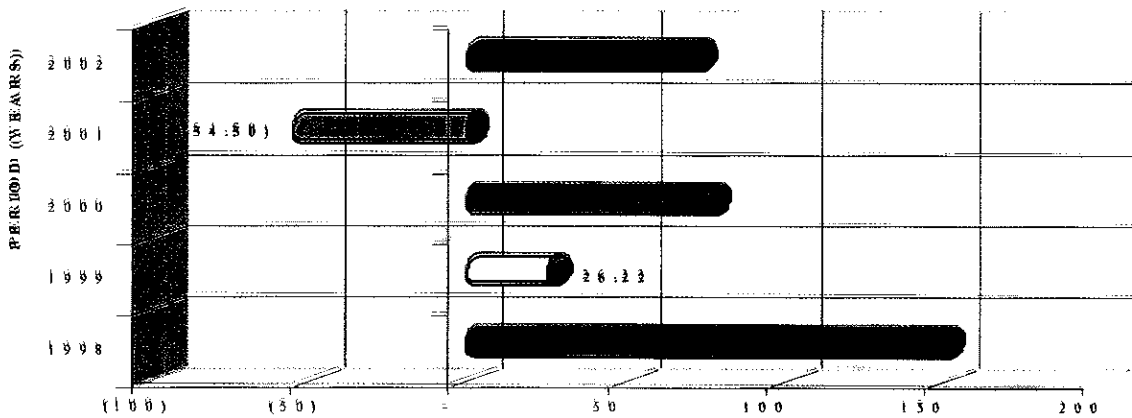


TURNOVER (1998-2002)



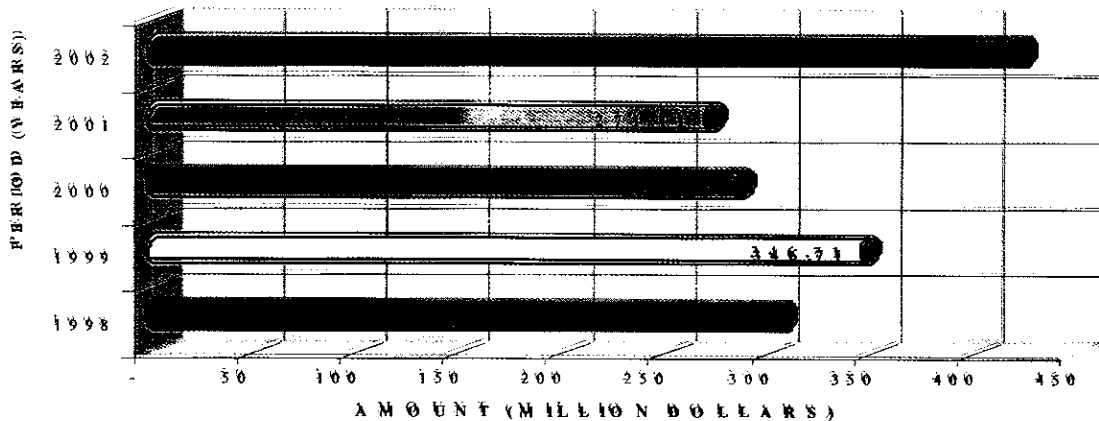
	1998	1999	2000	2001	2002
Turnover	5.23	4.48	6.02	3.41	7.46

OPERATING SURPLUS (1998-2002)



	1998	1999	2000	2001	2002
Operating Profit/(Loss)	150.67	26.22	76.68	(54.50)	71.94

ROYALTIES AND TAXES COLLECTED (1998-2002)



	1998	1999	2000	2001	2002
Royalties & Taxes	306.14	346.71	284.80	271.11	422.82



Section 2



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Office of the Auditor General

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.gov.gy>*

AG:98/2004

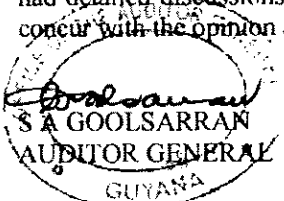
27 October 2004

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
THE GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

Chartered Accountants, Bisheswar Seebarran & Co. have audited on my behalf the financial statements of the Guyana Gold Board for the year ended 31 December 2002 as set out on pages 1 to 11. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993.

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws and regulations is the responsibility of Management of Guyana Gold Board. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

As required by the Financial Administration and Audit (Amendment) Act 1993, I have reviewed the audit plan and procedures, work-papers, reports and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit. I concur with the opinion as attached hereto, of Chartered Accountants, Bisheswar Seebarran & Co.



OFFICE OF THE AUDITOR GENERAL
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA



Bisheswar, Seebarran & Co.
Chartered Accountants

198 Duncan Street, Lamaha Gardens, Georgetown, Guyana
Tel: (592) 226 2078/9 Fax: (592) 226 2547 Email: bish&co@solutions 2000.net

REPORT OF CHARTERED ACCOUNTANTS
BISHESWAR, SEEBARRAN & CO.
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 2002

We have audited the accompanying balance sheet of Guyana Gold Board for the year ended December 31, 2002 and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Office of the Auditor General's auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of 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 statements presentation.

In our opinion, the financial statements give a true and fair view of the financial position of the Board as of December 31, 2002 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Without qualifying our opinion, we draw attention to note 12 which explains the prior year adjustment.

Bisheswar Seebarran & Co

BISHESWAR, SEEBARRAN & CO

Chartered Accountants

198 Duncan Street,

Lamaha Gardens,

Georgetown.

October 19, 2004

Partners: C. Bisheswar, FCCA; R. Seebarran, ACCA

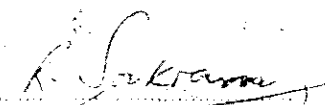


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GUYANA GOLD BOARD

Balance Sheet as at December 31, 2002

	Notes	2002	2001
		G\$	G\$
ASSETS			
Non-Current Assets	2(b) & 6	17,294,022	21,914,198
Current Assets			
Stocks	2(d)	1,062,989,103	1,977,633,359
Accounts Receivable	3	9,214,102	7,431,708
Cash on Hand and at Bank		87,107,867	9,300,891
		<u>1,159,311,072</u>	<u>1,994,365,958</u>
Total Assets		<u><u>1,176,605,095</u></u>	<u><u>2,016,280,156</u></u>
EQUITY & LIABILITIES			
Capital and Reserves			
Government Contribution		108,577,100	108,577,100
Revaluation Reserve		2,145,000	2,145,000
Accumulated Surplus		33,877,527	99,763,661
		<u>144,599,627</u>	<u>210,485,761</u>
Current Liabilities			
Bank Overdraft		2,692,831	9,520,704
Advance from Ministry of Finance	4	983,647,224	1,761,977,875
Accounts Payable	5	45,665,413	34,295,816
		<u>1,032,005,468</u>	<u>1,805,794,395</u>
Total Equity and Liabilities		<u><u>1,176,605,095</u></u>	<u><u>2,016,280,156</u></u>



Directors

The notes on pages 5 to 11 form an integral part of these financial statements

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GUYANA GOLD BOARD
Trading and Profit and Loss Account
For the Year ended December 31, 2002

	Notes	2002 G\$	2001 G\$
Turnover	2(i)	7,460,511,741	3,413,110,405
Less: Cost of Sales	7	<u>7,326,671,704</u>	<u>3,317,078,797</u>
Gross Profit		133,840,037	96,031,608
Other Income	8	10,483,451	11,693,178
		<u>144,323,488</u>	<u>107,724,786</u>
Less: Expenses			
Administrative	9	70,798,976	75,030,286
Financial Charges	10	203,930	195,971
Directors Fees		538,500	557,500
		<u>71,541,406</u>	<u>75,783,757</u>
Net Profit Before Tax	11	72,782,082	31,941,029
Prior Year Adjustments	12	(138,668,216)	(1,009,831)
Accumulated Profit - January 01		99,763,661	68,832,463
Accumulated Profit - December 31		<u><u>33,877,527</u></u>	<u><u>99,763,661</u></u>

The notes on pages 5 to 11 form an integral part of these financial statements.



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GUYANA GOLD BOARD

Statement of Changes in Equity

For the Year ended December 31, 2002

	Government Contribution G\$	Revaluation Reserve G\$	Accumulated Surplus G\$	Total G\$
Balance at December 31, 2000	108,577,100	2,145,000	67,822,632	178,544,732
Net Profit for the year	-	-	31,941,029	31,941,029
Balance at December 31, 2001	108,577,100	2,145,000	99,763,661	210,485,761
Net Profit for the year	-	-	72,782,082	72,782,082
Prior Year Adjustments	-	-	(138,668,216)	(138,668,216)
Balance at December 31, 2002	<u>108,577,100</u>	<u>2,145,000</u>	<u>33,877,527</u>	<u>144,599,627</u>



GUYANA GOLD BOARD
Statement of Cash Flow
For the Year ended December 31, 2002

	2002 G\$	2001 G\$
Net Cash Flow from Operating Activities		
Profit before interest and taxation	72,761,057	31,907,879
Prior year adjustment	(138,668,216)	(1,009,831)
Adjustments for:		
Depreciation Charges	7,167,361	7,804,025
Gain on disposal of vehicle	(800,000)	(1,535,000)
Operating Profit before Working Capital	(59,539,798)	37,167,073
(Increase)/Decrease in Stocks	914,644,256	(1,519,280,940)
Decrease in Debtors	(1,782,394)	(2,885,647)
Increase/(Decrease) in Ministry of Finance	(778,330,651)	1,423,175,493
Increase/(Decrease) in Creditors and Accruals	11,369,597	(2,189,565)
Net Cash Outflow from Operating Activities	86,361,010	(64,013,586)
Cash Flow from Investing Activities		
Tangible Fixed Assets Acquired	(3,052,368)	(4,266,809)
Proceeds from sale of vehicle	1,305,180	2,300,000
Interest received from B.C.M. Account	21,027	33,150
Net Cash Outflow from Investing Activities	(1,726,161)	(1,933,659)
Cash Flow from Financing Activities		
Increase in Government Contribution	-	-
Net Cash Inflow from Financing Activities	-	-
Increase/(Decrease) in Cash and Cash Equivalents	84,634,849	(65,947,245)
Cash and Cash Equivalents at the beginning of the year	(219,813)	65,727,432
Cash and Cash Equivalents at the end of the year	84,415,036	(219,813)
Analysis of Cash and Cash Equivalents as shown in the Balance Sheet		
Cash in Hand and at Bank	87,107,867	9,300,891
Bank Overdraft	(2,692,831)	(9,520,704)
	84,415,036	(219,813)



GUYANA GOLD BOARD

Note to the Financial Statements

For the Year ended December 31, 2002

1. Incorporation and Principal Activity

The Guyana Gold Board was formed under an Act of Parliament in 1981. Its principal activities are to carry on the business of trading in gold in accordance with the Act and to secure, at all times, an adequate supply of gold, at a fair price, for the local and overseas markets.

2. Statement of Accounting Policies

(a) Basis of Accounting

These Financial Statements have been prepared under the Historical Cost Convention and no account has been taken of inflation.

(b) Non - Current Assets

Non - Current Assets are stated at Historical Cost. Depreciation is provided on a Pro - rata basis at rates sufficient to write off the assets over their estimated useful lives.

Depreciation rates are as follows:

Furniture, Fixtures and Fittings	10%
Office Equipment	12.50%
Motor Vehicles	25%
Laboratory Renovations	25%
Computer Software	25%

(c) Income & Expenditure

Income and Expenditure are dealt with in these Financial Statements on the accruals basis.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value. Costs refer to weighted average cost and does not include gold burning or storage charges.



GUYANA GOLD BOARD

Notes to the Financial Statements

For the Year ended December 31, 2002

(e) Foreign Currency Transactions- Purchase and Sales

Purchases of gold are made based on the daily World Market Second Fix per ounce of gold quoted in US dollars. Sale of refined gold can be marketed as follows:-

- | | |
|-----------------------|--------------------------------------|
| (1) Spot and deferred | (3) Fixed forward with a call option |
| (2) Foxed forward | |

(f) Buying

The purchase of gold is based on an assumed purity with a payout factor of the average of the historical assay result and a three points (integers 0 and a four points for smelted gold below the average selling price for US instruments of five specific banks. The initial payment made on the payout factor is adjusted when actual assaying results are returned. For results higher than the payout factor the Board pays the miners the additional amount. For results lower than the payout factor the miner reimburses the Board the difference.

(g) Selling

The selling price conversion is based on the actual US\$ amount received and converted by the Bank of Guyana and remitted to the Ministry of Finance.

(h) Sales - Local

Local - A small fraction of the gold purchased from miners is sold locally to licensed jewelers to support the local jewellery industry.

Foreign - During the year smelted raw gold was refined by the Royal Canadian Mint and then marketed through the Board's agent-Mitsui. Sales are recognised at the time when the refined gold is delivered to the agent on a contract of sale.

(i) Turnover

Turnover is comprised of the sale of burnt raw gold locally, and refined gold overseas as follows:-

	2002 G\$	2001 G\$
Local sales	68,473,132	80,784,901
Foreign sales	7,392,038,609	3,332,325,504
Total	7,460,511,741	3,413,110,405



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GUYANA GOLD BOARD Notes to the Financial Statements For the Year ended December 31, 2002

	2002 G\$	2001 G\$
3. Accounts receivable are made up of as follows:-		
Provision for bad debts	(241,213)	(241,213)
Sundry debtors	175,123	75,123
Staff loan	175,754	1,858,659
DOCOL-Security deposit	44,000	44,000
Debtors (assay)	7,710,003	4,779,704
Prepayments - cash in transit insurance	1,218,750	783,750
IAST	131,685	131,685
	<u>9,214,102</u>	<u>7,431,708</u>
4. Advance from the Ministry of Finance	983,647,224	1,761,977,875
5. Accounts payable are made up as follows:		
Trade Creditors	6,380,387	4,823,963
Miners tax payable	(673,451)	(832,735)
Gold dealers' tax payable	(153,044)	(176,269)
Royalty payable	2,169,576	15,006,373
Gold Dealers' royalties payable	(176,270)	(153,041)
Tributes payable	12,394	61,741
Accruals	36,072,639	13,211,005
Others	2,033,182	2,354,779
	<u>45,665,413</u>	<u>34,295,816</u>

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GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2002

Tangible Fixed Assets

	Furniture, Fixtures & Fittings G\$	Lab & Office Equipment G\$	Motor Vehicle G\$	Fire Arm G\$	Computer Software G\$	Lab & Smelting Room Renovation G\$	Total G\$
<u>Cost</u>							
At January 01	3,456,684	23,559,854	20,535,815	489,016	2,383,800	5,479,470	55,904,639
Additions	172,000	1,206,305	-	-	-	1,674,063	3,052,368
Disposals	-	-	(5,667,057)	-	(1,104,800)	-	(6,771,857)
At December 31	3,628,684	24,766,159	14,868,758	489,016	1,279,000	7,153,533	52,185,150
<u>Depreciation</u>							
At January 01	1,455,205	10,660,388	17,442,151	483,663	1,046,825	2,902,207	33,990,442
Charges for the year	346,529	3,215,278	1,929,485	5,353	319,750	1,350,966	7,167,361
Written Back	-	-	(5,667,057)	-	(599,620)	-	(6,266,677)
At December 31	1,801,734	13,875,666	13,704,579	489,016	766,955	4,253,173	34,891,126
<u>Net Book Value</u>							
At January 01	2,001,479	12,899,466	3,093,664	5,353	1,336,975	2,577,263	21,914,198
At December 31	1,826,950	10,890,493	1,164,179	-	512,045	2,900,360	17,294,022

	G\$	G\$
<u>Cost of Sales</u>		
Opening Stock	1,977,633,359	458,352,419
Purchases	6,302,834,954	4,742,536,254
Stock Adjustment	361,576	1,150,482
Shipping Cost	15,559,899	11,624,490
Refined Cost	18,133,798	12,669,016
Smelt & Refining Loss	75,137,221	68,379,495
	8,389,660,807	5,294,712,156
Less: Closing Stock	(1,062,989,103)	(1,977,633,359)
Cost of Sales	7,326,671,704	3,317,078,797



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GUYANA GOLD BOARD

Notes to the Financial Statements

For the Year ended December 31, 2002

	2002 G\$	2001 G\$
8. <u>Other Income</u>	6,908,850	4,655,059
Silver Sales	650,872	464,096
Lease Income	577,122	1,410,562
Gold Overage	20,580	125,002
Interest on Staff Loan	75,000	-
Miscellaneous	1,430,000	1,645,000
Exporters' Licence fee	800,000	1,535,000
Disposal of Fixed Assets	21,027	33,150
Interest on BCM Account	-	1,825,309
Option Premium	10,483,451	11,693,178
	<hr/> <hr/>	<hr/> <hr/>
9. <u>Administrative Expenses</u>		
Insurance	2,431,791	2,069,434
Employment Cost	26,646,352	33,926,867
Depreciation	7,167,360	7,804,025
Audit Fee	1,400,000	1,400,000
Security	9,545,241	7,893,385
Motor Vehicle Expenses	1,043,351	1,430,916
Samples Test	5,766,677	4,938,394
Legal Fees	-	70,000
Stationery and Supplies	1,178,798	1,212,181
Others	1,415,064	949,322
Gold Burning Expenses	3,620,424	3,928,000
Maintenance	107,914	330,367
Meal Allowance	1,093,096	1,104,841
Staff Welfare and Training	581,731	738,964
Telephone and Telex Charges	857,193	768,118
Gifts, Donation and Hospitality	939,512	823,584
Gold Underage	215,546	260,080
Stamp Expenses	6,142,657	4,506,610
Advertisement	15,000	229,085
Repairs to Equipment & Furniture	524,964	431,435
Books & Publications	106,305	122,460
Consultancy Fees	-	92,218
	<hr/> <hr/>	<hr/> <hr/>
	70,798,976	75,030,286
	<hr/> <hr/>	<hr/> <hr/>
10. <u>Financial Charges</u>		
Interest Overdraft	13,000	-
Bank Charges	190,930	195,971
	<hr/> <hr/>	<hr/> <hr/>
	203,930	195,971



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2002

	2002 G\$	2001 G\$
11. Net Profit Before Taxation		
Included therein are the Following Charges :-		
Audit Fee	1,400,000	1,400,000
Depreciation	7,167,360	7,804,025

12. Prior Year Adjustments

Prior year adjustments are made of as follows:

Gold Sales (see details below)	137,970,533	-
Other Adjustments	697,683	1,009,831
	138,668,216	1,009,831

The amount of G\$ 137,970,533.00 resulted in an overstatement of income for 2000 and 2001 due to the use of higher conversion rates for foreign sales than these actually used by the Bank of Guyana. The Board had been applying the average selling price for US\$1 of seven banking cambios. These rates were higher than which the Bank of Guyana used in converting the US dollar receipts.

The Board has recognised this error in 2002 and agreed that adjustments will only be made for the years 2000 and 2001. Effective 2002 Foreign Sales remitted through the Bank of Guyana were accounted for at the actual rate of exchange.

	2001 G\$	2000 G\$	Total G\$
<u>Gold Sales</u>			
Amounted stated by Guyana Gold Board :	5,954,181,867	3,332,325,504	9,286,507,371
Amount as per Ministry of Finance Confirmation	5,867,996,390	3,280,821,252	9,148,817,642
Amount overstated	86,185,477	51,504,252	137,689,729
<u>Lease Fees/Options</u>			
Amount stated by Guyana Gold Board :	2,289,405	1,487,638	3,777,043
Amounted as per Ministry of Finance Confirmation	2,030,499	1,465,740	3,496,239
Amount Overstated	258,906	21,898	280,804
Total	86,444,383	51,526,150	137,970,533



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2002

13. Related Parties

During the year, one of the Board's directors, Mr. Stanislaus Jardine, sold gold to the Board as a miner. The transactions were at arms length and royalties and taxes were deducted and paid out to the relevant authority.

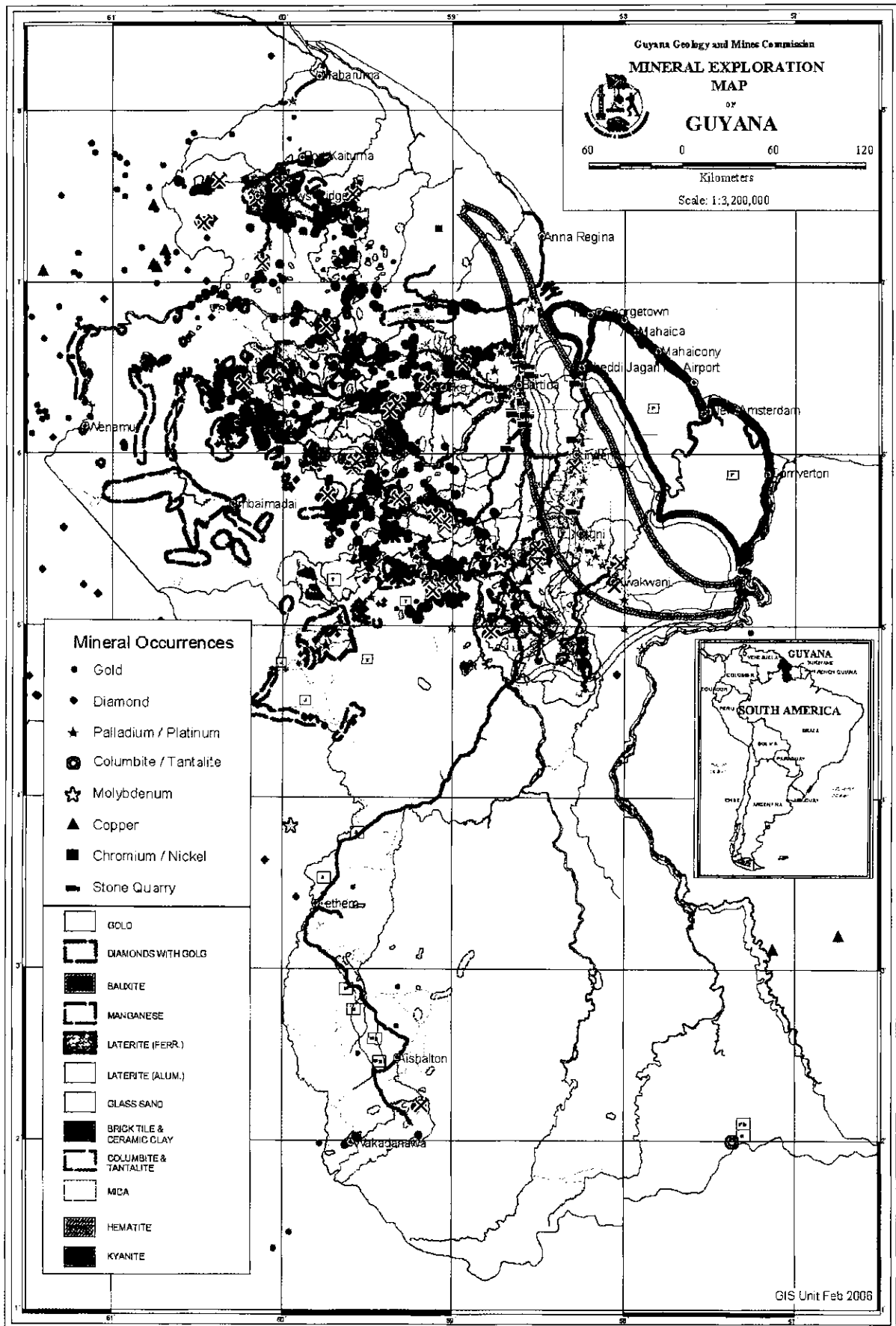
Mr. Jardine is the President of the Gold and Diamond Miners' Association and therefore represents the Miners on the Board which allows for a representative from the Association to sit on the Board.

	<u>\$</u>
Sales of Gold to the Board	45,239,905
Key management personnel received the following benefits	
	<u>\$</u>
Salary	4,370,123
Other benefits	<u>689,190</u>
	<u>5,059,313</u>

14. Agreement with Mitsui & Co. Precious Metal Inc.

The Guyana Gold Board has a Master Agreement with Mitsui & Co. Precious Metal Inc.; a USA based company, which it trades its gold with. The agreement was signed on July 31, 2003 and will be in force until there is need for material changes to the clauses. However, the agreement may be terminated by either party giving 30 days written notice.

Mitsui buys the Board's gold as explained in note 2 (e). No commission is paid to Mitsui since they would in turn sell the gold as a trader to purchasers willing to pay their price.



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SECTION 1



Letter of Transmittal

September 30, 2008

Honourable Samuel A. Hinds
Prime Minister
Office of the Prime Minister
Wright's Lane, Kingston
Georgetown, Guyana.

Dear Sir;

Your Board of Directors submits to you the Annual Report 2003 of the Guyana Gold Board along with the Audited Financial Statement for the year ended December 31, 2003 in accordance with Section 17 of the Guyana Gold Board Act 1981.

Thank you.

On behalf of the Board of Directors

Anantram Balram
Secretary, Board of Directors

**Corporate Information****AUDITORS**

Audit Office of Guyana
63 High Street, Kingston
Georgetown, Guyana.

Bisheswar, Seebarran & Company
198 Duncan Street, Lamaha Gardens,
Georgetown, Guyana.

LEGAL ADVISORS

Attorney General Chambers
59 Charnichael Street, North Cummingsburg,
Georgetown, Guyana.

REGISTERED OFFICE

68 Upper Brickdam,
Georgetown, Guyana.
P.O.Box 12204
Tel. No.: 225-3173
Fax No. : 225-4963
E-mail : ggb@gol.net.gy

BANKERS

Bank of Guyana
1 Avenue of the Republic, Robbstown
Georgetown, Guyana.

National Bank of Industry & Commerce
38 Water Street, Robbstown, Georgetown,
Guyana.



Guyana Gold Board

Establishment (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Sections 3)

There is hereby established the Guyana Gold Board which shall be a body corporate and the provisions of the First Schedule shall have effect as to the constitution of the Board and otherwise in relation thereto.

Commencement

By Order No. 24 of 1982, the Guyana Gold Board commenced operations on May 15, 1982

Functions (Extracted from Guyana Gold Board Act Chap. 66:01 Sections 4)

It shall be the function of the Board –

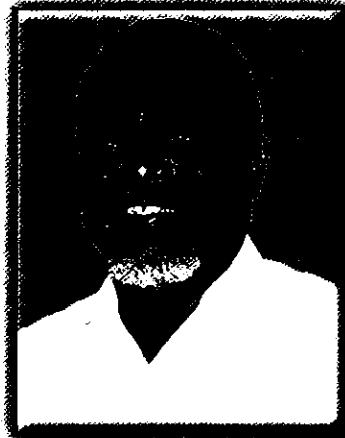
- (a.) to carry on the business of trading in gold;
- (b.) to secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices;
- (c.) subject to this Act, to purchase all gold produced in Guyana;
- (d.) subject to this Act, to sell all gold in Guyana and to sell gold outside Guyana;
- (e.) to engage in other commercial or industrial activities.

The Guyana Gold Board has diligently delivered all of its mandated functions in 2003.



Minister Responsible and Board of Directors

Minister Responsible:



The Honourable Samuel A. Hinds
Prime Minister Co-operative Republic of Guyana; and
Minister Responsible for Mining

Board of Directors:



Rishi Sookram
Chairman
Board of Directors



Brindley Robeson Benn
Director- Representing Guyana
Geology and Mines Commission



René Faerber
Director – Representing
Ministry of Finance



Stanislaus Jardine
Director – Representing
Guyana Gold & Diamond Miners
Association



Devica Prashad
Executive Director/
General Manager (a.g.)



Jeffrey Thomas
Director Representing
People's National Congress/Reform



Nareshwar Harnanan
Legal Advisor
Attorney General Chambers



General Manager's Report

The Gold Market & Future Outlook

Certainly 2003 has been a bullish year for gold with prices finally going over the US\$ 400 mark. Prices moved on the back of weaker Dollar as prices rose in equities, commodities and real estate all propelled into new ranges by the injection of liquidity in the US economy.

Gold price averaged US\$ 363 for the year and reflected a 17% gain on prices over the previous year. The main reasons behind the positive changes on gold were de-hedging and investment demand.

Both supply and demand rose by 4% in 2003. Supply increased in the scrap and official sector sales, whereas demand rose as a result of doubling of world investment due to economic and political concerns.

Production and Declaration

Omai	270,693 ounces
Licensed Dealers	6,723 ounces
Gold Board	99,024 ounces

Omai's declaration has dipped for the first time in seven years from levels of over 300,000 ounces as ore depletion and end of mine life are approaching.

Local (non-Omai) gold was again at the traditional level and 4% lower than projected levels for the year. This was disappointing after the promise shown in 2002 and confirms that even the higher prices did not attract more miners to legally declare all gold.

Gold originates from the six mining regions of Guyana, namely Berbice, Mahdia-Potaro, Middle Mazaruni, Cuyuni, Northwest and Rupununi. The Berbice and Rupununi regions are not as actively mined as the other regions. The Northwest attracted many miners this year as well as the latter part of 2002 as "shouts" or "gold-rush" occurred.

Foreign Currency

Persons selling gold to the Board can request part or whole of the receipts in foreign currency (US\$). This is facilitated by the Board issuing a letter to the Central Bank, which makes the necessary transfer into the client's account at a commercial bank. Foreign currency is accessed from the proceeds of gold sale through Mitsui into the bank.

The transfer of foreign currency in 2003 amounted to G\$391 million or US\$ 1.96 million.

Human Resource

The Guyana Gold Board managed the entire operations with a staff compliment of eighteen persons including senior executive management, middle management, audit and specialized staff. All security, financial, procurement, customer services, and technical activities are managed by the management and staff.

Conclusion

The Board anticipates a review of the current pricing policy to be able to realise profit margins to establish a reserve fund. The Board is also currently evaluating the movement into purchase of all gold only in the smelted form.

The Guyana Gold Board wishes to thank Stakeholders, the Board of Directors and all staff for the 2003 performance and expects a sustained performance in 2004

Devica Prashad
General Manager (a.g.)



Financial and Operational Highlights

	2003	2002	Inc/(Dec.)	% Change
Statement of Net Income				
Operating Income	30.61	72.78	(42.17)	(57.95)
Operating Expenditure	75.42	71.54	3.87	5.42
Balance Sheet				
Non- Current Assets	14.20	17.29	(3.09)	(17.87)
Total Current assets	875.79	1,159.31	(283.52)	(24.46)
Total Equity	175.72	144.60	31.13	21.53
Total Liabilities	714.27	983.65	(269.38)	(27.39)

PURCHASES ACTUAL VS BUDGET

(TROY OUNCES)

Period	Actual	Budget
Jan	6,188	6,156
Feb	6,749	9,313
Mar	6,835	10,934
Apr	6,926	8,492
May	7,136	10,116
Jun	6,526	8,587
Jul	9,556	8,049
Aug	8,581	8,303
Sep	10,060	10,791
Oct	11,160	10,238
Nov	11,583	9,035
Dec	12,138	17,500

TOTAL 103,438

117,514

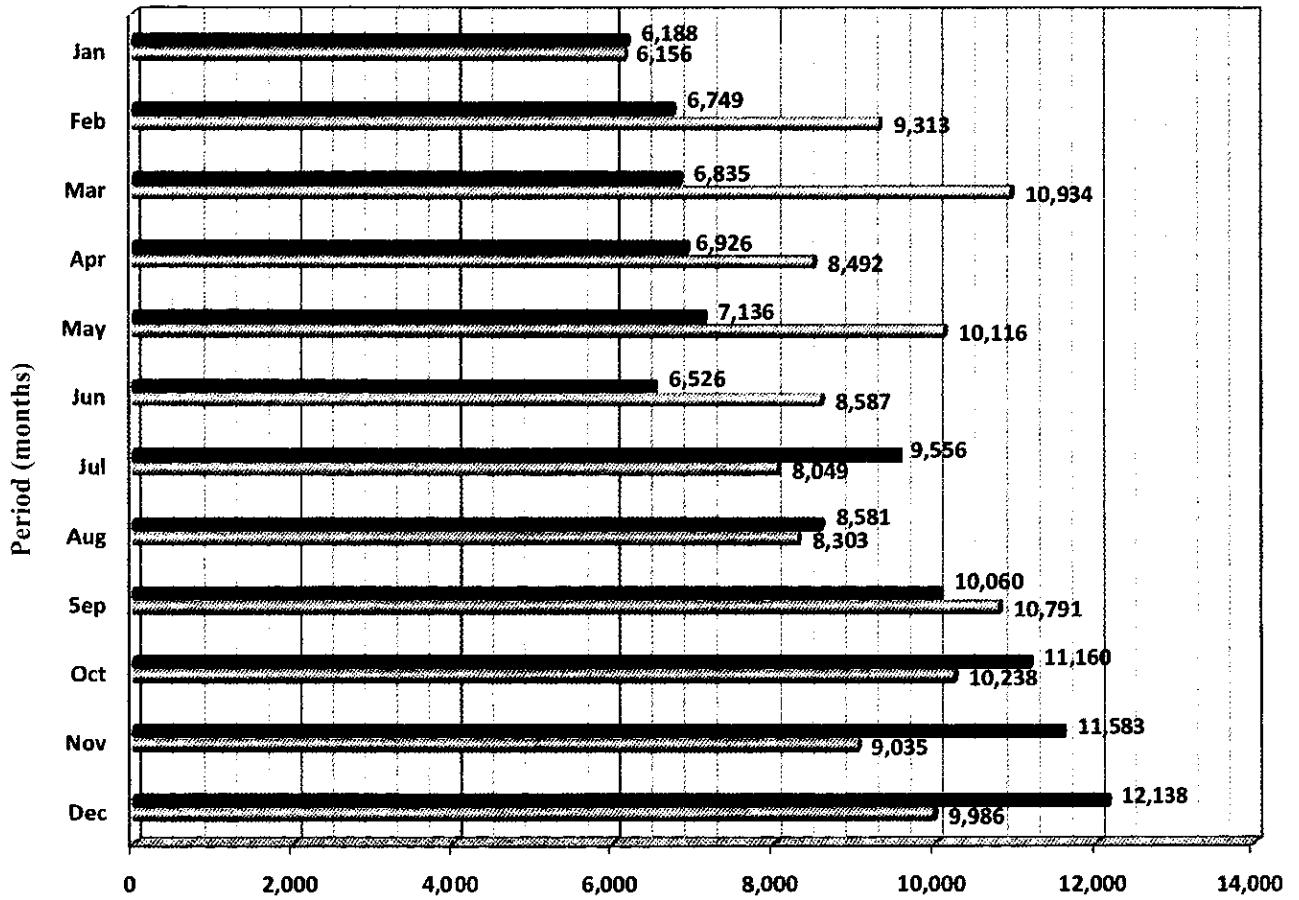
PURCHASES 1994-2003

(TROY OUNCES)

Period	Actual
1994	99,081
1995	91,451
1996	110,131
1997	92,146
1998	110,048
1999	110,160
2000	104,493
2001	101,849
2002	116,617
2003	103,438



Quantity of Gold purchased vs. budget 2003



Quantity (Troy ounces)

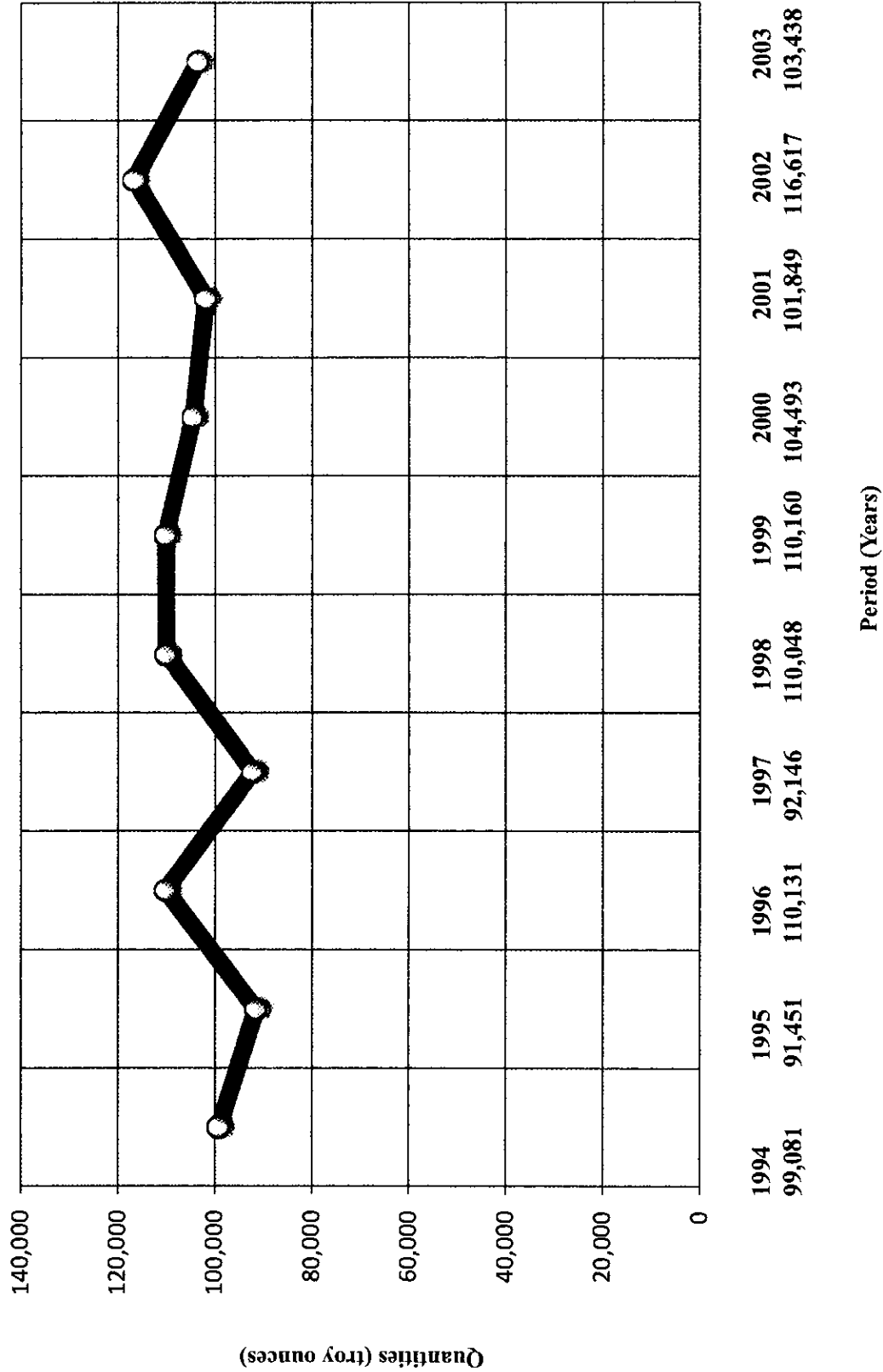
Key:-

■ Actual

▨ Budget

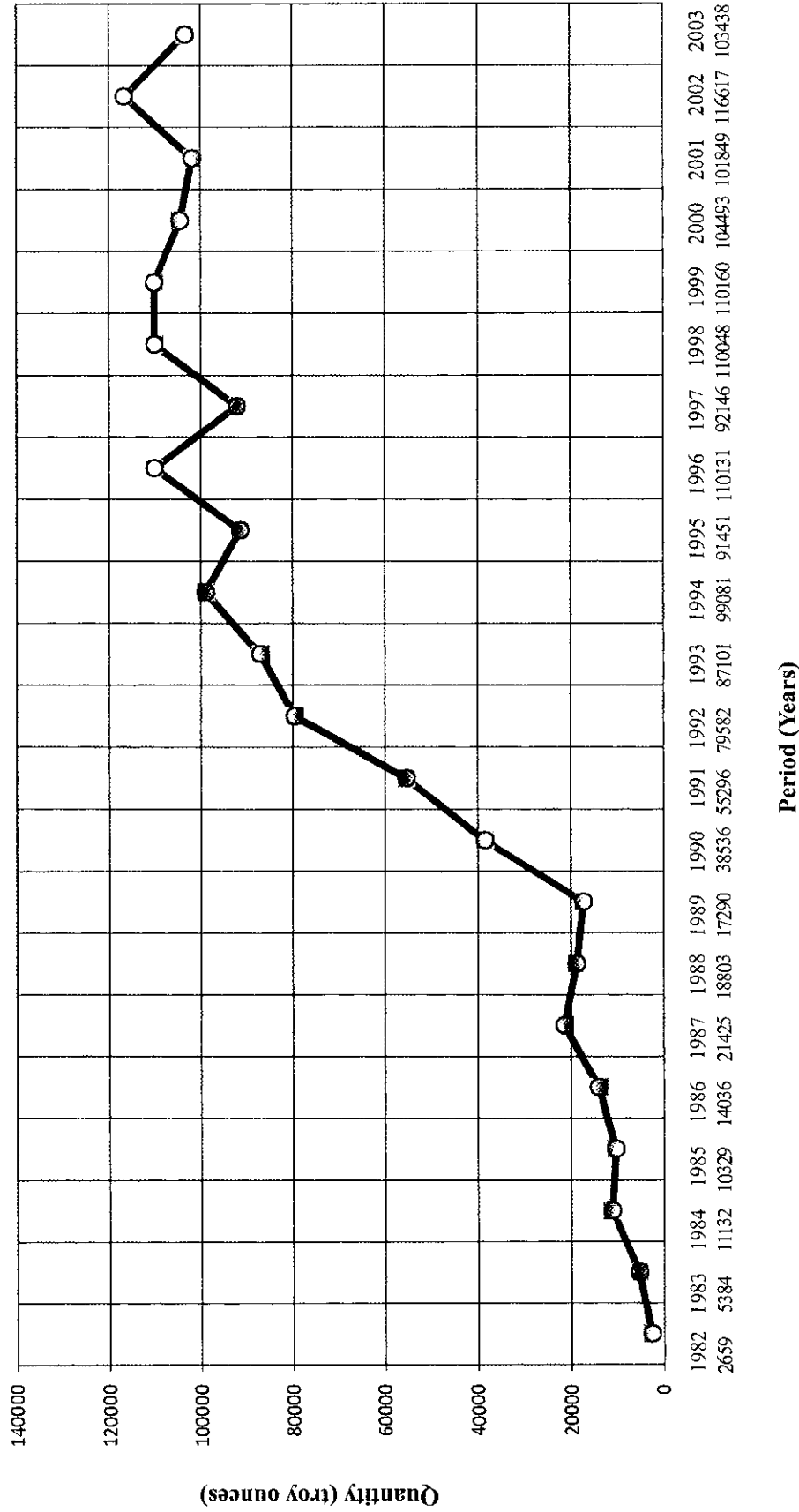


Gold Purchased (1994-2003)



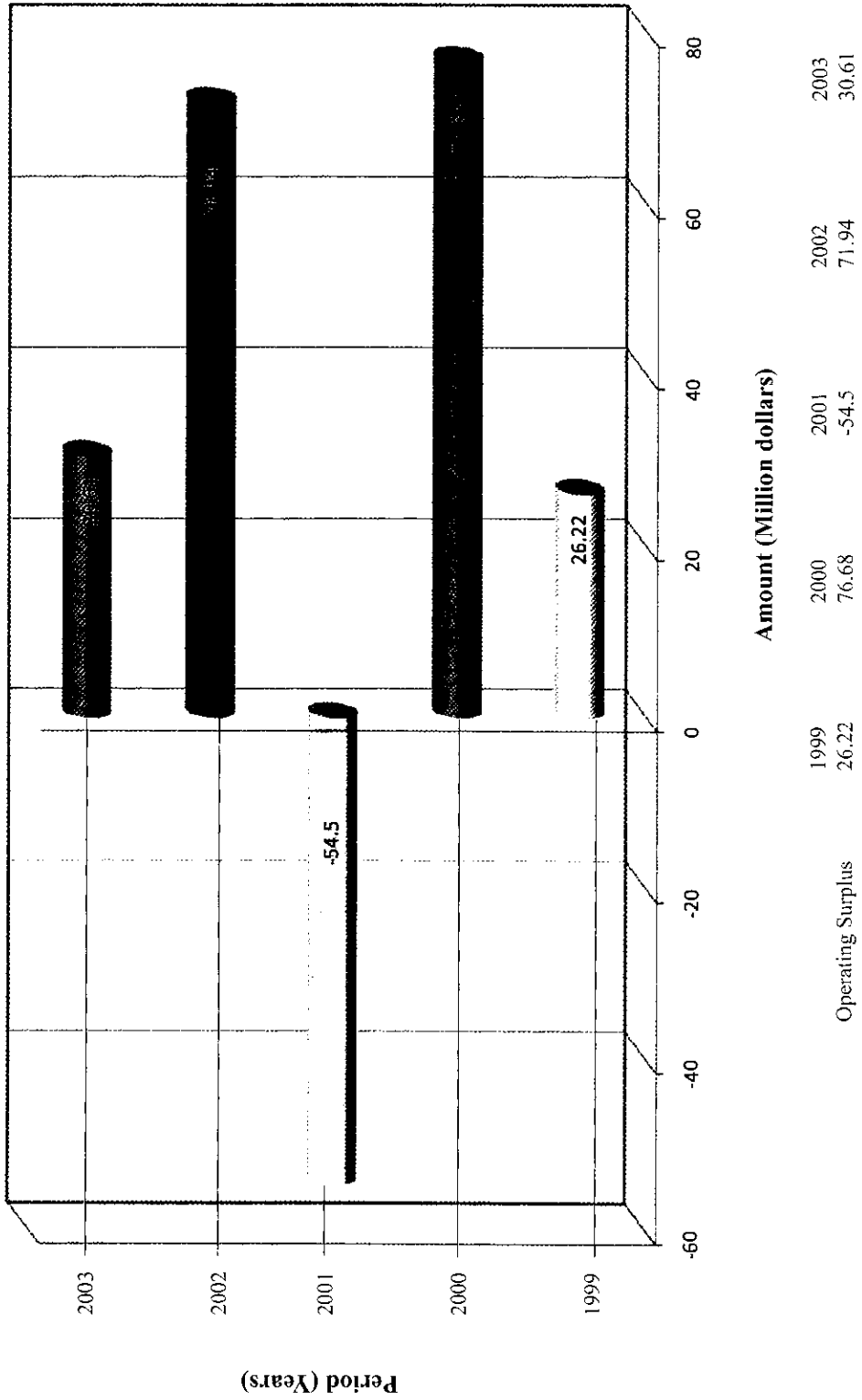


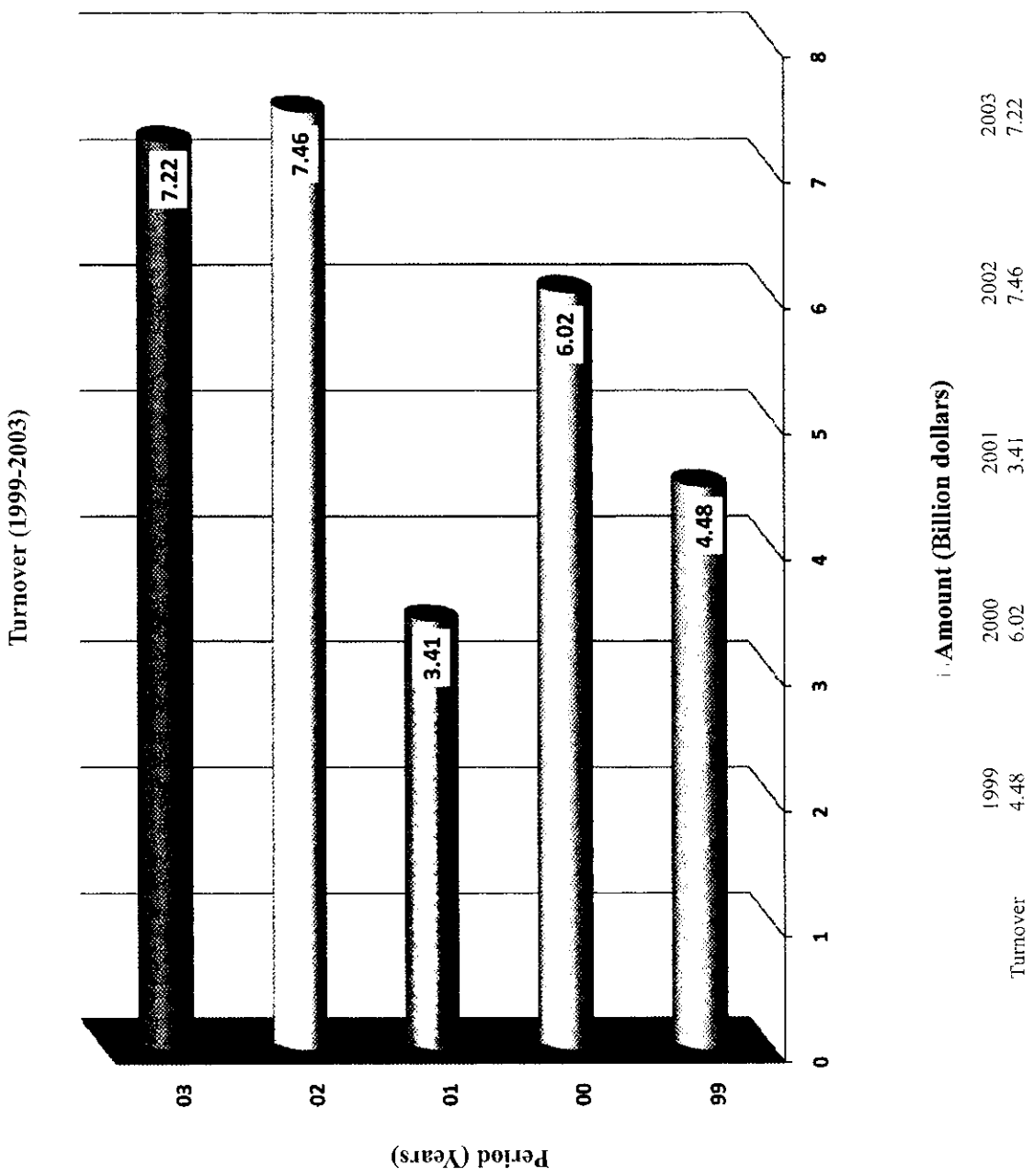
Gold Purchased (1982-2003)





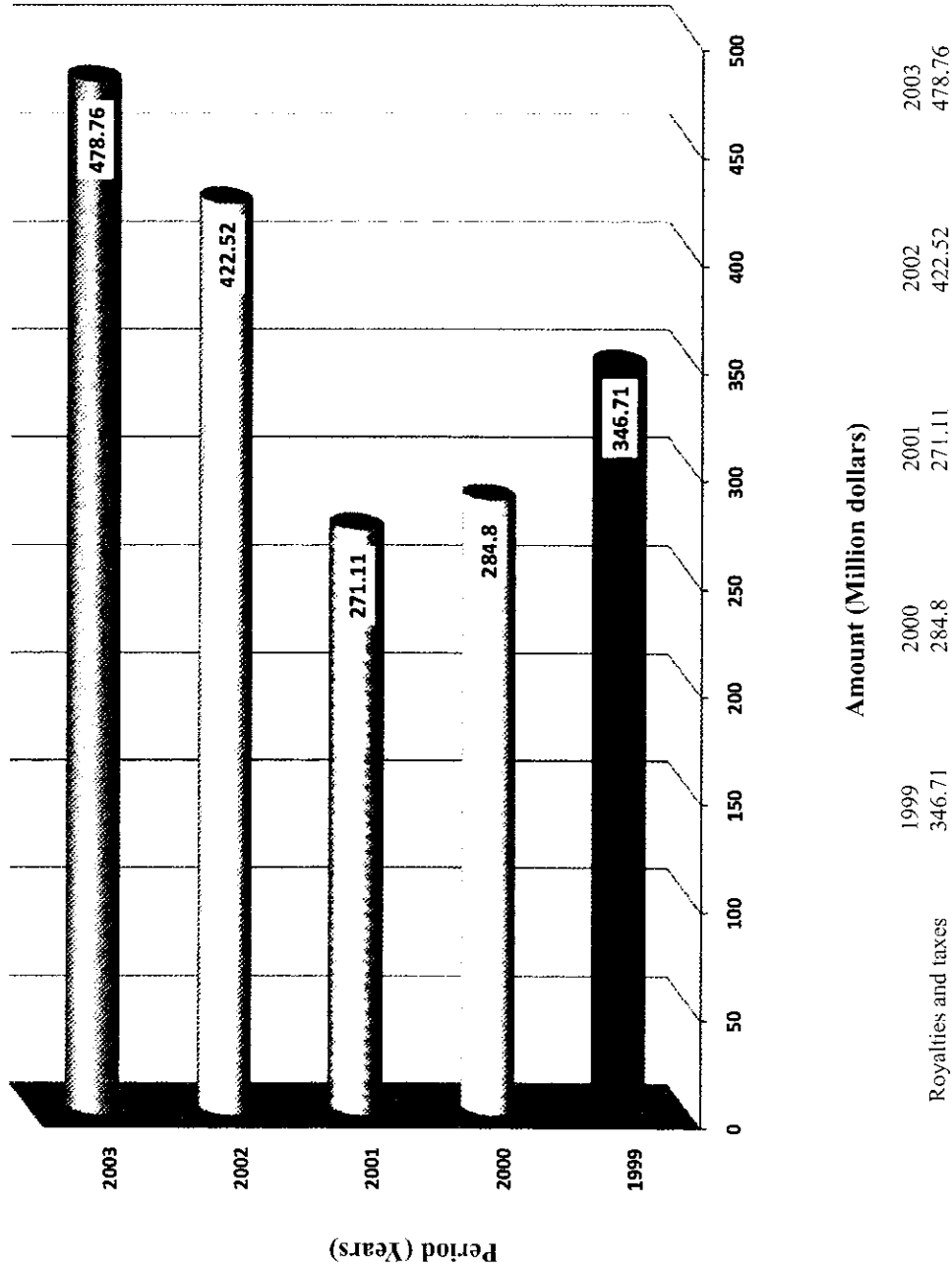
Operating Surplus (1999-2003)







Royalties and Taxes collected (1999-2003)





SECTION

2

*Office of the Auditor General**P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana**Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.gov.gy>*

AG:101/2004

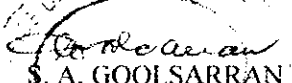
11 November 2004

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
THE GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

Chartered Accountants, Bisheswar Seebarran & Co. have audited on my behalf the financial statements of the Guyana Gold Board for the year ended 31 December 2003 as set out on pages 1 to 11. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993.

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws and regulations is the responsibility of Management of Guyana Gold Board. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

As required by the Financial Administration and Audit (Amendment) Act 1993, I have reviewed the audit plan and procedures, work-papers, reports and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit. I concur with the opinion as attached hereto, of Chartered Accountants, Bisheswar Seebarran & Co.


S. A. GOOLSARRAN
AUDITOR GENERAL

OFFICE OF THE AUDITOR GENERAL
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA



Bisheswar, Seebarran & Co. Chartered Accountants

198 Duncan Street, Lamaha Gardens, Georgetown, Guyana
Tel: (592) 226 2078/9 Fax: (592) 226 2547 Email: bish&co@solutions 2000.net

**REPORT OF CHARTERED ACCOUNTANTS
BISHESWAR, SEEBARRAN & CO.
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 2003**

We have audited the accompanying balance sheet of Guyana Gold Board for the year ended December 31, 2003 and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Office of the Auditor General's auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of 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 statements presentation.

In our opinion, the financial statements give a true and fair view of the financial position of the Board as of December 31, 2003 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Bisheswar Seebarran & Co


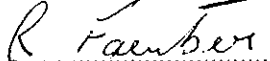
BISHESWAR, SEEBARRAN & CO
Chartered Accountants
198 Duncan Street,
Lamaha Gardens,
Georgetown.

October 20, 2004



GUYANA GOLD BOARD
Balance Sheet as at December 31, 2003

	Notes	2003 G\$	2002 G\$
ASSETS			
Non-Current Assets	2(b) & 6	14,203,632	17,294,022
Current Assets			
Stocks	2(d)	837,350,704	1,062,989,103
Accounts Receivable	3	13,327,733	9,214,103
Cash on Hand and at Bank		25,108,507	87,107,867
		<u>875,786,944</u>	<u>1,159,311,073</u>
Total Assets		<u>889,990,576</u>	<u>1,176,605,095</u>
EQUITY & LIABILITIES			
Capital and Reserves			
Government Contribution		108,577,100	108,577,100
Revaluation Reserve		3,145,000	2,145,000
Accumulated Surplus		64,002,840	33,877,527
		<u>175,724,940</u>	<u>144,599,627</u>
Current Liabilities			
Bank Overdraft		46,009,429	2,692,831
Advance from Ministry of Finance	4	609,858,022	983,647,224
Accounts Payable	5	58,398,185	45,665,413
		<u>714,265,636</u>	<u>1,032,005,468</u>
Total Equity and Liabilities		<u>889,990,576</u>	<u>1,176,605,095</u>


 _____)

 _____) Directors

The notes on pages 5 to 11 form an integral part of these financial statements.



GUYANA GOLD BOARD
Trading and Profit and Loss Account
For the Year ended December 31, 2003

	Notes	2003 <u>G\$</u>	2002 <u>G\$</u>
Turnover	2(i)	7,219,751,477	7,460,511,741
Less: Cost of Sales	7	<u>7,128,972,770</u>	<u>7,326,671,704</u>
Gross Profit		90,778,707	133,840,037
Other Income	8	15,244,858	10,483,451
		106,023,565	144,323,488
Less: Expenses			
Administrative	9	74,846,644	70,798,976
Financial Charges	10	193,402	203,930
Directors Emoluments		<u>375,500</u>	<u>538,500</u>
		75,415,546	71,541,406
Net Profit before Tax	11	30,608,019	72,782,082
Prior Year Adjustments	12	(482,706)	(138,668,216)
Accumulated Profit - January 01		33,877,527	99,763,661
Accumulated Profit - December 31		<u><u>64,002,840</u></u>	<u><u>33,877,527</u></u>

The notes on pages 5 to 11 form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Changes in Equity
For the Year ended December 31, 2003

	Note	Government Contribution G\$	Revaluation Reserves G\$	Accumulated Surplus G\$	Total G\$
Balance at January 01, 2002		108,577,100	2,145,000	99,763,661	210,485,761
Net Profit for the year		—	—	72,782,082	72,782,082
Prior Year Adjustments	12	—	—	(138,668,216)	(138,668,216)
Balance at December 31, 2002		108,577,100	2,145,000	33,877,527	144,599,627
Net Profit for the Year		—	—	30,608,019	30,608,019
Revaluation for the year		—	1,000,000	—	1,000,000
Prior Year Adjustments	12	—	—	(482,706)	(482,706)
Balance at December 31, 2003		108,577,100	3,145,000	64,002,840	175,724,940

The notes on pages 5 to 11 form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Cash Flow
For the Year ended December 31, 2003

	<u>2003</u>	<u>2002</u>
	<u>G\$</u>	<u>G\$</u>
Net Cash Flow from Operating Activities		
Profit before interest and taxation	30,585,968	72,761,057
Prior year adjustment	(482,706)	(138,668,216)
Adjustments for:		
Depreciation Charges	6,477,620	7,167,361
Gain on disposal of asset	—	(800,000)
Operating Profit/(Loss) before Working Capital	<u>36,580,882</u>	<u>(59,539,798)</u>
Decrease in Stocks	225,638,399	914,644,256
Increase in Debtors	(4,113,634)	(1,782,394)
Decrease in Ministry of Finance advances	(373,789,202)	(778,330,651)
Increase in Creditors and Accruals	12,732,772	11,369,597
Net Cash used in Operating Activities	<u>(102,950,783)</u>	<u>86,361,010</u>
Cash Flow from Investing Activities		
Non - Current Assets Acquired	(3,387,225)	(3,052,368)
Proceeds from sale of asset	—	1,305,180
Interest received from B.C.M. Account	22,051	21,027
Net Cash used in Investing Activities	<u>(3,365,174)</u>	<u>(1,726,161)</u>
Cash Flow from Financing Activities		
Increase in Revaluation Reserve	1,000,000	
Net Cash used in Financing Activities	<u>1,000,000</u>	<u>—</u>
Increase/(Decrease) in Cash and Cash Equivalents	(105,315,957)	84,634,849
Cash and Cash Equivalents at the beginning of the year	84,415,036	(219,813)
Cash and Cash Equivalents at the end of the year	<u>(20,900,921)</u>	<u>84,415,036</u>
Analysis of Cash and cash Equivalents as shown in the Balance Sheet		
Cash in Hand and at Bank	25,108,507	87,107,867
Bank Overdraft	(46,009,429)	(2,692,831)
	<u>(20,900,922)</u>	<u>84,415,036</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2003

1. Incorporation and Principal Activity

The Guyana Gold Board was formed under an Act of Parliament in 1981. Its principal activities are to carry on the business of trading in gold in accordance with the Act and to secure, at all times, an adequate supply of gold, at a fair price, for the local and overseas markets.

2. Statement of Accounting Policies

(a) Basis of Accounting

These Financial Statements have been prepared under the Historical Cost Convention and no account has been taken of inflation.

(b) Non - Current Assets

Non - Current Assets are stated at Historical Cost. Depreciation is provided on a pro - rata basis at rates sufficient to write off the assets over their estimated useful lives.

Depreciation rates are as follows:

Furniture, Fixtures and Fittings	10%
Office Equipment	12.50%
Motor Vehicles	25%
Laboratory Renovations	25%
Computer Software	25%

(c) Income & Expenditure

Income and Expenditure are dealt with in these Financial Statements on the accruals basis.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value. Costs refer to weighted average cost and does not include gold burning or storage charges.



**GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2003**

(e) Foreign Currency Transactions-Purchase and Sales

Purchases of gold are made based on the daily World Market Second Fix per ounce of gold quoted in US dollars. Sale of refined gold can be marketed as follows:-

- (1) Spot Transaction
- (2) Forward transaction
- (3) Option transaction

(f) Buying

The purchase of gold is based on an assumed purity with a payout factor of the average of the historical assay result and a three points (intergers) and a four points for smelted gold below the average selling price for US instruments of six specific banks. The initial payment made on the payout factor is adjusted when actual assaying results are returned. For results higher than the payout factor the Board pays the miners the additional amount. For results lower than the payout factor the miner reimburses the Board the difference.

(g) Sales-foreign

The selling price conversion is based on the actual US\$ amount received and converted by the Bank of Guyana and remitted to the Ministry of Finance.

(h) Sales - Local

Local - A small fraction of the gold purchased from miners is sold locally to licensed jewelers to support the local jewelry industry.

Foreign - During the year smelted raw gold was refined by the Royal Canadian Mint and then marketed through the Board's agent-Mitsui. Sales are recognised at the time when the refined gold is delivered to the agent on a contract of sale.

(i) Turnover

Turnover is composed of the sale of burnt raw gold locally, and refined gold overseas as follows :-

	<u>2003</u> G\$	<u>2002</u> G\$
Local sales	57,061,852	68,473,132
Foreign sales	7,162,689,625	7,392,038,609
Total	<u>7,219,751,477</u>	<u>7,460,511,741</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2002

	2002 G\$	2001 G\$
11. Net Profit Before Taxation		
Included therein are the Following Charges :-		
Audit Fee	1,400,000	1,400,000
Depreciation	7,167,360	7,804,025

12. Prior Year Adjustments

Prior year adjustments are made of as follows:

Gold Sales (see details below)	137,970,533	-
Other Adjustments	697,683	1,009,831
	138,668,216	1,009,831

The amount of G\$ 137,970,533.00 resulted in an overstatement of income for 2000 and 2001 due to the use of higher conversion rates for foreign sales than these actually used by the Bank of Guyana. The Board had been applying the average selling price for US\$1 of seven banking cambios. These rates were higher than which the Bank of Guyana used in converting the US dollar receipts.

The Board has recognised this error in 2002 and agreed that adjustments will only be made for the years 2000 and 2001. Effective 2002 Foreign Sales remitted through the Bank of Guyana were accounted for at the actual rate of exchange.

	2001 G\$	2000 G\$	Total G\$
<u>Gold Sales</u>			
Amounted stated by Guyana Gold Board :	5,954,181,867	3,332,325,504	9,286,507,371
Amount as per Ministry of Finance Confirmation	5,867,996,390	3,280,821,252	9,148,817,642
Amount overstated	86,185,477	51,504,252	137,689,729
<u>Lease Fees/Options</u>			
Amount stated by Guyana Gold Board :	2,289,405	1,487,638	3,777,043
Amounted as per Ministry of Finance Confirmation	2,030,499	1,465,740	3,496,239
Amount Overstated	258,906	21,898	280,804
Total	86,444,383	51,526,150	137,970,533



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2002

13. Related Parties

During the year, one of the Board's directors, Mr. Stanislaus Jardine, sold gold to the Board as a miner. The transactions were at arms length and royalties and taxes were deducted and paid over to the relevant authority.

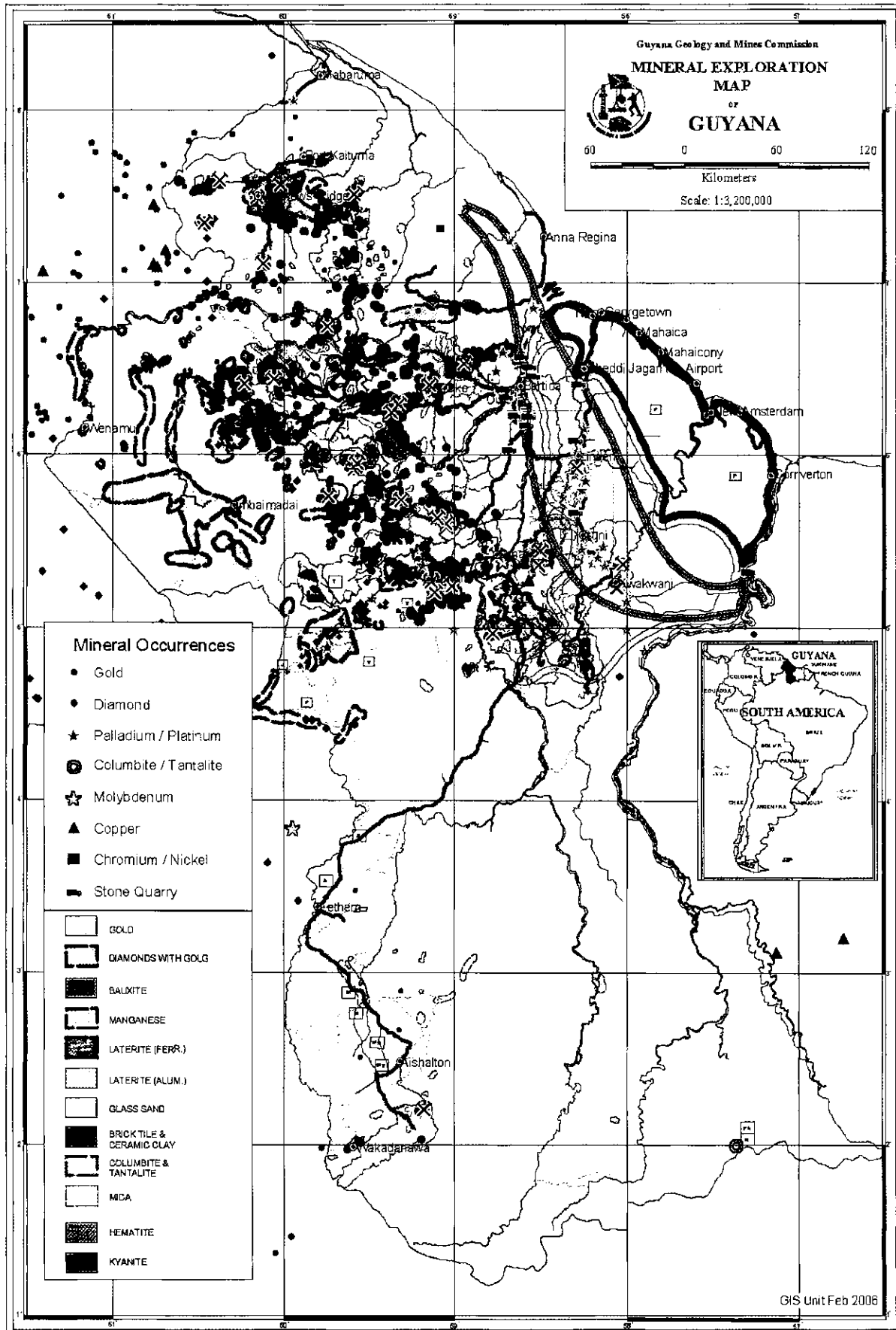
Mr. Jardine is the President of the Gold and Diamond Miners' Association and therefore represents the Miners on the Board which allows for a representative from the Association to sit on the Board.

	<u>\$</u>
Sales of Gold to the Board	45,239,905
Key management personnel received the following benefits	
	<u>\$</u>
Salary	4,370,123
Other benefits	<u>689,190</u>
	<u>5,059,313</u>

14. Agreement with Mitsui & Co. Precious Metal Inc.

The Guyana Gold Board has a Master Agreement with Mitsui & Co. Precious Metal Inc.; a USA based company, which it trades its gold with. The agreement was signed on July 31, 2003 and will be in force until there is need for material changes to the clauses. However, the agreement may be terminated by either party giving 30 days written notice.

Mitsui buys the Board's gold as explained in note 2 (e). No commission is paid to Mitsui since they would in turn sell the gold as a trader to purchasers willing to pay their price.





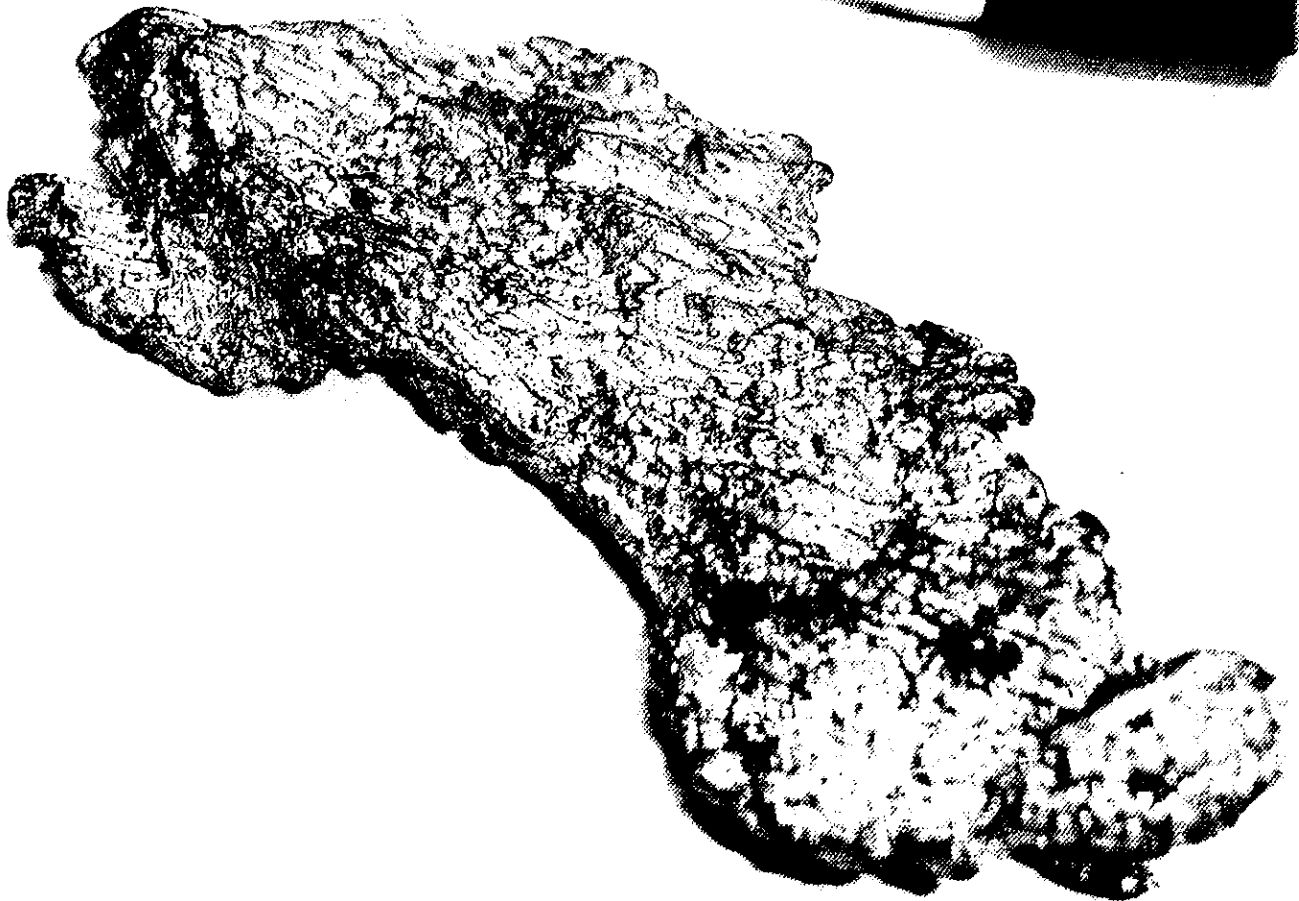
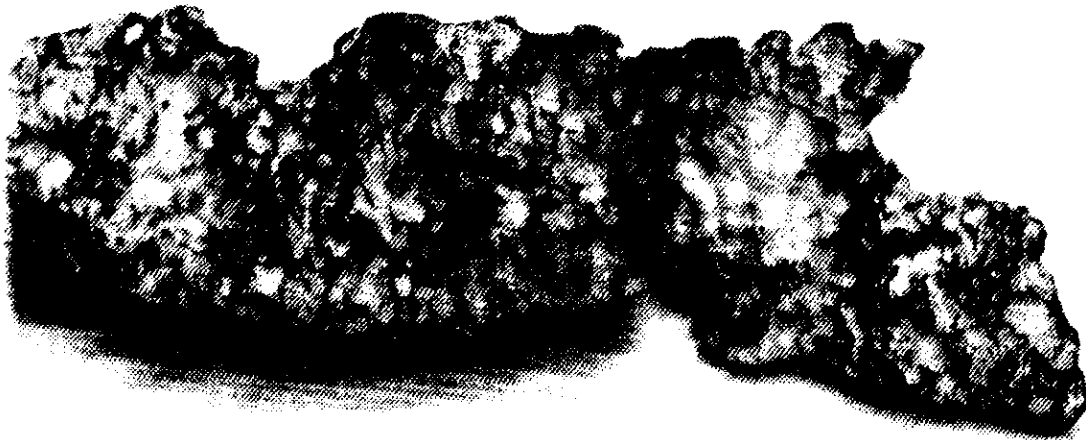
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SECTION 1



Letter of Transmittal

September 30, 2008

Honourable Samuel A. Hinds
Prime Minister
Office of the Prime Minister
Wright's Lane, Kingston
Georgetown, Guyana.

Dear Sir;

Your Board of Directors submits to you the Annual Report 2003 of the Guyana Gold Board along with the Audited Financial Statement for the year ended December 31, 2003 in accordance with Section 17 of the Guyana Gold Board Act 1981.

Thank you.

On behalf of the Board of Directors

Anantram Balram
Secretary, Board of Directors

**Corporate Information****AUDITORS**

Audit Office of Guyana
63 High Street, Kingston
Georgetown, Guyana.

Bisheswar, Seebarran & Company
198 Duncan Street, Lamaha Gardens,
Georgetown, Guyana.

LEGAL ADVISORS

Attorney General Chambers
59 Charmichael Street, North Cummingsburg,
Georgetown, Guyana.

REGISTERED OFFICE

68 Upper Brickdam,
Georgetown, Guyana.
P.O.Box 12204
Tel. No.: 225-3173
Fax No. : 225-4963
E-mail : ggb@gol.net.gy

BANKERS

Bank of Guyana
1 Avenue of the Republic, Robbstown
Georgetown, Guyana.

National Bank of Industry & Commerce
38 Water Street, Robbstown, Georgetown,
Guyana.



Guyana Gold Board

Establishment (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Sections 3)

There is hereby established the Guyana Gold Board which shall be a body corporate and the provisions of the First Schedule shall have effect as to the constitution of the Board and otherwise in relation thereto.

Commencement

By Order No. 24 of 1982, the Guyana Gold Board commenced operations on May 15, 1982

Functions (Extracted from Guyana Gold Board Act Chap. 66:01 Sections 4)

It shall be the function of the Board –

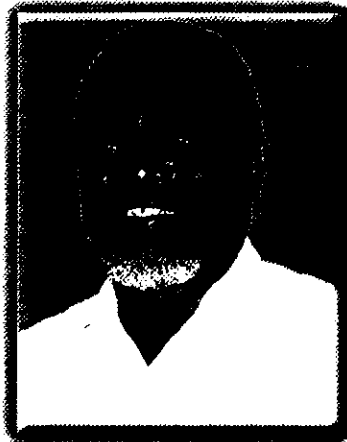
- (a.) to carry on the business of trading in gold;
- (b.) to secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices;
- (c.) subject to this Act, to purchase all gold produced in Guyana;
- (d.) subject to this Act, to sell all gold in Guyana and to sell gold outside Guyana;
- (e.) to engage in other commercial or industrial activities.

The Guyana Gold Board has diligently delivered all of its mandated functions in 2003.



Minister Responsible and Board of Directors

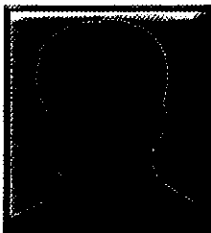
Minister Responsible:



The Honourable Samuel A. Hinds

Prime Minister Co-operative Republic of Guyana; and
Minister Responsible for Mining

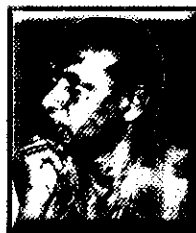
Board of Directors:



Rishi Sookram
Chairman
Board of Directors



Brindley Robeson Benn
Director- Representing Guyana
Geology and Mines Commission



René Faerber
Director – Representing
Ministry of Finance



Stanislaus Jardine
Director – Representing
Guyana Gold & Diamond Miners
Association



Devica Prashad
Executive Director/
General Manager (a.g.)



Jeffrey Thomas
Director Representing
People's National Congress/Reform



Nareshwar Harnanan
Legal Advisor
Attorney General Chambers



General Manager's Report

The Gold Market & Future Outlook

Certainly 2003 has been a bullish year for gold with prices finally going over the US\$ 400 mark. Prices moved on the back of weaker Dollar as prices rose in equities, commodities and real estate all propelled into new ranges by the injection of liquidity in the US economy.

Gold price averaged US\$ 363 for the year and reflected a 17% gain on prices over the previous year. The main reasons behind the positive changes on gold were de-hedging and investment demand.

Both supply and demand rose by 4% in 2003. Supply increased in the scrap and official sector sales, whereas demand rose as a result of doubling of world investment due to economic and political concerns.

Production and Declaration

Omai	270,693 ounces
Licensed Dealers	6,723 ounces
Gold Board	99,024 ounces

Omai's declaration has dipped for the first time in seven years from levels of over 300,000 ounces as ore depletion and end of mine life are approaching.

Local (non-Omai) gold was again at the traditional level and 4% lower than projected levels for the year. This was disappointing after the promise shown in 2002 and confirms that even the higher prices did not attract more miners to legally declare all gold.

Gold originates from the six mining regions of Guyana, namely Berbice, Mahdia-Potaro, Middle Mazaruni, Cuyuni, Northwest and Rupununi. The Berbice and Rupununi regions are not as actively mined as the other regions. The Northwest attracted many miners this year as well as the latter part of 2002 as "shouts" or "gold-rush" occurred.

Foreign Currency

Persons selling gold to the Board can request part or whole of the receipts in foreign currency (US\$). This is facilitated by the Board issuing a letter to the Central Bank, which makes the necessary transfer into the client's account at a commercial bank. Foreign currency is accessed from the proceeds of gold sale through Mitsui into the bank

The transfer of foreign currency in 2003 amounted to G\$391 million or US\$ 1.96 million.

Human Resource

The Guyana Gold Board managed the entire operations with a staff compliment of eighteen persons including senior executive management, middle management, audit and specialized staff. All security, financial, procurement, customer services, and technical activities are managed by the management and staff.

Conclusion

The Board anticipates a review of the current pricing policy to be able to realise profit margins to establish a reserve fund. The Board is also currently evaluating the movement into purchase of all gold only in the smelted form.

The Guyana Gold Board wishes to thank Stakeholders, the Board of Directors and all staff for the 2003 performance and expects a sustained performance in 2004

Devica Prashad
General Manager (a.g.)



Financial and Operational Highlights

	2003	2002	Inc/(Dec.)	% Change
Statement of Net Income				
Operating Income	30.61	72.78	(42.17)	(57.95)
Operating Expenditure	75.42	71.54	3.87	5.42
Balance Sheet				
Non- Current Assets	14.20	17.29	(3.09)	(17.87)
Total Current assets	875.79	1,159.31	(283.52)	(24.46)
Total Equity	175.72	144.60	31.13	21.53
Total Liabilities	714.27	983.65	(269.38)	(27.39)

PURCHASES ACTUAL VS BUDGET

(TROY OUNCES)

Period	Actual	Budget
Jan	6,188	6,156
Feb	6,749	9,313
Mar	6,835	10,934
Apr	6,926	8,492
May	7,136	10,116
Jun	6,526	8,587
Jul	9,556	8,049
Aug	8,581	8,303
Sep	10,060	10,791
Oct	11,160	10,238
Nov	11,583	9,035
Dec	12,138	17,500

TOTAL 103,438

117,514

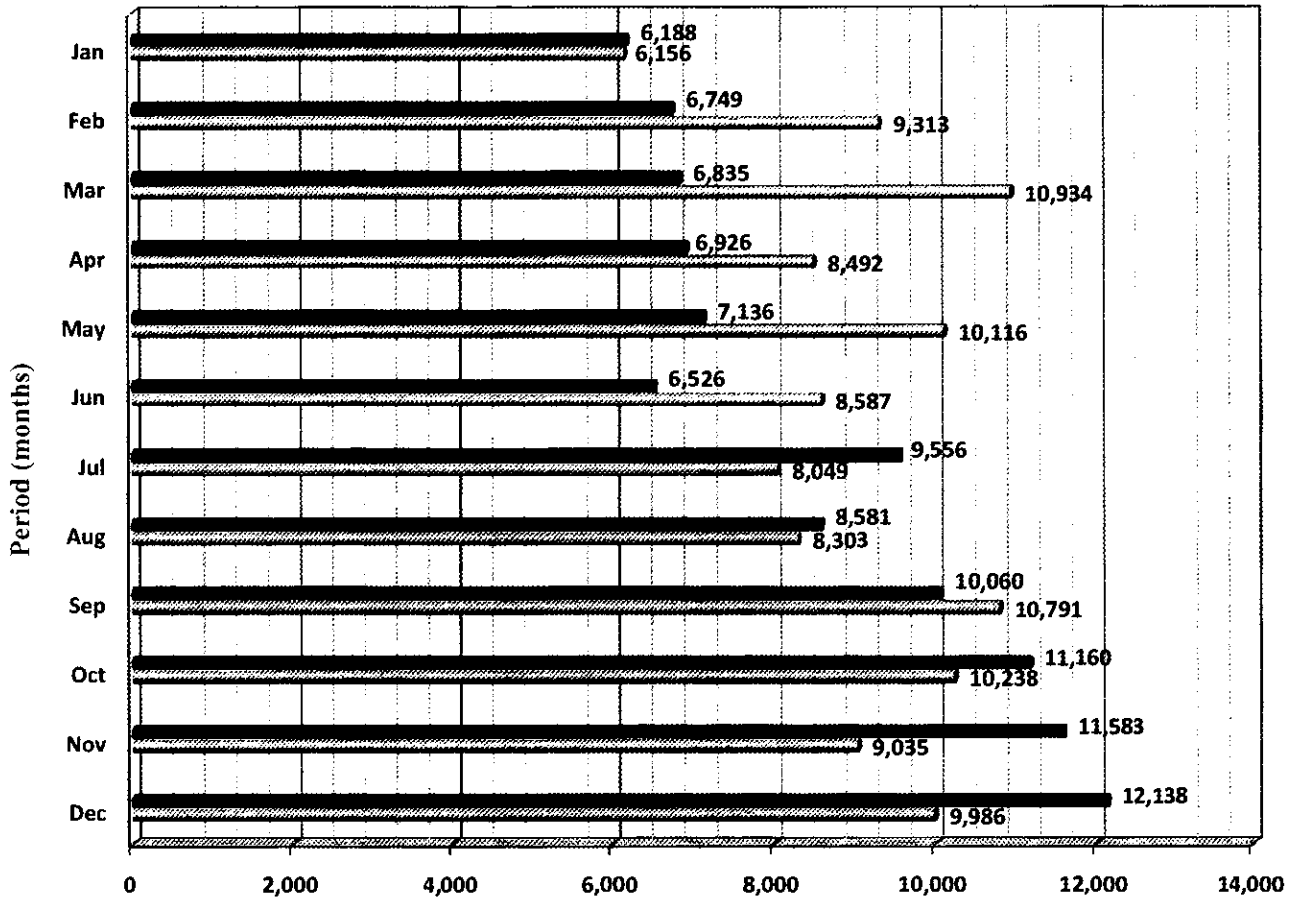
PURCHASES 1994-2003

(TROY OUNCES)

Period	Actual
1994	99,081
1995	91,451
1996	110,131
1997	92,146
1998	110,048
1999	110,160
2000	104,493
2001	101,849
2002	116,617
2003	103,438



Quantity of Gold purchased vs. budget 2003



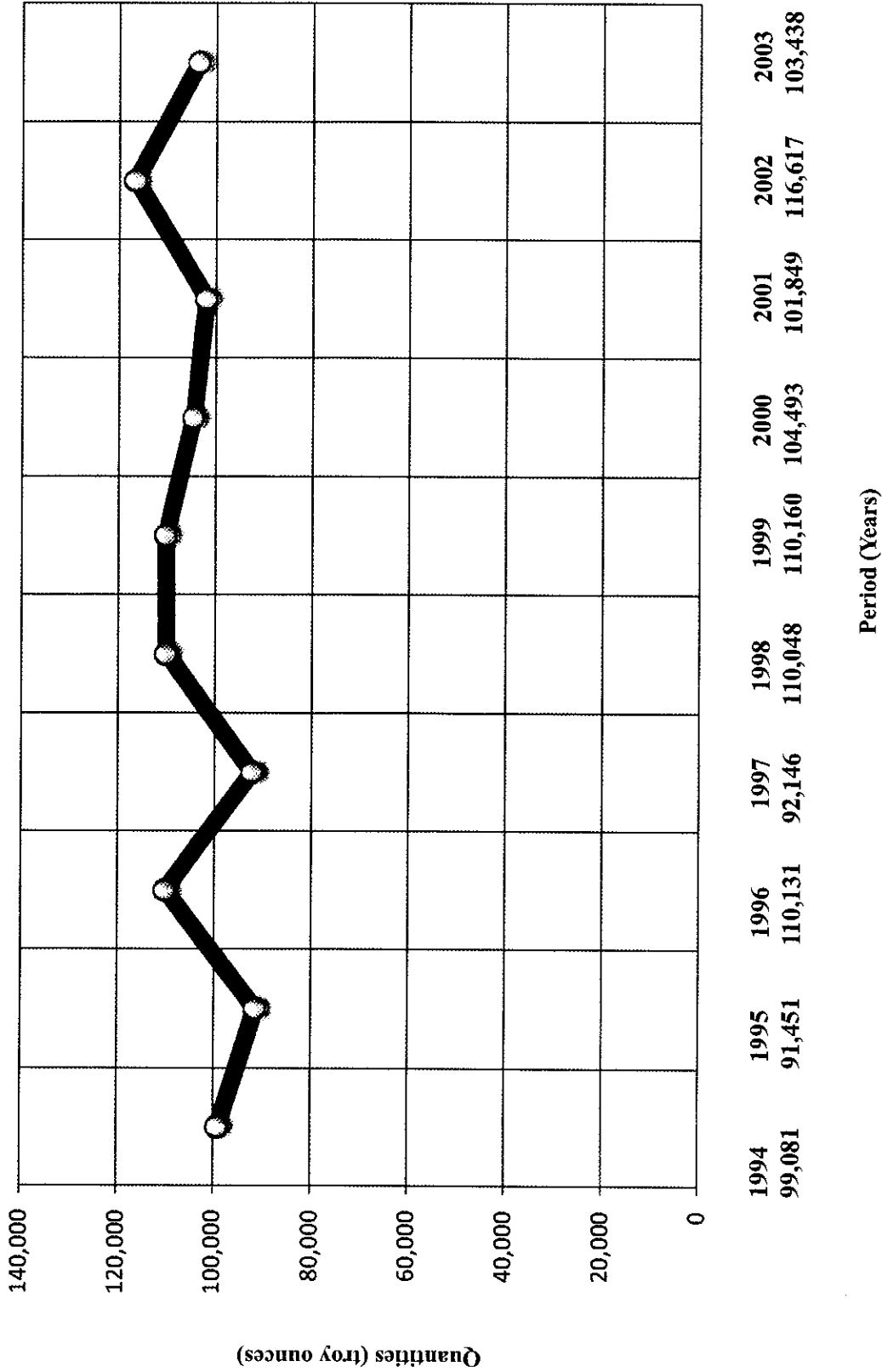
Quantity (Troy ounces)

Key:-

- Actual
- ▨ Budget

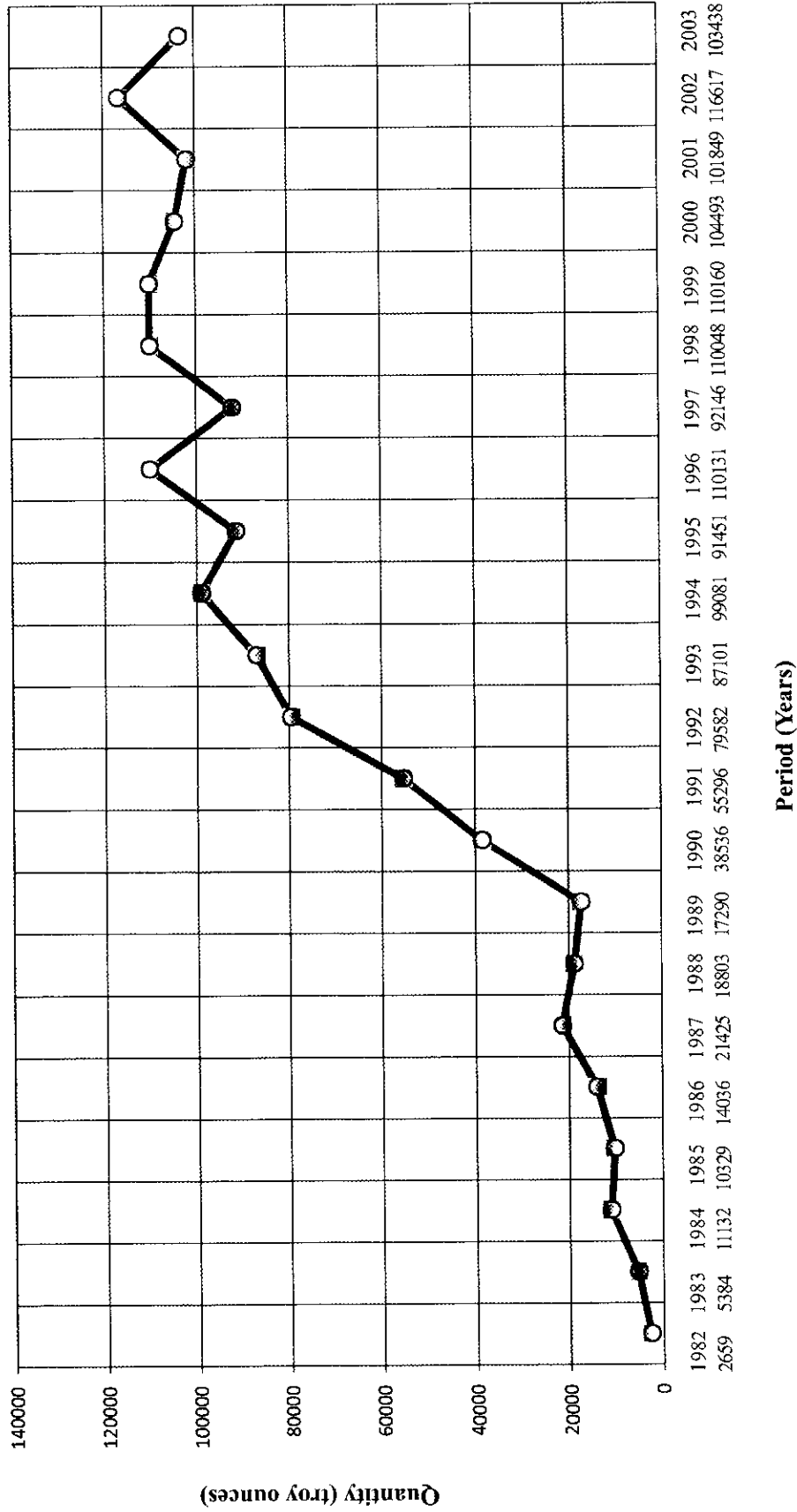


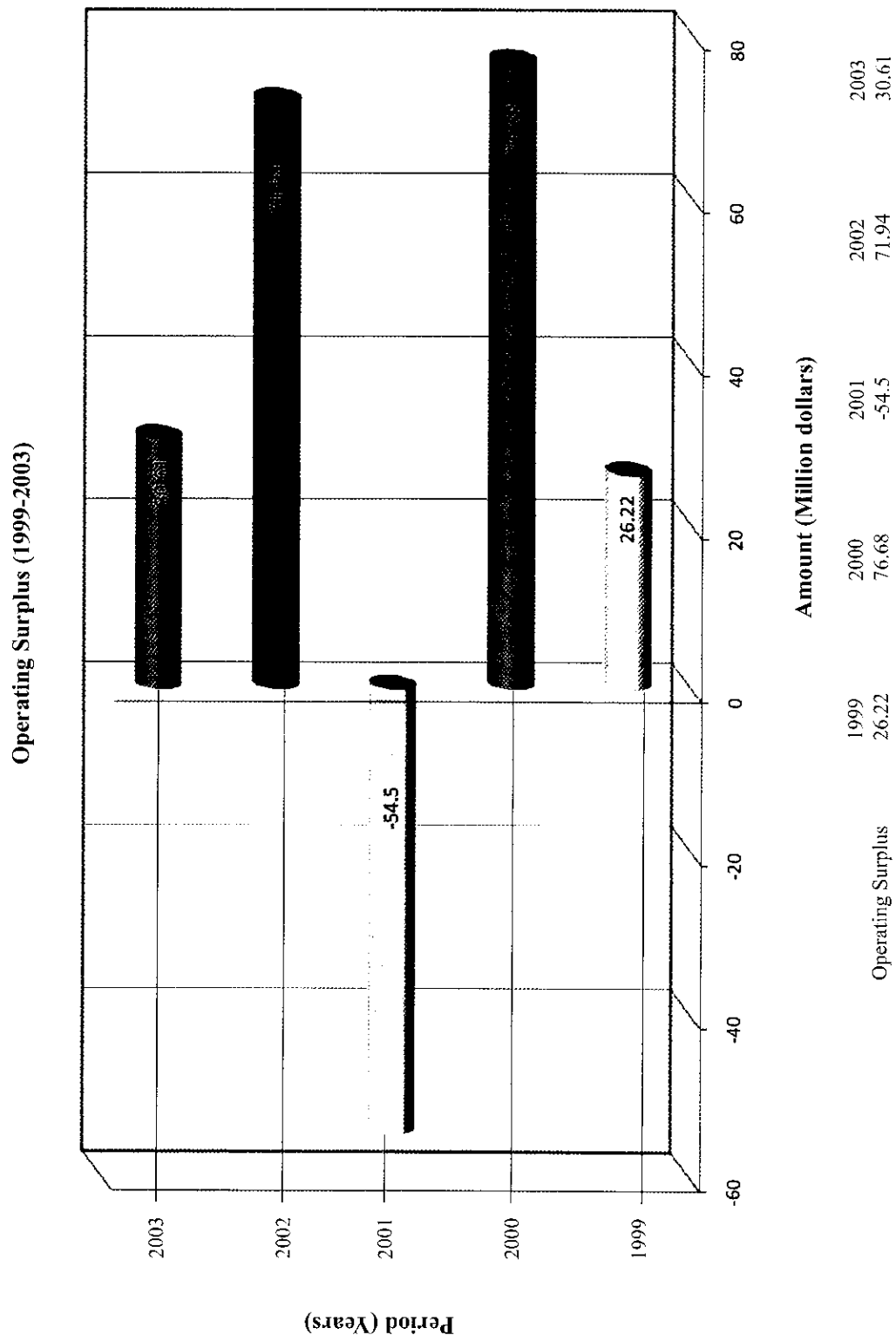
Gold Purchased (1994-2003)

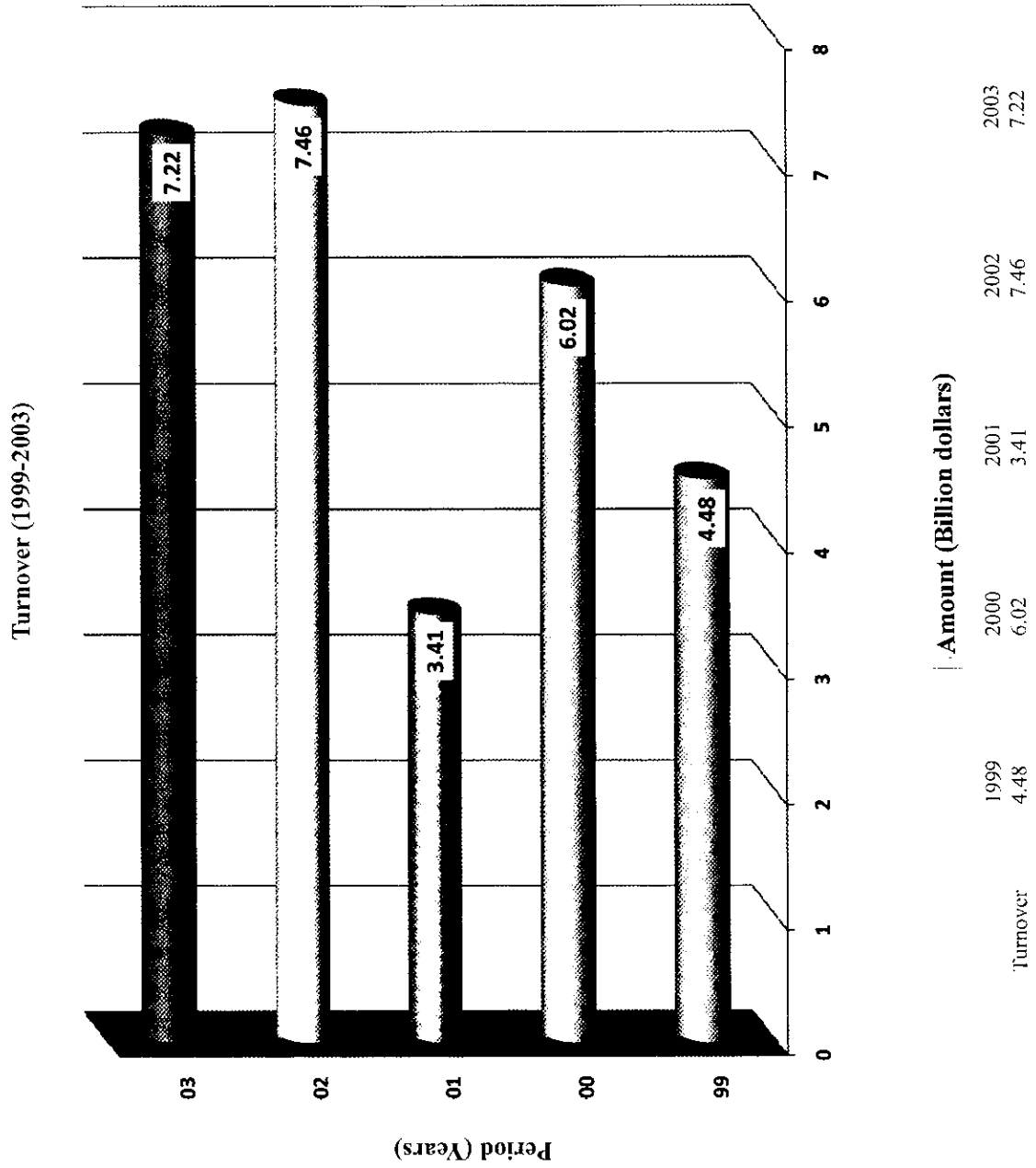




Gold Purchased (1982-2003)

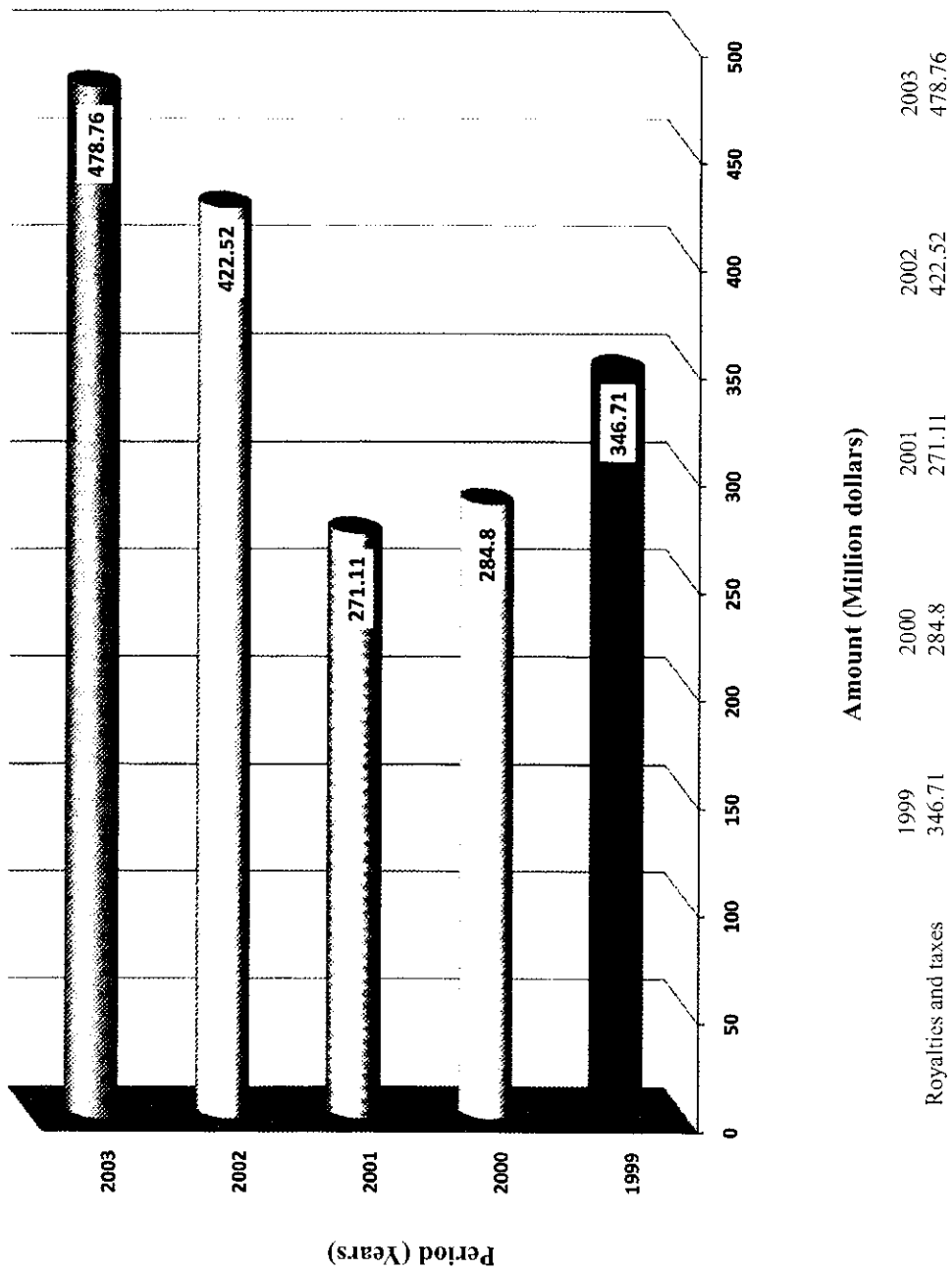








Royalties and Taxes collected (1999-2003)





SECTION

2

*Office of the Auditor General*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.gov.gy>*

AG:101/2004

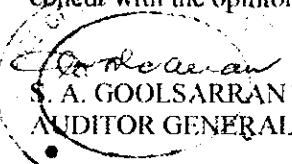
11 November 2004

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
THE GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

Chartered Accountants, Bisheswar Seebarran & Co. have audited on my behalf the financial statements of the Guyana Gold Board for the year ended 31 December 2003 as set out on pages 1 to 11. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993.

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws and regulations is the responsibility of Management of Guyana Gold Board. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

As required by the Financial Administration and Audit (Amendment) Act 1993, I have reviewed the audit plan and procedures, work-papers, reports and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit. I concur with the opinion as attached hereto, of Chartered Accountants, Bisheswar Seebarran & Co.


S. A. GOOLSARRAN
AUDITOR GENERAL

OFFICE OF THE AUDITOR GENERAL
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA



Bisheswar, Seebarran & Co. Chartered Accountants

198 Duncan Street, Lamaha Gardens, Georgetown, Guyana
Tel: (592) 226 2078/9 Fax: (592) 226 2547 Email: bish&co@solutions 2000.net

**REPORT OF CHARTERED ACCOUNTANTS
BISHESWAR, SEEBARRAN & CO.
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 2003**

We have audited the accompanying balance sheet of Guyana Gold Board for the year ended December 31, 2003 and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Office of the Auditor General's auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of 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 statements presentation.

In our opinion, the financial statements give a true and fair view of the financial position of the Board as of December 31, 2003 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Bisheswar Seebarran

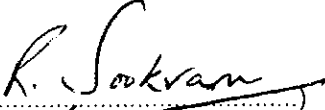
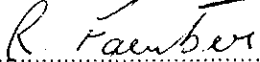
BISHESWAR, SEEBARRAN & CO
Chartered Accountants
198 Duncan Street,
Lamaha, Gardens,
Georgetown.

October 20, 2004



GUYANA GOLD BOARD
Balance Sheet as at December 31, 2003

	Notes	2003 G\$	2002 G\$
ASSETS			
Non-Current Assets	2(b) & 6	14,203,632	17,294,022
Current Assets			
Stocks	2(d)	837,350,704	1,062,989,103
Accounts Receivable	3	13,327,733	9,214,103
Cash on Hand and at Bank		25,108,507	87,107,867
		875,786,944	1,159,311,073
Total Assets		889,990,576	1,176,605,095
EQUITY & LIABILITIES			
Capital and Reserves			
Government Contribution		108,577,100	108,577,100
Revaluation Reserve		3,145,000	2,145,000
Accumulated Surplus		64,002,840	33,877,527
		175,724,940	144,599,627
Current Liabilities			
Bank Overdraft		46,009,429	2,692,831
Advance from Ministry of Finance	4	609,858,022	983,647,224
Accounts Payable	5	58,398,185	45,665,413
		714,265,636	1,032,005,468
Total Equity and Liabilities		889,990,576	1,176,605,095


 _____)

 _____) Directors

The notes on pages 5 to 11 form an integral part of these financial statements.



GUYANA GOLD BOARD
Trading and Profit and Loss Account
For the Year ended December 31, 2003

	Notes	2003 <u>G\$</u>	2002 <u>G\$</u>
Turnover	2(i)	7,219,751,477	7,460,511,741
Less: Cost of Sales	7	<u>7,128,972,770</u>	<u>7,326,671,704</u>
Gross Profit		90,778,707	133,840,037
Other Income	8	15,244,858	10,483,451
		106,023,565	144,323,488
Less: Expenses			
Administrative	9	74,846,644	70,798,976
Financial Charges	10	193,402	203,930
Directors Emoluments		<u>375,500</u>	<u>538,500</u>
		75,415,546	71,541,406
Net Profit before Tax	11	30,608,019	72,782,082
Prior Year Adjustments	12	(482,706)	(138,668,216)
Accumulated Profit - January 01		33,877,527	99,763,661
Accumulated Profit - December 31		<u><u>64,002,840</u></u>	<u><u>33,877,527</u></u>

The notes on pages 5 to 11 form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Changes in Equity
For the Year ended December 31, 2003

	Note	Government Contribution G\$	Revaluation Reserves G\$	Accumulated Surplus G\$	Total G\$
Balance at January 01, 2002		108,577,100	2,145,000	99,763,661	210,485,761
Net Profit for the year		—	—	72,782,082	72,782,082
Prior Year Adjustments	12	—	—	(138,668,216)	(138,668,216)
Balance at December 31, 2002		108,577,100	2,145,000	33,877,527	144,599,627
Net Profit for the Year		—	—	30,608,019	30,608,019
Revaluation for the year		—	1,000,000	—	1,000,000
Prior Year Adjustments	12	—	—	(482,706)	(482,706)
Balance at December 31, 2003		108,577,100	3,145,000	64,002,840	175,724,940

The notes on pages 5 to 11 form an integral part of these financial statements.



**GUYANA GOLD BOARD
Statement of Cash Flow
For the Year ended December 31, 2003**

	<u>2003</u> <u>G\$</u>	<u>2002</u> <u>G\$</u>
Net Cash Flow from Operating Activities		
Profit before interest and taxation	30,585,968	72,761,057
Prior year adjustment	(482,706)	(138,668,216)
Adjustments for:		
Depreciation Charges	6,477,620	7,167,361
Gain on disposal of asset	—	(800,000)
Operating Profit/(Loss) before Working Capital	<u>36,580,882</u>	<u>(59,539,798)</u>
Decrease in Stocks	225,638,399	914,644,256
Increase in Debtors	(4,113,634)	(1,782,394)
Decrease in Ministry of Finance advances	(373,789,202)	(778,330,651)
Increase in Creditors and Accruals	12,732,772	11,369,597
Net Cash used in Operating Activities	<u>(102,950,783)</u>	<u>86,361,010</u>
Cash Flow from Investing Activities		
Non - Current Assets Acquired	(3,387,225)	(3,052,368)
Proceeds from sale of asset	—	1,305,180
Interest received from B.C.M. Account	22,051	21,027
Net Cash used in Investing Activities	<u>(3,365,174)</u>	<u>(1,726,161)</u>
Cash Flow from Financing Activities		
Increase in Revaluation Reserve	1,000,000	
Net Cash used in Financing Activities	<u>1,000,000</u>	—
Increase/(Decrease) in Cash and Cash Equivalents	<u>(105,315,957)</u>	<u>84,634,849</u>
Cash and Cash Equivalents at the beginning of the year	84,415,036	(219,813)
Cash and Cash Equivalents at the end of the year	<u><u>(20,900,921)</u></u>	<u><u>84,415,036</u></u>
Analysis of Cash and cash Equivalents as shown in the Balance Sheet		
Cash in Hand and at Bank	25,108,507	87,107,867
Bank Overdraft	(46,009,429)	(2,692,831)
	<u><u>(20,900,922)</u></u>	<u><u>84,415,036</u></u>



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2003

1. Incorporation and Principal Activity

The Guyana Gold Board was formed under an Act of Parliament in 1981. Its principal activities are to carry on the business of trading in gold in accordance with the Act and to secure, at all times, an adequate supply of gold, at a fair price, for the local and overseas markets.

2. Statement of Accounting Policies

(a) Basis of Accounting

These Financial Statements have been prepared under the Historical Cost Convention and no account has been taken of inflation.

(b) Non - Current Assets

Non - Current Assets are stated at Historical Cost. Depreciation is provided on a pro - rata basis at rates sufficient to write off the assets over their estimated useful lives.

Depreciation rates are as follows:

Furniture, Fixtures and Fittings	10%
Office Equipment	12.50%
Motor Vehicles	25%
Laboratory Renovations	25%
Computer Software	25%

(c) Income & Expenditure

Income and Expenditure are dealt with in these Financial Statements on the accruals basis.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value. Costs refer to weighted average cost and does not include gold buying or storage charges.



**GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2003**

(e) Foreign Currency Transactions-Purchase and Sales

Purchases of gold are made based on the daily World Market Second Fix per ounce of gold quoted in US dollars. Sale of refined gold can be marketed as follows:-

- (1) Spot Transaction
- (2) Forward transaction
- (3) Option transaction

(f) Buying

The purchase of gold is based on an assumed purity with a payout factor of the average of the historical assay result and a three points (intergers) and a four points for smelted gold below the average selling price for US instruments of six specific banks. The initial payment made on the payout factor is adjusted when actual assaying results are returned. For results higher than the payout factor the Board pays the miners the additional amount. For results lower than the payout factor the miner reimburses the Board the difference.

(g) Sales-foreign

The selling price conversion is based on the actual US\$ amount received and converted by the Bank of Guyana and remitted to the Ministry of Finance.

(h) Sales - Local

Local - A small fraction of the gold purchased from miners is sold locally to licensed jewelers to support the local jewelry industry.

Foreign - During the year smelted raw gold was refined by the Royal Canadian Mint and then marketed through the Board's agent-Mitsui. Sales are recognised at the time when the refined gold is delivered to the agent on a contract of sale.

(i) Turnover

Turnover is composed of the sale of burnt raw gold locally, and refined gold overseas as follows :-

	<u>2003</u> <u>G\$</u>	<u>2002</u> <u>G\$</u>
Local sales	57,061,852	68,473,132
Foreign sales	7,162,689,625	7,392,038,609
Total	<u>7,219,751,477</u>	<u>7,460,511,741</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2003

	<u>2003</u>	<u>2002</u>
	G\$	G\$
3. <u>Accounts receivable are made up of as follows:-</u>		
Provision for bad debts	(241,213)	(241,213)
Sundry debtors	84,123	75,123
Staff loan	203,719	1,858,659
DOCOL-security deposit	44,000	44,000
Debtors (assay)	11,469,752	4,779,704
Prepayments - Cash in transit insurance	1,467,625	783,750
IAST	131,685	131,685
Others	168,042	—
	<u>13,327,733</u>	<u>7,431,708</u>
4. <u>Advance from the Ministry of Finance</u>	<u><u>609,858,022</u></u>	<u><u>983,647,224</u></u>
5. <u>Accounts payable are made up as follows:</u>		
Trade creditors	8,757,745	6,380,387
Miners tax payable	—	(673,451)
Gold dealers' tax payable	(825,385)	(153,044)
Royalty payable	—	2,169,576
Gold dealers' royalties payable	(1,857,123)	(176,270)
Tributes payable	12,394	12,394
Accruals	50,193,967	36,072,639
Others	2,116,587	2,033,182
	<u><u>58,398,185</u></u>	<u><u>45,665,413</u></u>



**GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2003**

6. Non - Current Assets

Cost	Furniture Fixtures & Fittings G\$	Lab & Office Equipment G\$	Motor Vehicle G\$	Fire Arm G\$	Computer Software G\$	Lab & Smelting Room Renovation G\$	Total G\$
At January 01	3,628,684	24,766,159	14,868,758	489,016	1,279,000	7,153,533	52,185,150
Additions	266,000	2,077,455	1,000,000	—	—	43,770	3,387,225
At December 31	<u>3,894,684</u>	<u>26,843,614</u>	<u>15,868,758</u>	<u>489,016</u>	<u>1,279,000</u>	<u>7,197,303</u>	<u>55,572,375</u>

Depreciation

At January 01	1,801,734	13,875,666	13,704,579	489,016	766,955	4,253,173	34,891,123
Charges for the year	374,864	2,917,397	1,582,087	—	310,267	1,293,005	6,477,620
At December 31	<u>2,176,598</u>	<u>16,793,063</u>	<u>15,286,666</u>	<u>489,016</u>	<u>1,077,222</u>	<u>5,546,178</u>	<u>41,368,743</u>

Net Book Value

At January 01	1,826,950	10,890,493	1,164,179	—	512,045	2,900,360	17,294,022
At December 31	<u>1,718,086</u>	<u>10,050,551</u>	<u>582,092</u>	<u>—</u>	<u>201,778</u>	<u>1,651,125</u>	<u>14,203,632</u>

	<u>2003</u> G\$	<u>2002</u> G\$
7 Cost of Sales		
Opening Stock	1,062,989,103	1,977,633,359
Purchases	6,799,680,843	6,302,834,954
Stock Adjustment	695,235	361,576
Shipping & Refining Costs	29,540,162	33,693,697
Smelt & Refining Loss	<u>73,418,131</u>	<u>75,137,221</u>
	7,966,323,474	8,389,660,807
Less: Closing Stock	(837,350,704)	(1,062,989,103)
Cost of Sales	<u>7,128,972,770</u>	<u>7,326,671,704</u>



GUYANA GOLD BOARD
Notes to the Financials
For the year ended December 31, 2003

	<u>2003</u> G\$	<u>2002</u> G\$
8. Other Income		
Silver Sales	6,007,335	6,908,850
Lease Income	246,285	650,872
Gold Overage	853,631	577,122
Interest on Staff Loan	783	20,580
Micellaneous	4,764,585	75,000
Exporters' Licence fee	1,430,000	1,430,000
Disposal of Fixed Assets	—	800,000
Interest on BCM Account	22,051	21,027
Option Premium	1,920,18	—
	<u>15,244,858</u>	<u>10,483,451</u>
9. Administrative Expenses		
Insurance	3,288,040	2,431,791
Employment Cost	26,290,421	26,646,352
Depreciation	6,477,620	7,167,360
Audit Fee	1,500,000	1,400,000
Security	10,565,078	9,545,241
Motor Vehicle Expenses	1,028,154	1,043,351
Samples Test	5,886,658	5,766,677
Legal Fees	178,405	—
Stationery and Supplies	913,177	1,178,798
Others	4,765,640	1,415,064
Gold Burning Expenses	2,433,016	3,620,424
Office Maintenance	365,135	107,914
Meal Allowance	629,435	1,093,096
Staff Welfare and Training	363,087	581,731
Telephone, Internet and Telex Charges	915,842	857,193
Gifts, Donation and Hospitality	1,072,295	939,512
Gold Underage	158,396	215,546
Stamp Expenses	6,653,793	6,142,657
Overseas Trips	160,687	—
Advertisement	86,350	15,000
Repairs to Equipment & Furniture	782,558	524,964
Books & Publications	318,007	106,305
Consultancy Fees	14,850	—
	<u>74,846,644</u>	<u>70,798,976</u>
10. Financial Charges		
Interest on Overdraft	17,788	13,000
Bank Charges	175,614	190,930
	<u>193,402</u>	<u>203,930</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2003

	<u>2003</u> G\$	<u>2002</u> G\$
11. <u>Net Profit Before Taxation</u>		
Included therein are the Following Charges:-		
Audit Fee	1,500,000	1,400,000
Depreciation	6,477,620	7,167,360

12. Prior Year Adjustments

Prior year adjustments are made of as follows:

Gold Sales & Lease Fees (note 1.)	—	(137,970,533)
Other Adjustments (note 2.)	(482,706)	(697,683)
	<u>(482,706)</u>	<u>(138,668,216)</u>

Note 1.

The amount of G\$137,970,533 resulted in an overstatement of income for 2000 and 2001 due to the use of higher conversion rates for foreign sales than these actually used by the Bank of Guyana. The Board had been applying the average selling price for US\$1 of seven banking cambios. These rates were higher than which the Bank of Guyana used in converting the US dollar receipts.

The Board has recognised this error in 2002 and agreed that adjustments will only be made for the years 2000 and 2001. Effective 2002 Foreign Sales remitted through the Bank of Guyana were accounted for at the actual rate of exchange.

Note 2.

Other Adjustments represents debtors assays received that were written off in previous years and other minor adjusting journals.

13. Related Parties

During the year, one of the Board's directors, Mr. Stanislaus Jardine, sold gold to the Board as a miner the transactions were at arms length and royalties and taxes were deducted and paid out to the relevant authority.

Mr. Jardine was a member of the Board for the years 2002 and 2003. The value of his transactions with the Board both as a miner and a dealer is as follows:

	<u>2003</u> G\$	<u>2002</u> G\$
Sales of gold to the Board	102,998,353	45,239,905
Key management personnel received the following benefits:		
Salary	5,398,382	4,370,123
Other Benefits	650,040	689,190
	<u>6,048,422</u>	<u>5,059,313</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2003

14. Agreement with Mitsui & Co. Precious Metal Inc.

The Guyana Gold Board has a Master Agreement with Mitsui & Co. Precious Metal Inc., a USA based company, which it trade its gold with. The agreement was signed on July 31, 2003 and will be in force until there is need for material changes to the clauses. However, the agreement may be terminated by either party giving 30 days written notice.

Mitsui buys the Board's gold as explained in note 2 (e). No commission is paid to Mitsui since they would in turn sell the gold as a trader to purchasers willing to pay their price.



Notes



**Guyana Gold Board
Annual Report 2007**

Guyana Geology and Mines Commission

MINERAL EXPLORATION MAP OF GUYANA



60 0 60 120

Kilometers

Scale: 1:3,200,000

Mineral Occurrences

- Gold
- ◆ Diamond
- ★ Palladium / Platinum
- ⊙ Columbite / Tantalite
- ☆ Molybdenum
- ▲ Copper
- Chromium / Nickel
- ▬ Stone Quarry

- GOLD
- DIAMONDS WITH GOLD
- BALXITE
- MANGANESE
- LATERITE (FERR.)
- LATERITE (ALUM.)
- GLASS SAND
- BRICK TILE & CERAMIC CLAY
- COLUMBITE & TANTALITE
- MICA
- HEMATITE
- KYANITE





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Section

1.



Letter of Transmittal

October 31, 2008

Honourable Samuel A. Hinds
Prime Minister
Office of the Prime Minister
Wright's Lane, Kingston
Georgetown, Guyana.

Dear Sir;

Your Board of Directors submits to you the Annual Report 2004 of the Guyana Gold Board along with the Audited Financial Statement for the year ended December 31, 2004 in accordance with Section 17 of the Guyana Gold Board Act 1981.

Thank you.

On behalf of the Board of Directors

Anantram Balram
Secretary, Board of Directors



Corporate Profile

AUDITORS

Audit Office of Guyana

63 High Street, Kingston
Georgetown, Guyana.

Bisheswar, Seebarran & Company

198 Duncan Street, Lamaha Gardens,
Georgetown, Guyana.

LEGAL ADVISORS

Attorney General Chambers

59 Charnichael Street, North Cummingsburg,
Georgetown, Guyana.

REGISTERED OFFICE

68 Upper Brickdam,
Georgetown, Guyana.
P.O.Box 12204
Tel. No.: 225-3173
Fax No. : 225-4963
E-mail : ggb@gol.net.gy

BANKERS

Bank of Guyana

1 Avenue of the Republic, Robbstown
Georgetown, Guyana.

National Bank of Industry & Commerce

38 Water Street, Robbstown, Georgetown,
Guyana.



Guyana Gold Board

Establishment (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Sections 3)

There is hereby established the Guyana Gold Board which shall be a body corporate and the provisions of the First Schedule shall have effect as to the constitution of the Board and otherwise in relation thereto.

Commencement

By Order No. 24 of 1982, the Guyana Gold Board commenced operations on May 15, 1982

Functions (Extracted from Guyana Gold Board Act Chap. 66:01 Sections 4)

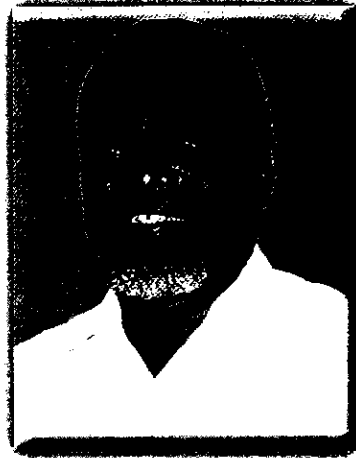
It shall be the function of the Board –

- (a.) to carry on the business of trading in gold;
- (b.) to secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices;
- (c.) subject to this Act, to purchase all gold produced in Guyana;
- (d.) subject to this Act, to sell all gold in Guyana and to sell gold outside Guyana;
- (e.) to engage in other commercial or industrial activities.

The Guyana Gold Board has diligently delivered all of its mandated functions in 2004.

Minister Responsible and Board of Directors

Minister Responsible:



The Honourable Samuel A. Hinds
Prime Minister Co-operative Republic of Guyana; and
Minister Responsible for Mining

Board of Directors:



Rishi Sookram
Chairman
Board of Directors



**Brindley Robeson
Benn**
Director- Representing
Guyana Geology and
Mines Commission



René Faerber
Director – Representing
Ministry of Finance



Harnarine Tiwari
Director – Representing
People Progressive
Party/Civic



Devica Prashad
Executive Director/
General Manager (a.g.)



Jeffrey Thomas
Director Representing
People's National
Congress/Reform



Nareshwar Harnanan
Legal Advisor
Attorney General Chambers



Carl Baldie
Director – Representing
Guyana Gold Board &
Diamond Miners
Association

General Manager's Report



The Gold Market & Future Outlook

2004 has been another year of high gold prices. While there are some indicators to prove that the price performance was not as good as it was 20 years ago, it certainly has reached the highest level for the past 16 years. Prices have been strong but yet did not reach levels of increase as other commodities. This is due to the fact there is significant amounts of above-ground gold which is easily shifted in the fund investment play.

The major factor for the continuing rally for gold has been the US Dollar weakness and the relation of the Dollar to the Euro. Average gold price for the year was US\$409.17 representing an almost 13% increase with a peak of US\$454.2 in early December.

On the supply side, world mine production fell by around 5% to an eight year low; official sector sales fell by 23%; central banks lending also declined and scrap supplies declined also. On the demand side, jewellery and electronic fabrication rose by about 5%; de-hedging continued as there was delivery into positions gener-

ating a sizeable demand. The closing of the 'Sons of Gwalia' hedge book was one notable event to this end. The launching of gold Exchange Traded Fund in New York in the year has also generated some interest in holdings.

Generally, the outlook for 2005 is positive, hinging on the prevailing weakness of the dollar in general and investment demand for gold. The Board eagerly anticipates a review of the current pricing policy to be able to realise profit margins to establish a reserve fund. The Board is also currently evaluating the movement into purchase of all gold only in the smelted form.

Production and Declaration

Omai	242,192 ounces
Four Licensed Dealers	14,252 ounces
Gold Board	101,974 ounces

Of the 14,252 ounces of gold declared by the dealers, 13,112 ounces have been sold to the Board. This is the second highest in the history of the Gold Board for the declaration made. 12% came directly from declarations made by dealers. It is presumed that the higher declarations were as a result of the higher gold prices during the year.

Foreign Exchange Generator

The Board sold 109,645 ounces of raw gold (101,664 ounces refined gold) generating \$7,162 million, as against a projection to sell 113,683 ounces. All foreign sales were made through the Board's agent on the international market, Mitsui & Co. Precious Metals, New York. Gold was sold at an average price of US\$ 367.14 per ounce or US\$ 4.50 above the average buying price per ounce. Revenue generated was US\$ 37 million. The exchange rate applied for sales receipts was G\$193.54. Approximate loss on exchange in purchases and sales was G\$ 53 million as the Cambio selling rate applied for purchases was higher on an average by G\$ 1.35 per US\$.

Human Resource

The Guyana Gold Board managed the entire operations with a staff compliment of 18 persons including senior executive management, middle management, audit and specialized staff. All security, financial, procurement, customer services, and technical activities are managed by the management and staff.

Conclusion

The Guyana Gold Board wishes to thank Stakeholders, the Board of Directors and all staff for the 2004 performance and expects a sustained performance in 2005

Devica Prashad
General Manager



Financial and Operational Highlights

	2004	2003	Inc/(Dec.)	% Change
<u>Statement of Net Income</u>				
Operating Income	(6.10)	30.61	(36.70)	(119.92)
Operating Expenditure	94.30	75.42	18.88	25.04
<u>Balance Sheet</u>				
Non- Current Assets	11.31	14.20	(2.90)	(20.41)
Total Current assets	1,391.62	1,093.39	298.23	27.28
Total Equity	169.63	175.72	(6.10)	(3.47)
Total Liabilities	1,233.29	931.87	301.42	32.35

PURCHASES ACTUAL VS BUDGET (TROY OUNCES)

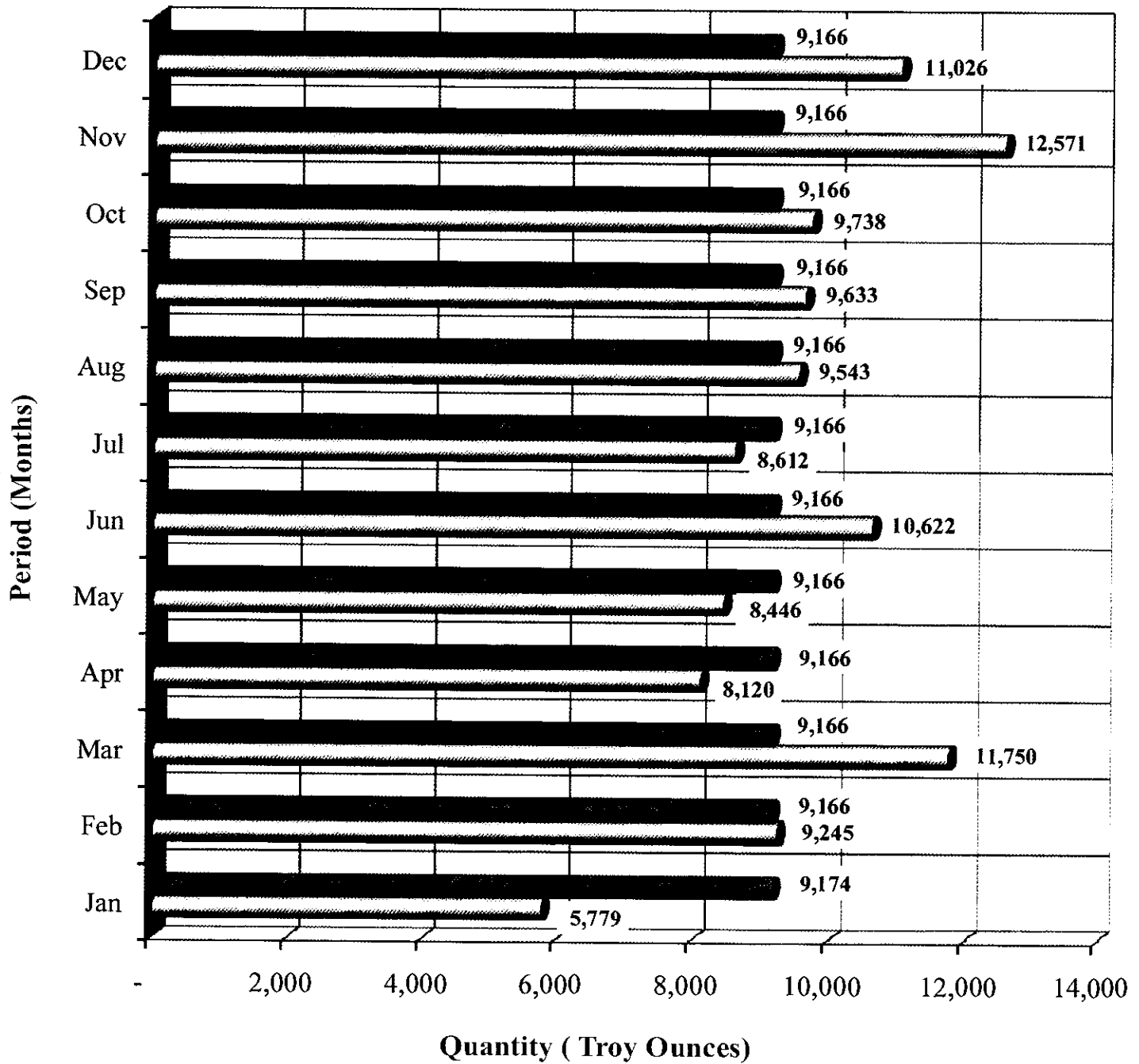
Period	Actual	Budget
Jan	5,779	9,174
Feb	9,245	9,166
Mar	11,750	9,166
Apr	8,120	9,166
May	8,446	9,166
Jun	10,622	9,166
Jul	8,612	9,166
Aug	9,543	9,166
Sep	9,633	9,166
Oct	9,738	9,166
Nov	12,571	9,166
Dec	11,026	9,166
TOTAL	115,086	110,000

PURCHASES 1995-2004 (TROY OUNCES)

Period	Actual
1995	91,451
1996	110,131
1997	92,146
1998	110,048
1999	110,160
2000	104,493
2001	101,849
2002	116,617
2003	103,438
2004	115,086



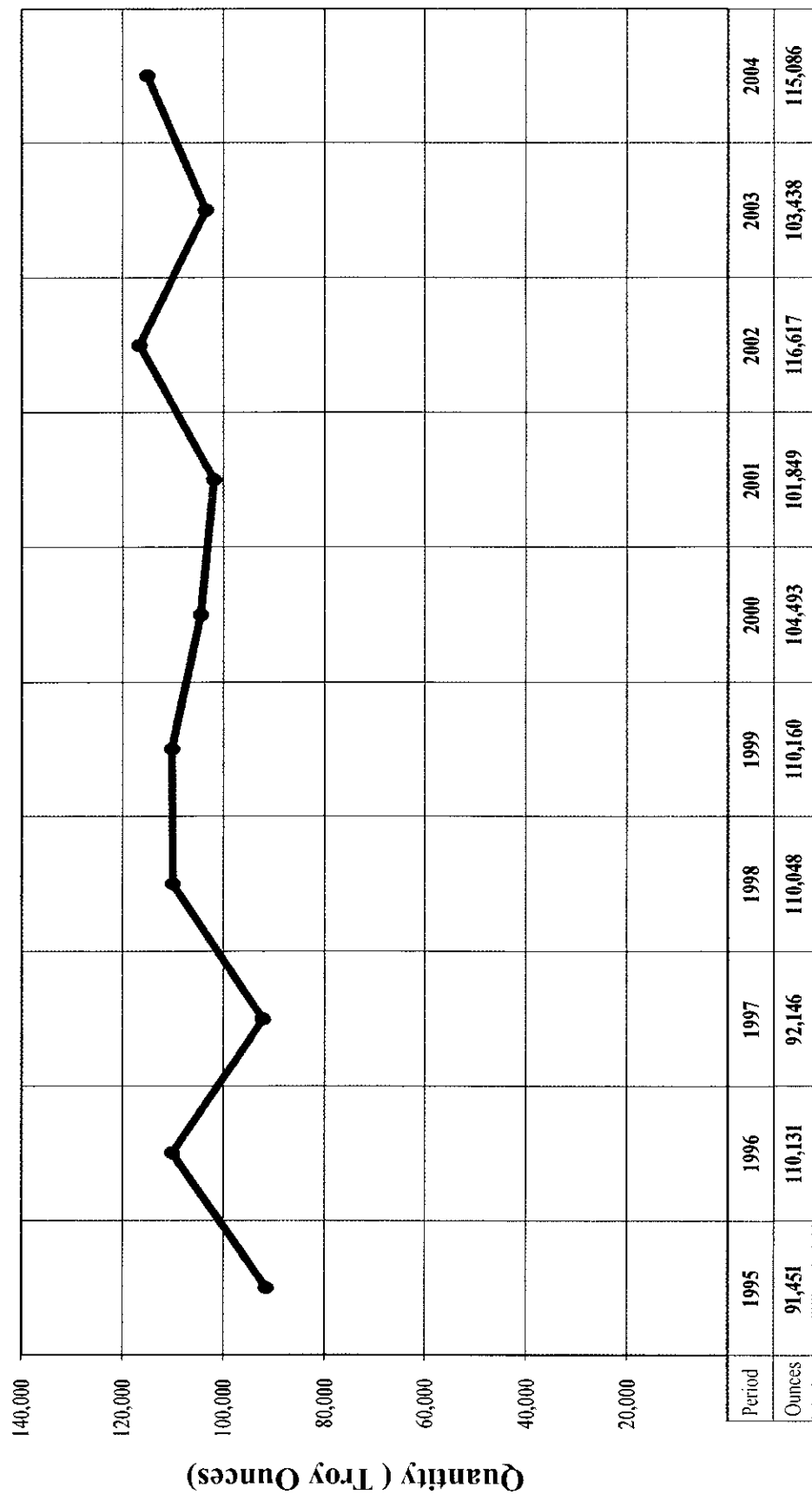
Quantity of Gold Purchased v.s Budget 2004



Budget
 Actual



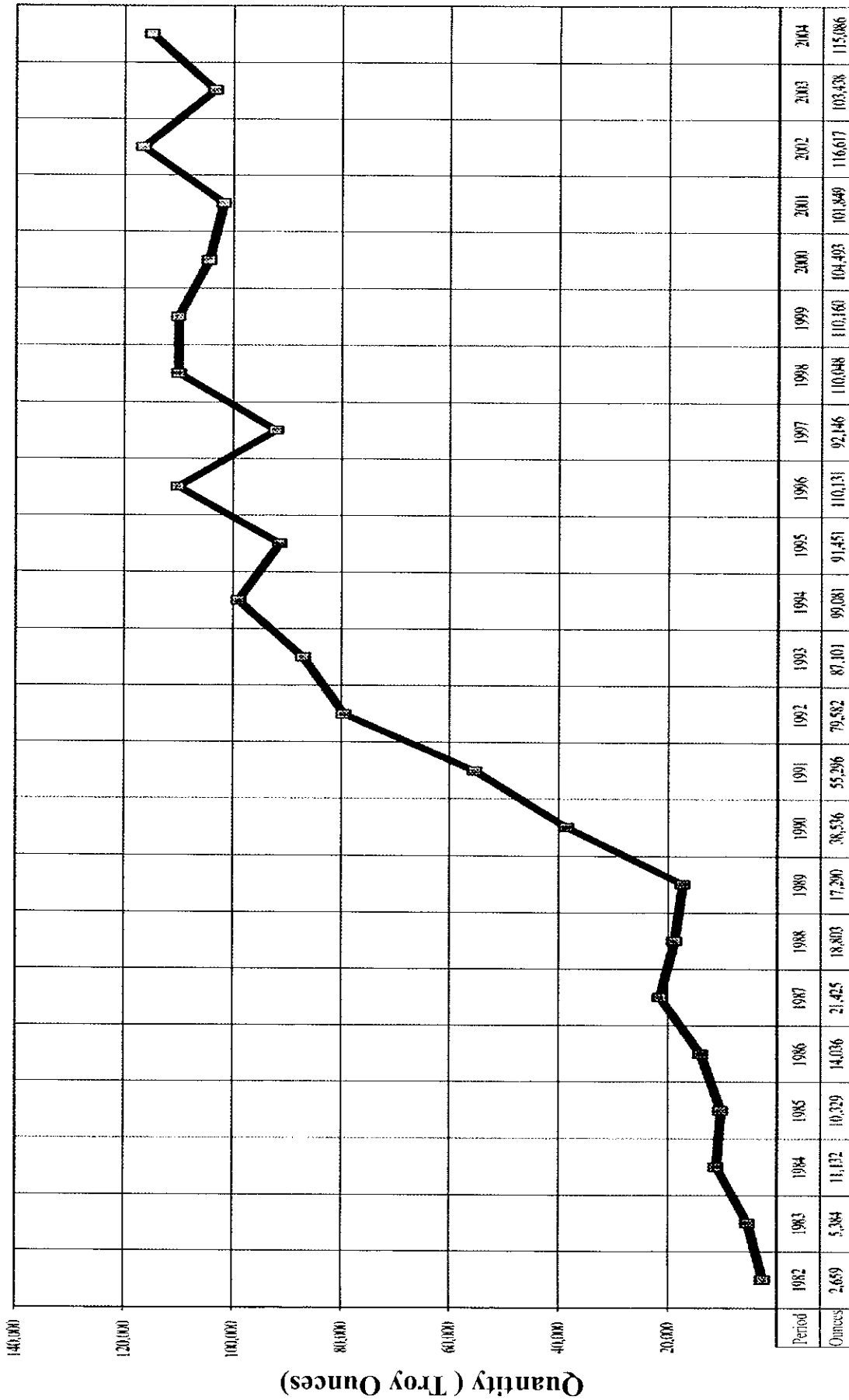
Gold Purchased (1995-2004)



Period (Years)



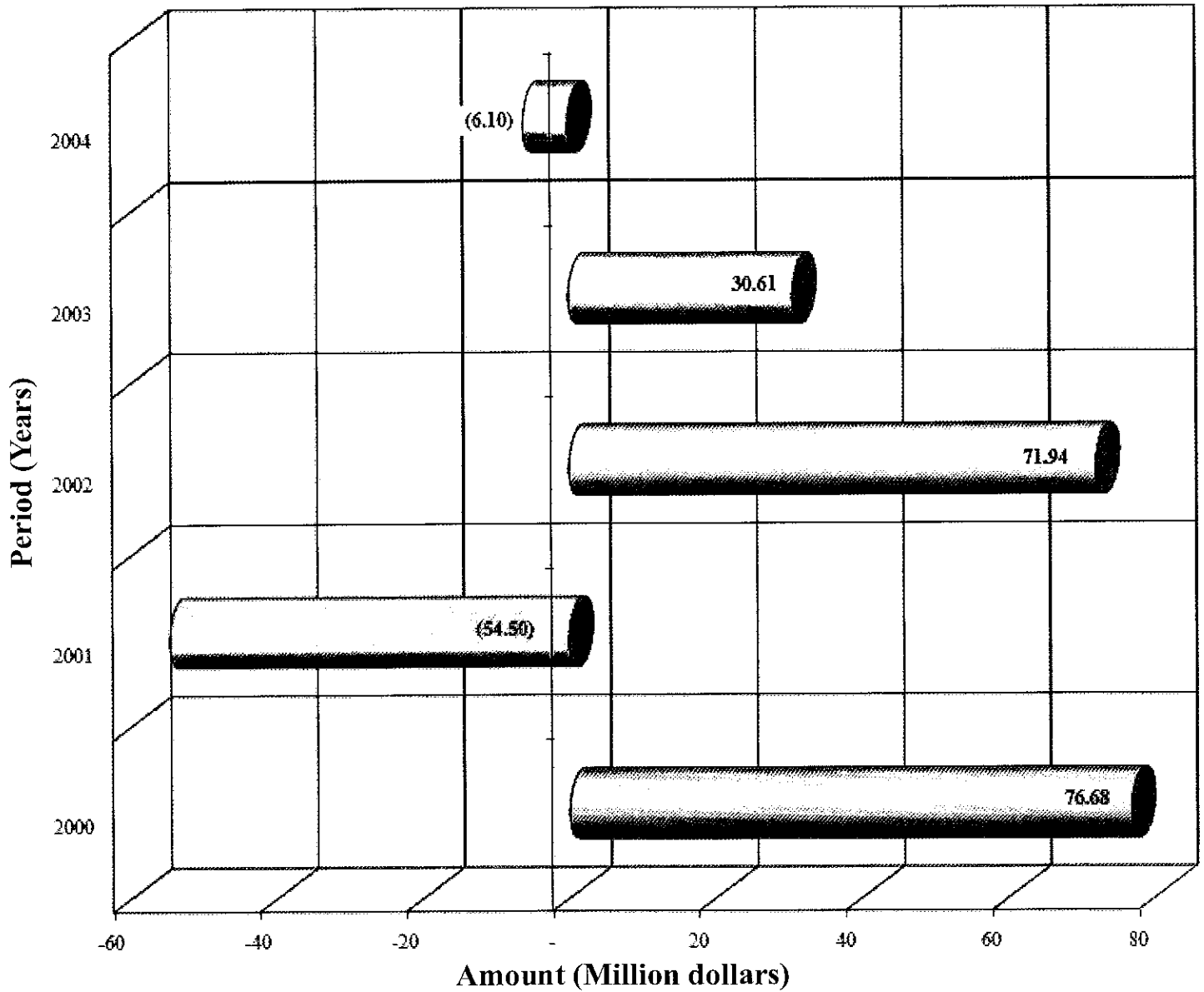
Gold Purchased (1982-2004)



Period (Years)



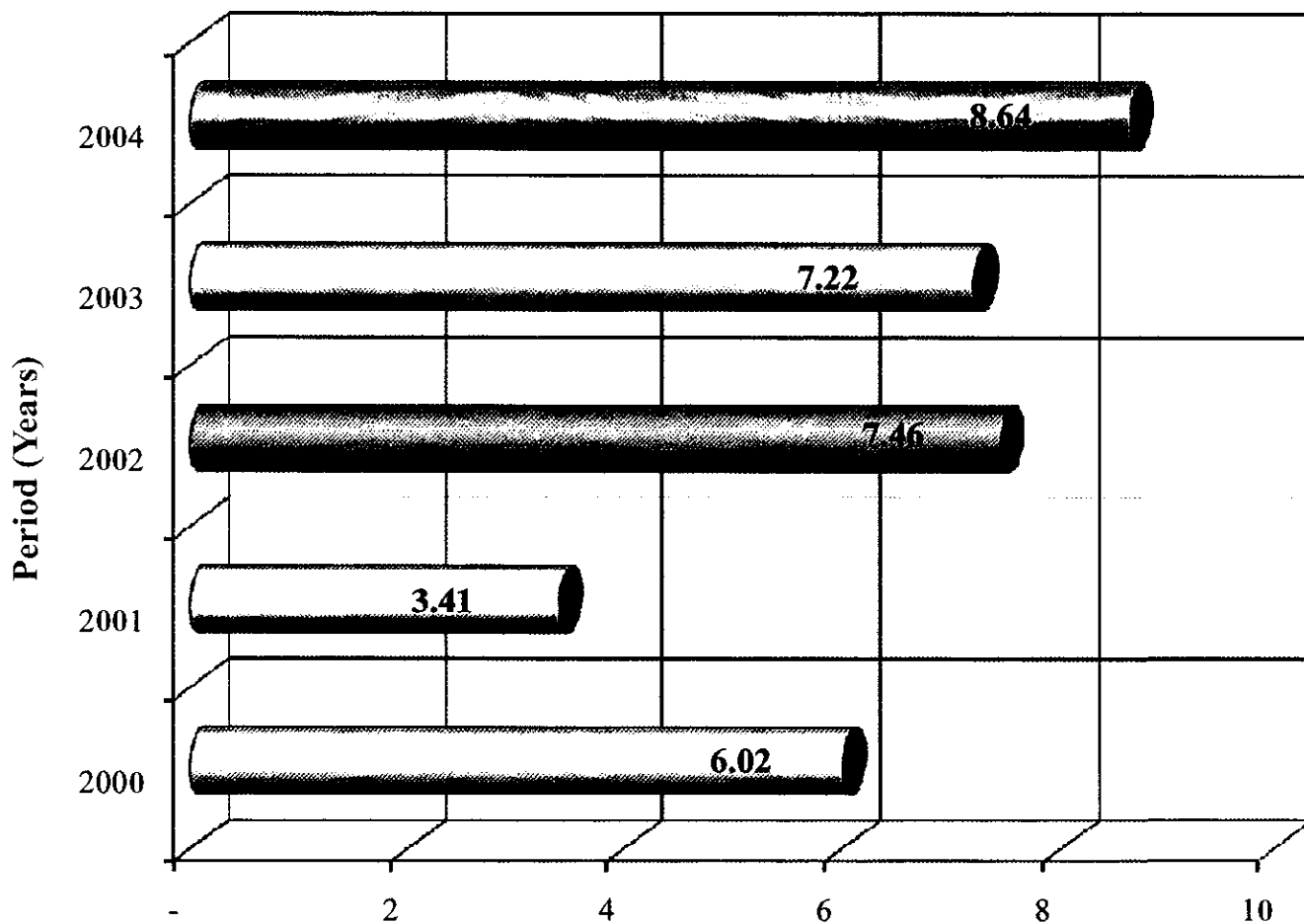
Operating Surplus (2000-2004)



Period	2000	2001	2002	2003	2004
Operating Surplus	76.68	(54.50)	71.94	30.61	(6.10)



Turnover (2000-2004)

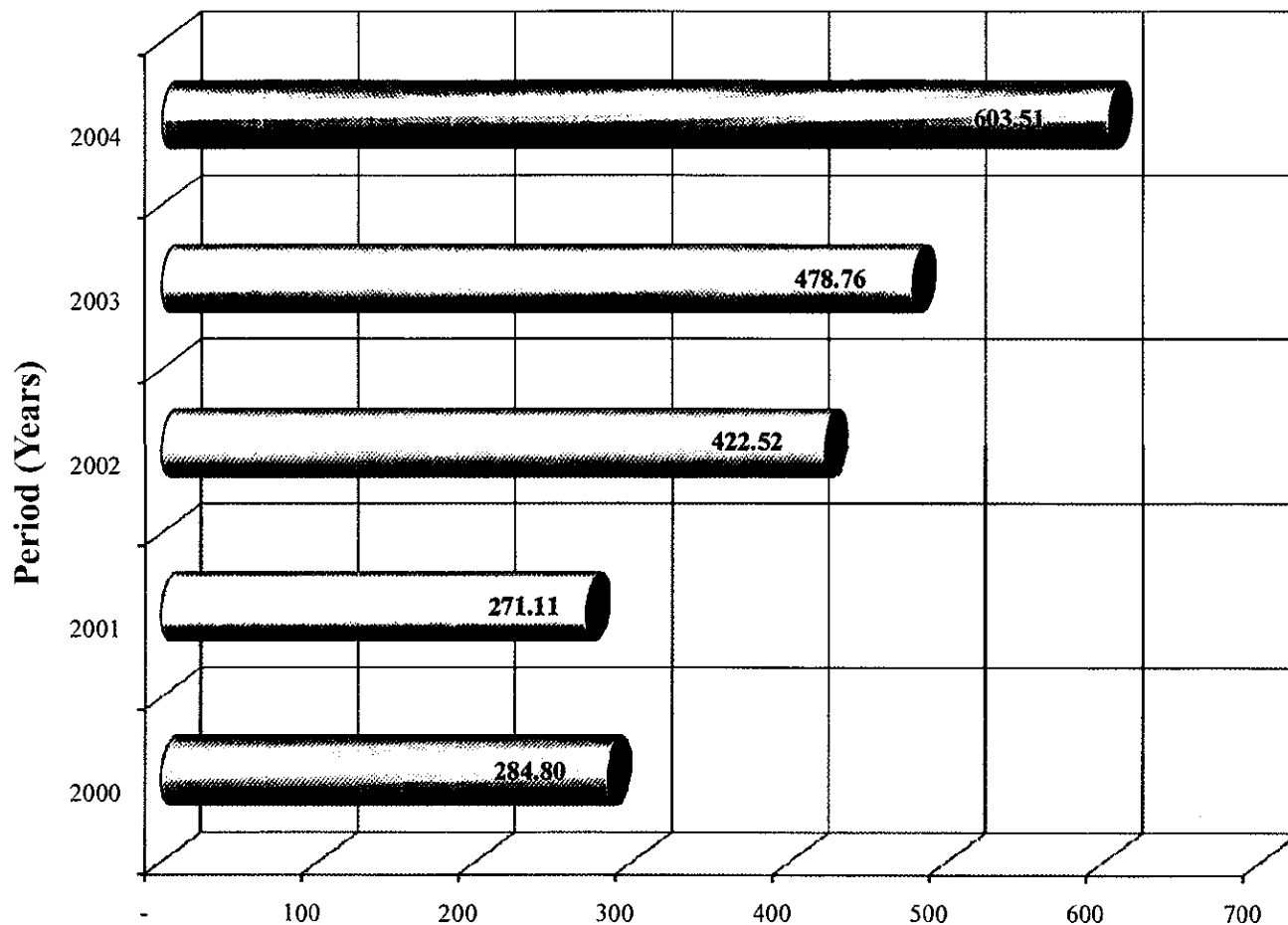


Amount (Billion dollars)

Period	2000	2001	2002	2003	2004
Turnover	6.02	3.41	7.46	7.22	8.64



Royalties and Taxes collected (2000-2004)



Amount (Million dollars)

Period	2000	2001	2002	2003	2004
Royalties and Taxes	284.80	271.11	422.52	478.76	603.51

Section

2

*Office of the Auditor General**P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana**Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.gov.gy>*

AG: 81/2005

17 October 2005

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
THE GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

Chartered Accountants, Bisheswar, Seebarran & Co. have audited on my behalf the financial statements of the Guyana Gold Board for the year ended 31 December 2004 as set out on pages 1 to 10. The audit was conducted in accordance with the Audit Act 2004.

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws and regulations is the responsibility of Management of Guyana Gold Board. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, work-papers, reports and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit. I concur with the opinion as attached hereto, of Chartered Accountants, Bisheswar, Seebarran & Co.

OFFICE OF THE AUDITOR GENERAL
P. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA



Bisheswar, Seebarran & Co. **Chartered Accountants**

198 Duncan Street, Lamaha Gardens, Georgetown, Guyana
Tel: (592) 226 2078/9 Fax: (592) 226 2547 Email: bish&co@solutions 2000.net

REPORT OF CHARTERED ACCOUNTANTS
BISHESWAR, SEEBARRAN & CO.
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 2004

We have audited the financial statements of Guyana Gold Board for the year ended December 31, 2004 and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Office of the Auditor General's auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free of 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Board as of December 31, 2004 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Bisheswar Seebarran 'et al'

BISHESWAR, SEEBARRAN & CO
Chartered Accountants
198, Duncan Street,
Lamaha Gardens,
Georgetown

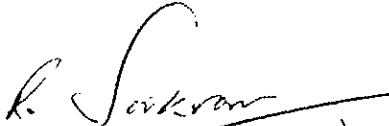
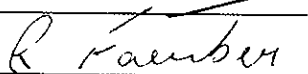
October 17, 2005

Partners: C. Bisheswar, FCCA; R. Seebarran, FCCA



GUYANA GOLD BOARD
Balance Sheet as at December 31, 2004

	Notes	2004 \$	Restated 2003 \$
Assets			
Non-current asstes	2(b) & 6	11,305,073	14,203,632
<u>Current asset</u>			
Stocks	2(d)	1,095,993,345	837,350,704
Accounts receivables & prepayment	3	6,358,420	13,327,733
Cash on hand and at bank		289,264,178	242,710,041
		<u>1,391,615,943</u>	<u>1,093,388,478</u>
Total assets		<u>1,402,921,016</u>	<u>1,107,592,110</u>
Equity & Liabilities			
<u>Capital and Reserves</u>			
Government contribution		108,577,100	108,577,100
Revaluation reserve		3,145,000	3,145,000
Accumulated surplus		57,906,788	64,002,840
		<u>169,628,888</u>	<u>175,724,940</u>
<u>Current liabilities</u>			
Bank overdraft		404,536	46,009,429
Advance from the Ministry of Finance	4	1,200,292,954	827,459,557
Accounts payable	5	32,594,638	58,398,185
		<u>1,233,292,128</u>	<u>931,867,170</u>
Total equity & liabilities		<u>1,402,921,016</u>	<u>1,107,592,110</u>



) Directors

The notes on pages 5 to 10 form an integral of these financial statements



GUYANA GOLD BOARD
Trading and Profit and Loss Account
for the year ended December 31, 2004

	Notes	2004 \$	2003 \$
Sales	2(i)	8,640,761,702	7,219,751,477
Less: Cost of Sales	7	8,572,531,366	7,128,972,770
Gross Profit		68,230,336	90,778,707
Other income	8	19,973,679	15,244,858
Gross profit plus other income		88,204,015	106,023,565
Less: Expenses			
Administrative	9	92,633,214	74,846,644
Financial	10	197,853	193,402
Directors' Emoluments	13	1,469,000	375,500
		94,300,067	75,415,546
Net profit/(loss)	11	(6,096,052)	30,608,019
Prior year adjustments	12	—	(482,706)
Net profit/(loss) after prior year adjustments		(6,096,052)	30,125,313
Accumulated surplus at Jan 1,		64,002,840	33,877,527
Accumulated surplus at Dec 31,		57,906,788	64,002,840

The notes on pages 5 to 10 form an integral part of these financial statements.

GUYANA GOLD BOARD
Statement of Changes in Equity
For the year ended December 31, 2004

	Note	Government Contribution \$	Revaluation Reserves \$	Accumulated Surplus \$	Total \$
Balance at January 01, 2003		108,577,100	2,145,000	33,877,527	144,599,627
Net profit for the year		—	—	30,608,019	30,608,019
Revaluation for the year		—	1,000,000	—	1,000,000
Prior year adjustments	12	—	—	(482,706)	(482,706)
Balance at December 31, 2003		108,577,100	3,145,000	64,002,840	175,724,940
Net loss		—	—	(6,096,052)	(6,096,052)
Balance at December 31, 2004		<u>108,577,100</u>	<u>3,145,000</u>	<u>57,906,788</u>	<u>169,628,888</u>

The notes on pages 5 to 10 form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Cash Flow
For the year ended December 31, 2004

	2004 \$	Restated 2003 \$
Net cash flow from operating activities		
Profit before interest and taxation	(6,100,129)	30,585,968
Prior year adjustment	—	(482,706)
Adjustments for:		
Depreciation charges	7,328,222	6,477,620
Operating profit before working capital	1,228,093	36,580,882
Increase/(decrease) in stocks	(258,642,641)	225,638,399
Increase/(decrease) in debtors	6,969,313	(4,113,634)
Increase/(decrease) in Ministry of Finance advances	372,833,397	(156,187,669)
Increase/(decrease) in creditors and accruals	(25,803,547)	12,732,772
Net cash used in operating activities	96,584,615	114,650,750
Cash flow from investing activities		
Acquisition of assets	(4,429,663)	(3,387,225)
Interest received from BCM Account	4,077	22,051
Net cash used in investing activities	(4,425,586)	(3,365,174)
Cash flow from financing activities		
Revaluation Reserve	—	1,000,000
Net cash used in financing activities	—	1,000,000
Increase in cash and cash equivalents	92,159,029	112,285,576
Cash and cash equivalents at beginning of the year	196,700,612	84,415,036
Cash and cash equivalents at end of the year	<u>288,859,642</u>	<u>196,700,612</u>
Analysis of cash and cash equivalents as shown in the balance sheet		
Cash on hand and at bank	289,264,178	242,710,041
Bank overdraft	(404,536)	(46,009,429)
	<u>288,859,642</u>	<u>196,700,612</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2004

1. Incorporation and Principal Activity

The Guyana Gold Board was formed under an Act of Parliament which is referred to as the Guyana Gold Board Act of 1981. Its principal activities are to carry on the business of trading in gold in accordance with the Act and to secure, at all times, adequate supply of gold, based on London daily first and second fix prices.

2. Statement of Accounting Policies

(a) Basis of Accounting

These financial statements have been prepared under the historical cost convention, except as modified by the revaluation of motor vehicle and no account has been taken of inflation.

(b) Tangible Fixed Assets

Tangible fixed assets are stated at historical cost or revaluation. Depreciation is charged to write off the assets over their estimated useful lives with a full year being charged in the year of acquisition and none in the year of disposal.

Depreciation rates are as follows:

Furniture, Fixtures and Fittings	10%
Office Equipment	12.50%
Motor Vehicles	25%
Laboratory Renovations	25%
Computer Software	25%

(c) Income & Expenditure

Income and expenditure are dealt with in these financial statements on the accruals basis.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value. Costs refer to weighted average cost and does not include gold burning or storage charges.



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2004

(e) Foreign Currency Transactions-Purchase and Sales

Purchases of gold are made based on the daily London first and second fix prices per ounce of gold quoted in US dollars. Sale of refined gold can be marketed as follows:-

- (1) Spot transaction
- (2) Forward transaction
- (3) Option transaction

(f) Buying

The purchase of gold is based on an assumed purity with a payout factor of the average of the historical assay result and a three points (intergers) and a four points for smelted gold below the average selling price for US instruments of six specific banks. The initial payment made on the payout factor is adjusted when actual assaying results are returned. For results higher than the payout factor the Board pays the miners the additional amount. For results lower than the payout factor the miner reimburses the Board the difference from future transactions. In addition, the Board offers to burn sponge gold (raw gold) into sponged smelted gold (solid bar) and then purchase it.

(g) Sales-foreign

The selling price conversion is based on the actual US\$ amount received and converted by the Bank of Guyana and remitted to the Ministry of Finance.

(h) Sales - Local

Local - A small fraction of the gold purchased from miners is sold locally to licensed jewelers to support the local jewellery industry.

Foreign - During the year smelted raw gold was refined by the Royal Canadian Mint and then marketed through the Board's agent-Mitsui Precious Metal Inc. Sales are recognised at the time when gold is sold by the agent as authorised and approved by the Board's representative-the General Manager.

(i) Turnover

Turnover is comprised of the sale of burnt raw gold locally, and refined gold overseas as follows:-

	2004	2003
	\$	\$
Local sales	53,385,738	57,061,852
Foreign sales	8,587,375,964	7,162,689,625
Total	<u>8,640,761,702</u>	<u>7,219,751,477</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2004

	2004	2003
	\$	\$
3. Accounts receivable are made up of as follows:-		
Provision for bad debts	—	(241,213)
Sundry debtors	—	84,123
Staff loan	—	203,719
DOCOL-security deposit	—	44,000
Debtors (assay)	4,734,578	11,469,752
Prepayments - cash in transit insurance	1,623,842	1,467,625
IAST	—	131,685
Others	—	168,042
	<u>6,358,420</u>	<u>13,327,733</u>

4. Advance from the Ministry of Finance 1,200,292,954 827,459,557

This amount has been restated to include the balance at the Bank of Guyana which was netted off in 2003 from the amount owed to the Ministry of Finance. The amount was \$217,601,535. It has now been included in the 2003 bank balance.

5. Accounts payable are made up as follows:

Trade creditors	6,143,729	8,757,745
Gold dealers' tax payable	16,698,127	(825,385)
Gold dealers' royalties payable	4,176,859	(1,857,123)
Tributes payable	—	12,394
Accruals	1,829,953	50,193,967
Others	3,745,970	2,116,587
	<u>32,594,638</u>	<u>58,398,185</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2004

6. Tangible fixed assets

	Fur., Fixture & Fittings	Lab & office Equipment	Motor Vehicles Renovation	Fire Arm	Computer Software	Lab & Smelting Room	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At Jan 01.	3,894,684	26,843,614	15,868,758	489,016	1,279,000	7,197,303	55,572,375
Additions	110,300	906,116	—	—	30,000	3,383,247	4,429,663
(Disposal)	—	—	—	—	—	—	—
At Dec 31	4,004,984	27,749,730	15,868,758	489,016	1,309,000	10,580,550	60,002,038
Depreciation							
At Jan. 01	2,176,598	16,793,063	15,286,666	489,016	1,077,222	5,546,178	41,368,743
Charges for the year	400,498	3,468,716	582,092	—	231,778	2,645,138	7,328,222
At Dec 31	2,577,096	20,261,779	15,868,758	489,016	1,309,000	8,191,316	48,696,965
Net Book Value							
At Jan. 01	1,718,086	10,050,551	582,092	—	201,778	1,651,125	14,203,632
At Dec. 31	1,427,888	7,487,951	—	—	—	2,389,234	11,305,073

7. Cost of Sales

	2004 \$	2003 \$
Opening stocks	837,350,704	1,062,989,103
Purchases	8,803,553,645	6,873,098,974
Stock adjustment	—	695,235
Shipping and refining cost	27,620,362	29,540,162
	9,668,524,711	7,966,323,474
Less: closing stocks	(1,095,993,345)	(837,350,704)
	8,572,531,366	7,128,972,770



GUYANA GOLD BOARD
Notes to the financial statements
For the year ended December 31, 2004

	2004 \$	2003 \$
8. Other Income		
Silver Sales	10,249,562	6,007,335
Lease Income	470,915	246,285
Gold Overage	—	853,631
Interest on Staff Loan	—	783
Miscellaneous	5,829,689	4,764,585
Exporters' Licence fee	1,000,000	1,430,000
Interest on BCM Account	4,077	22,051
Option Premium	2,419,436	1,920,188
	<u>19,973,679</u>	<u>15,244,858</u>

9. Administrative Expenses

Insurance	1,697,410	3,288,040
Employment Cost	24,047,402	26,290,421
Depreciation	7,328,222	6,477,620
Audit Fee	1,000,000	1,500,000
Security	13,769,569	10,565,078
Motor Vehicle Expenses	1,403,425	1,028,154
Samples Test	11,220,750	5,886,658
Legal Fees	11,000	178,405
Stationery and Supplies	1,208,018	913,177
Others	6,128,693	4,765,640
Gold Burning Expenses	2,772,066	2,433,016
Office Maintenance	1,428,352	365,135
Meal Allowance	283,495	629,435
Staff Welfare and Training	926,084	363,087
Telephone, Internet and Telex Charges	793,022	915,842
Gifts, Donation and Hospitality	569,364	1,072,295
Gold Underage	—	158,396
Stamp Expenses	8,744,177	6,653,793
Overseas Trips	—	160,687
Advertisement	239,950	86,350
Repairs to Equipment & Furniture	1,127,749	782,558
Books & Publications	266,248	318,007
Loss on Exchange	7,605,798	—
Consultancy Fees	62,420	14,850
	<u>92,633,214</u>	<u>74,846,644</u>

10. Financial Charges

Interest on Overdraft	94,475	17,788
Bank Charges	103,378	175,614
	<u>197,853</u>	<u>193,402</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
For the Year ended December 31, 2004

	2004 \$	2003 \$
<u>11. Net Profit Before Taxation</u>		
Included therein are the following charges:-		
Audit Fee	1,000,000	1,500,000
Depreciation	7,328,222	6,477,620

12. Prior Year Adjustments

Prior year adjustments are made of as follows:

Other Adjustments (see note)	—	(482,706)
	—	(482,706)

Note

Other adjustments represents debtors assays received that were written off in previous years and other minor adjusting journals.

13. Related Party Disclosure

Key management personnel received the following benefits:


Salary	4,368,416	5,398,382
Other Benefits	747,439	650,040
	<u>5,115,855</u>	<u>6,048,422</u>
Directors' fee and allowance	<u>1,469,000</u>	<u>375,500</u>

14. Agreement with Mitsui & Co. Precious Metal Inc.

The Guyana Gold Board has a Master Agreement with Mitsui Precious Metal Inc., a USA based company, which it trade its gold with. The agreement was renewed on July 08, 2002 and will be in force until there is need for material changes to the clauses. However, the agreement may be terminated by either party giving 30 days written notice.

Mitsui buys the Board's gold as explained in note 2 (e). No commission is paid to Mitsui Since they would in turn sell the gold as a trader to purchasers willing to pay its price.

Guyana Geology and Mines Commission
**MINERAL EXPLORATION
 MAP
 OF
 GUYANA**

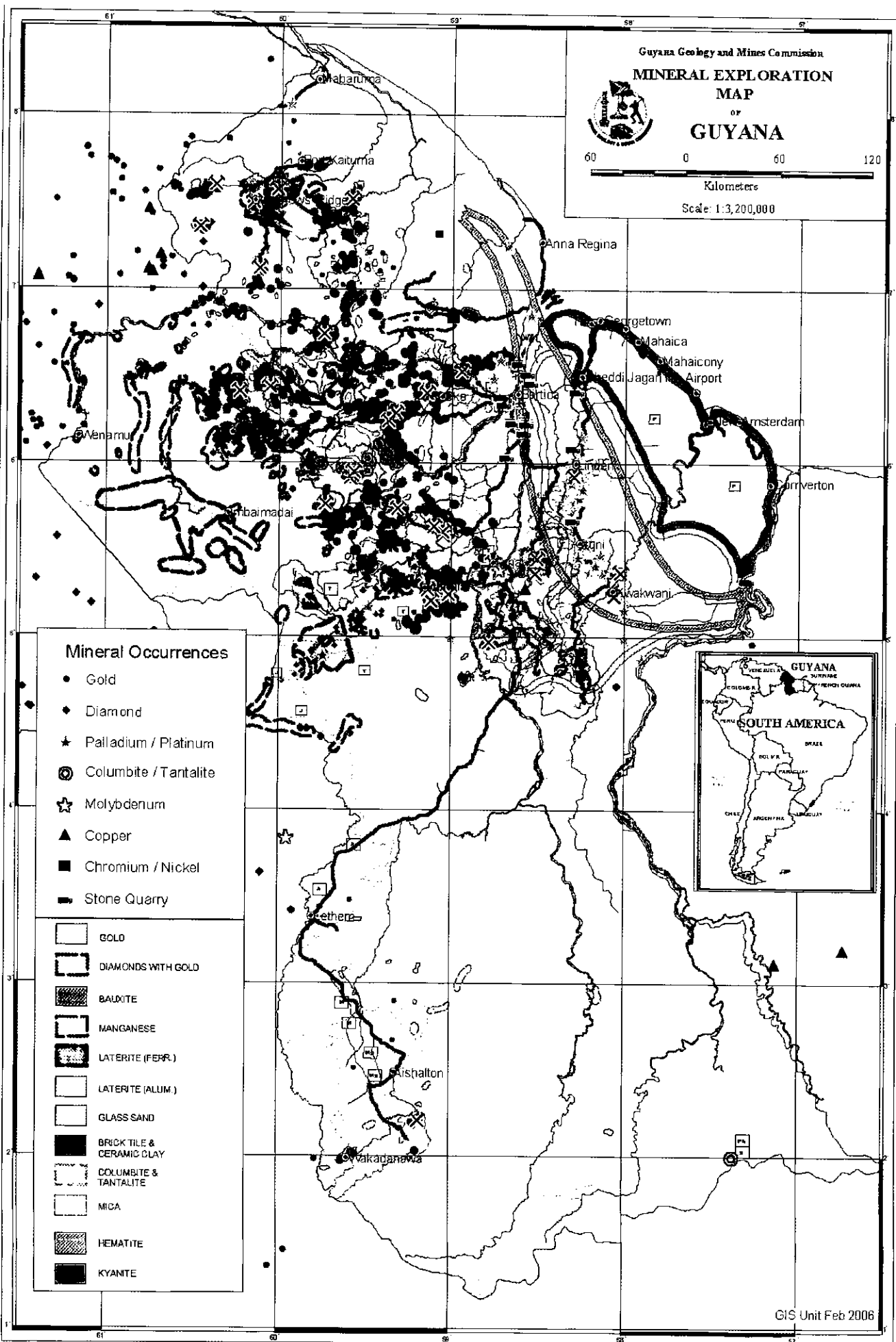


60 0 60 120
 Kilometers
 Scale: 1:3,200,000

Mineral Occurrences

- Gold
- ◆ Diamond
- ★ Palladium / Platinum
- ⊙ Columbite / Tantalite
- ☆ Molybdenum
- ▲ Copper
- Chromium / Nickel
- ▬ Stone Quarry

- GOLD
- ▭ DIAMONDS WITH GOLD
- ▨ BAUXITE
- ▩ MANGANESE
- ▧ LATERITE (FERR.)
- ▦ LATERITE (ALUM.)
- ▥ GLASS SAND
- ▤ BRICK TILE & CERAMIC CLAY
- ▣ COLUMBITE & TANTALITE
- ▢ MICA
- ▧ HEMATITE
- ▦ KYANTE





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Section

1

Letter of Transmittal

October 31, 2008

Honourable Samuel A. Hinds
Prime Minister
Office of the Prime Minister
Wright's Lane, Kingston
Georgetown, Guyana.

Dear Sir;

Your Board of Directors submits to you the Annual Report of the Guyana Gold Board along with the Audited Financial Statement for the year ended December 31, 2005 in accordance with Section 16 of the Guyana Gold Board Act 1981.

Thank you.

On behalf of the Board of Directors

Anantram Balram
Secretary, Board of Directors



Corporate Profile

AUDITORS

Audit Office of Guyana

63 High Street, Kingston
Georgetown, Guyana.

Nizam Ali & Company

9 Church Street, Lacytown
Georgetown, Guyana.

LEGAL ADVISORS

Attorney General Chambers

59 Charmingichael Street, North Cummingsburg,
Georgetown, Guyana.

REGISTERED OFFICE

68 Upper Brickdam,
Georgetown, Guyana.
P.O.Box 12204
Tel. No.: 225-3173
Fax No. : 225-4963
E-mail : ggb@gol.net.gy

BANKERS

Bank of Guyana

1 Avenue of the Republic, Robbstown
Georgetown, Guyana.

National Bank of Industry & Commerce

38 Water Street, Robbstown, Georgetown,
Guyana.

Guyana Gold Board

Establishment (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Sections 3)

There is hereby established the Guyana Gold Board which shall be a body corporate and the provisions of the First Schedule shall have effect as to the constitution of the Board and otherwise in relation thereto.

Commencement

By Order No. 24 of 1982, the Guyana Gold Board commenced operations on May 15, 1982

Functions (Extracted from Guyana Gold Board Act Chap. 66:01 Sections 4)

It shall be the function of the Board –

- (a.) to carry on the business of trading in gold;
- (b.) to secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices;
- (c.) subject to this Act, to purchase all gold produced in Guyana;
- (d.) subject to this Act, to sell all gold in Guyana and to sell gold outside Guyana;
- (e.) to engage in other commercial or industrial activities.

The Guyana Gold Board has diligently delivered all of its mandated functions in 2005.



Minister Responsible and Board of Directors

Minister Responsible:



The Honourable Samuel A. Hinds
Prime Minister Co-operative Republic of Guyana; and
Minister Responsible for Mining

Board of Directors:



Rishi Sookram
Chairman
Board of Directors



Brindley Robeson Benn
Director- Representing Guyana
Geology and Mines Commission



René Faerber
Director – Representing
Ministry of Finance



Carl Baldie
Director – Representing
Guyana Gold Board & Diamond
Miners Association



Harnarine Tiwari
Director – Representing
People Progressive Party/Civic



Devica Prashad
Immediate Past
Executive Director/
General Manager



Jeffrey Thomas
Director Representing
People's National
Congress/Reform



Allison Thorne
Legal Advisor
Attorney General
(Chambers)



Anantram Balram
Executive Director/General
Manager (ag.)

Chairman's Statement

Introduction

The Guyana Gold Board posted declarations for the year 2005 of over 160,000 troy ounces, which represented a significant increase over the average declaration of about 107,000 toz for the previous nine years. Overall gold exports for the year declined from 363,710 toz in 2004 to 269,262 toz in 2005, this reduction was due to the closure of Omai Gold Mines Ltd. in September 2005.

This increase declaration along with a significant increase in the international price resulted in returns to the Bank of Guyana of US\$67.4M, which contributed to the stabilization of the Guyana dollar.

Financial Performance

With increase declaration and favourable prices turnover for 2005 was \$13.4B, compared to \$8.6B in 2004 an increase of 55.8%. This increase in turnover resulted in a profit of \$45.9M, rebounding from a loss of \$6.1M in 2004.

The first half of 2005 reflected relatively lower prices, however the second half proved to be very active for the gold market which resulted in prices closing the year at 20% higher than at the start of the year.

Future Outlook

The Guyana Gold Board has embarked on an expansion programmed whereby work has commenced on the establishment of an office in Bartica to serve miners in the Cuyuni/Mazaruni area. This is hopefully the first of several branches to be established to serve the mining community in the various regions.

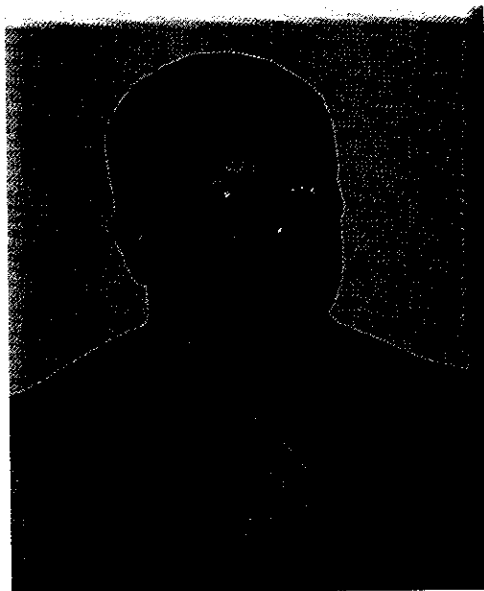
Conclusion

The Guyana Gold Board had a very good year both in terms of declarations and profitability. On this very positive note I wish to commend the mining community for the sterling performance and look forward to working with them in the future to improve our industry.

I also wish to thank my fellow directors and the management and all employees for their support and commitment during the year.

Rishi Sookram
Chairman, Board of Directors

General Manager's Report



Introduction

The Guyana Gold Board, under trying circumstances, has posted a notable turnaround, highlighted not only by profitability but also by establishing the miners' importance to us, which has now paid dividends. This is evident from miners' confidence in the Guyana Gold Board and what it stands for.

The volatility in the gold market throughout the year and highest declarations ever to the Guyana Gold Board, have enabled us to focus beyond the negatives that exist in the gold industry and meaningfully consider expansion prospects and technological pursuits.

The Guyana Gold Board, now more than ever has registered its presence in the economy as a major foreign exchange earner, while simultaneously executing its mandate as prescribed by the Guyana Gold Board Act 1981.

The Gold Market

Gold price started 2005 (on the London Daily Fix) at USD426.80/toz. and ended the year on USD513.00/toz. or 20.20 % higher. The year 2005 reached a high of USD537.50 and a low of USD411.10, averaging around USD444.99 on the London Bullion Market Association.

Monetary Inflation continues to impact on the price of gold in the international market.

Some of the principal reasons for the high volatility are:

- Currency trading- a weak USD normally see a rise in the gold price.
- Geopolitical issues unresolved
- Anticipated change in interest rates
- Additional availability of funds e.g. pension funds
- Physical demand and deregulation of the gold market, especially in China and India, due to economic growth
- Reduced hedging by gold mines and buyback of hedge books (de-hedging) show confidence in gold
- Expected shortfall in production targets worldwide
- Sales restrictions (quotas) by Central Banks
- General increase in production cost and overheads caused by inflation.

The above reasons have seen gold prices moving on the higher level of trading more frequently. Geopolitical issues especially hinting to terrorism have created uncertainty in the minds of investors creating instinctive trade (higher price levels) in the gold market. However, in early 2005 there has also been occasional cautious trading which has seen rather frequent profit taking and the market re-adjusting itself.

Production and Declaration

The Guyana Gold Board feels that gold declarations did not match gold production in 2005 and previous years. This view was similarly shared by the Commissioner of the Guyana Geology and Mines Commission –Mr. Robeson Benn. He ventured to estimate the amount in the parallel market (or illegal trade) at about one third of total production.

The increased declarations to the Guyana Gold Board were attributed to improved prices on the international market (spot market) combined with Government incentives to small and medium scale operations. This, apparently, reinvigorated miners to seek additional capital either privately or by joint ventures arrangements. However, the cost of fuel and transportation to the field continues to be a significant operational expenses to miners. Miners are also continuously expressing concerns for their physical security and the cost of providing essential security arrangements.

Gold declarations for 2005 were:

Troy Ounces

Guyana Gold Board	- 162,527
Omai Gold Mines Limited	- 100,001

Foreign Exchange Generator

Gold earned USD112.6 million in 2005 (National Budget Speech 2006) of which USD67.4 million came from the Guyana Gold Board. While, the Guyana Gold Board show an increased gold declaration; the industry declaration fell as a result of Omai Gold Mines ceasing production in September 2005. The Guyana Gold Board exported 157,236 troy ounces of unrefined smelted raw of gold in 2005.

Human Resource

The Guyana Gold Board in 2005 faced the same type of problems like most other organisations. We have had difficulties to establish the integrity and character of potential employees, a necessary ingredient in any organisation dealing with a valuable product like ours (i.e. gold)

We have continued to support staff choosing to further their studies privately by offering special leave for exams and refunds of the cost of such exams that are relevant and useful to our operations. Members of staff continue to benefit from training programmes conducted by the Public Service Ministry, we have afforded those employees paid time-offs.

In 2005, the Guyana Gold Board maintained an average staff population of eighteen (18) staff, even though declarations increased.

Technology

The Guyana Gold Board over the years has faced many challenges in the area of technology. However, the Board of Directors and Management have both agreed that from previous financial constraints faced in earlier years, we should look at upgrading or replacing capital items to meet the changing technology.

Not only in the field of data capture and processing have we done this; we have also embarked on the use of technology to reduce or possibly eliminate the emission of harmful materials (for example mercury) into the immediate and extended environment. Some of these technologies have been sourced externally while others were fabricated internally.

We are certainly aware that data exploits are necessary in decision making, both in the area of purchases (i.e. establishing the true purity of gold)

Expansion Plan

The Guyana Gold Board has commenced work on the establishment of an office in Region 7 –Bartica to service miners from the Cyuni/Mazaruni Mining Districts. This office will be the first extension of the Guyana Gold Board and is slated for completion in the first quarter of 2006.

Thoughts from the Board of Directors continue in the expansion mode, with favourable views towards Port Kaituma in the North West District and Madhia. However ground work is yet to commence.

Future Outlook

The future for the Guyana Gold Board especially for the next year seems promising with gold prices continuing its bullish run from 2004 and earlier, throughout 2005. Mercantile banks and traders are speculating prices between USD600-USD750 for 2006.

With miners confidence trickling back towards mining and the Government of Guyana, through both His Excellency The President and The Honourable Prime Minister, commitment to mining in the form of incentives and technical assistance; greater investments is expected to be made in the industry leading to higher production. Our office in Bartica is expected to reduce the quantity of gold sold in the parallel market and reduce cost and security for miners, who now do not have travel to Georgetown to sell gold. As such, greater declarations are expected in the legal stream.

Conclusion

Dedication and hard work are the hallmarks of success; on this note I wish to thank all Stakeholders, the Board of Directors, members of staff and clients. A special thanks to Ms. Devica Prashad (former General Manager) whose sterling contributions have been exemplary.

Anantram Balram
General Manager (ag.)



Financial and Operational Highlights

	2005	2004	Inc/(Dec.)	% Change
Statement of Net Income				
Operating Income	144.84	88.20	56.63	64.21
Operating Expenditure	98.95	94.30	4.65	4.93
Balance Sheet				
Non- Current Assets	8.45	11.31	(2.85)	(25.25)
Total Current assets	1,583.90	1,391.62	192.29	13.82
Total Equity	214.67	169.63	45.04	26.55
Total Liabilities	1,377.69	1,233.29	144.39	11.71

PURCHASES ACTUAL VS BUDGET (TROY OUNCES)

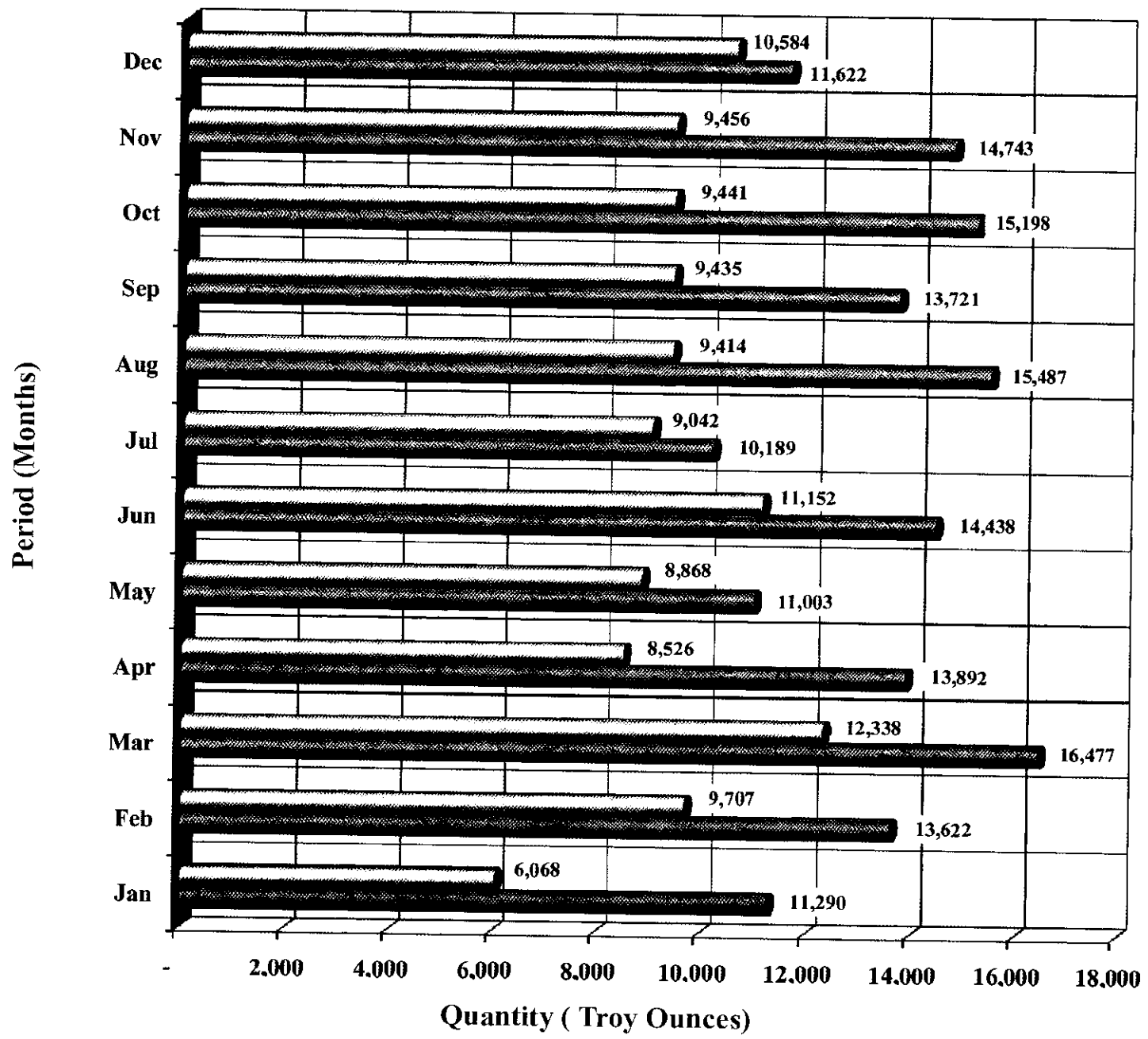
Period	Actual	Budget
Jan	11,290	6,068
Feb	13,622	9,707
Mar	16,477	12,338
Apr	13,892	8,526
May	11,003	8,868
Jun	14,438	11,152
Jul	10,189	9,042
Aug	15,198	9,414
Sep	13,721	9,435
Oct	15,198	9,441
Nov	14,743	9,456
Dec	11,622	10,584
TOTAL	161,683	114,031

PURCHASES 1996-2005 (TROY OUNCES)

Period	Actual
1996	110,131
1997	92,146
1998	110,048
1999	110,160
2000	104,493
2001	101,849
2002	116,617
2003	103,438
2004	115,086
2005	161,683



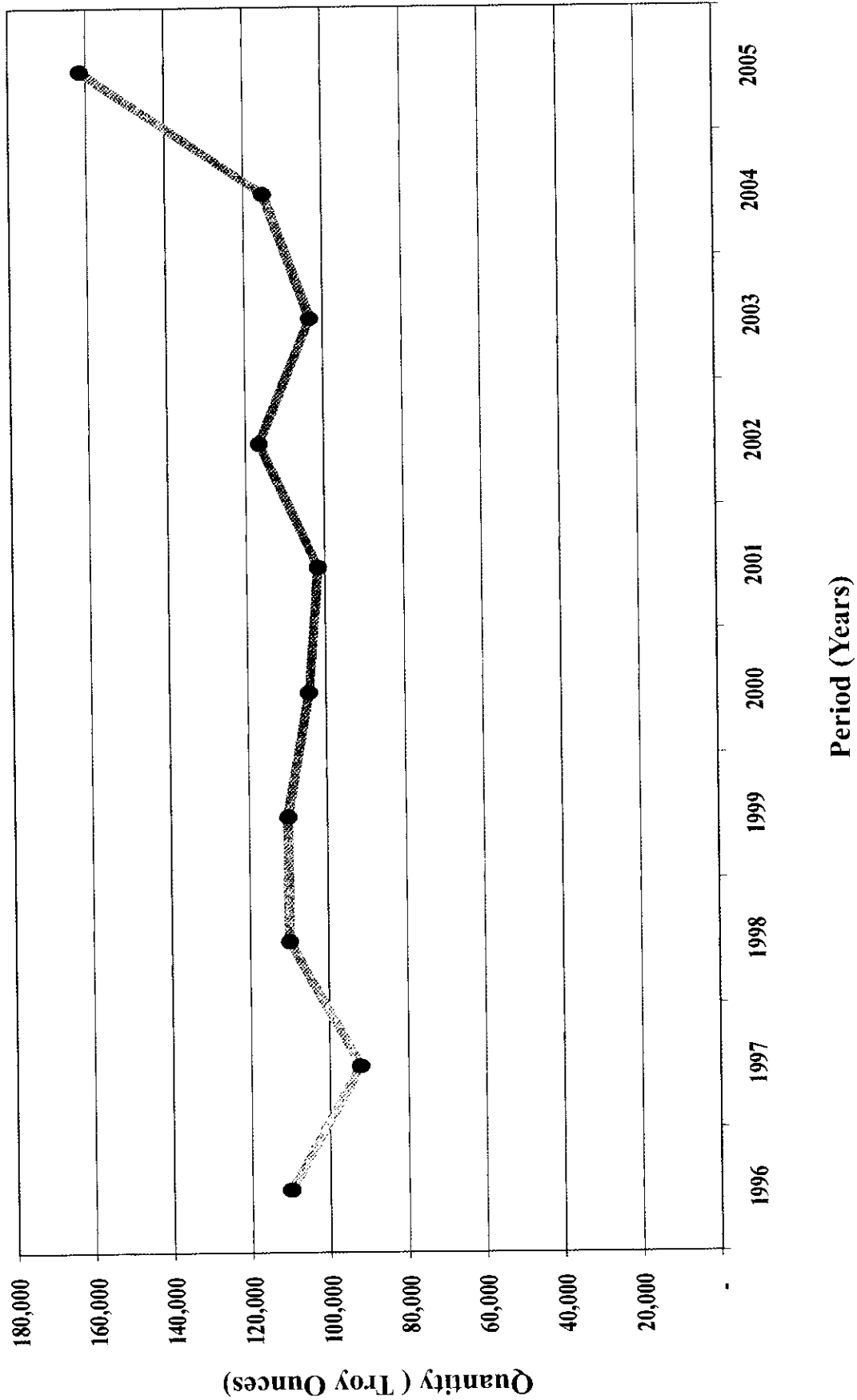
Quantity of Gold Purchased v.s Budget 2005



Budget
 Actual

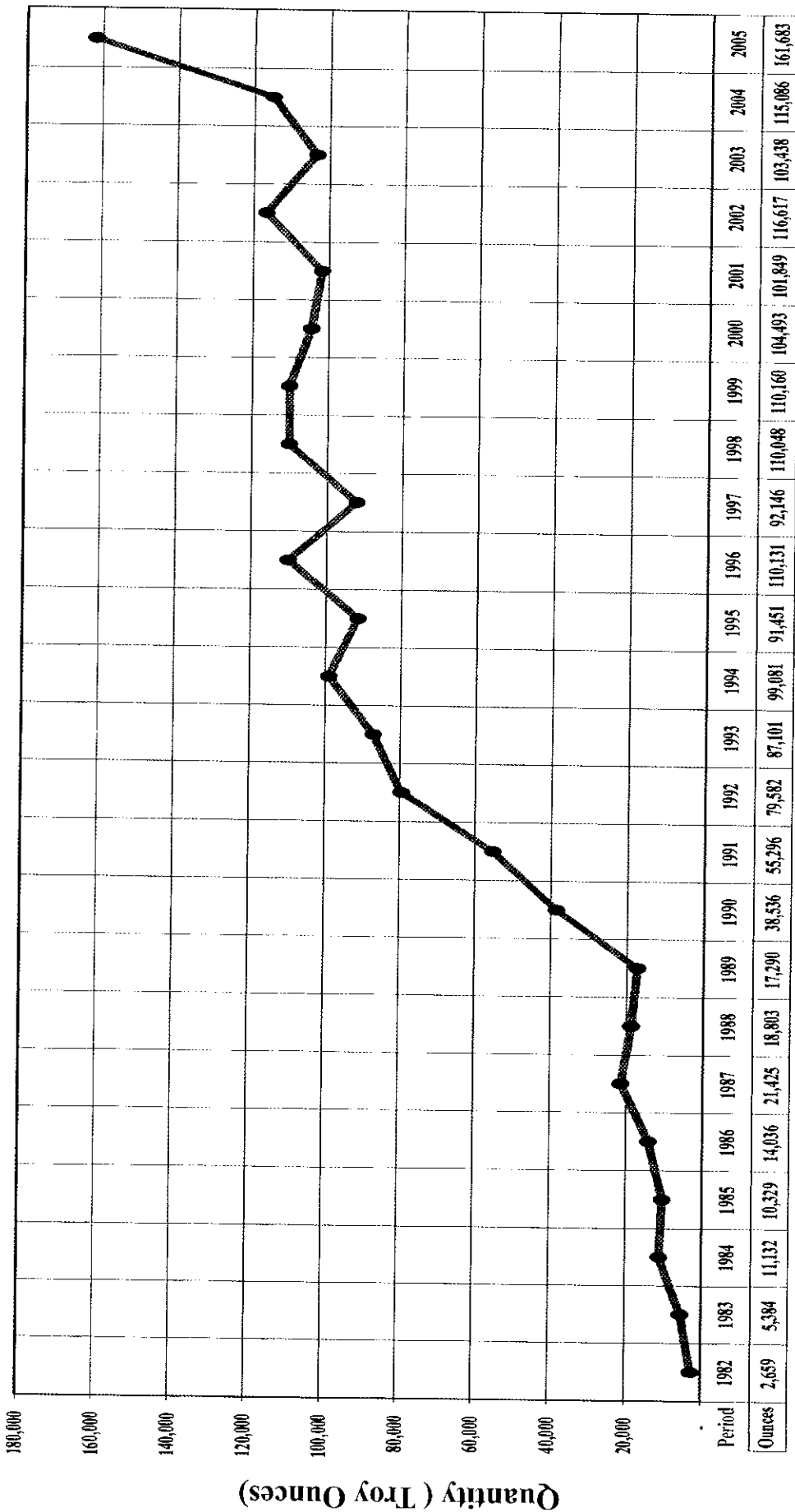


Gold Purchased (1996-2005)



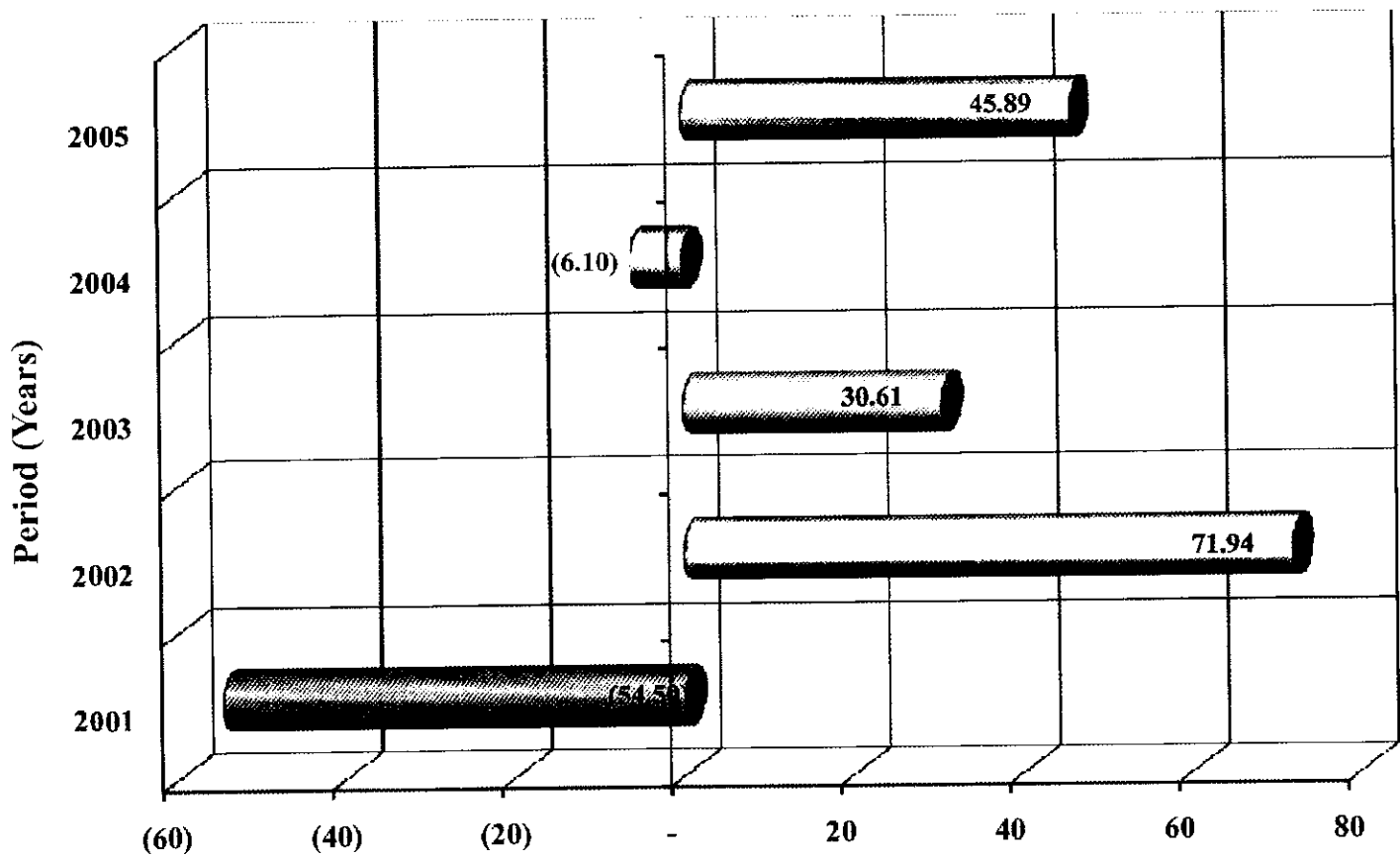


Gold Purchased (1982-2005)



Period (Years)

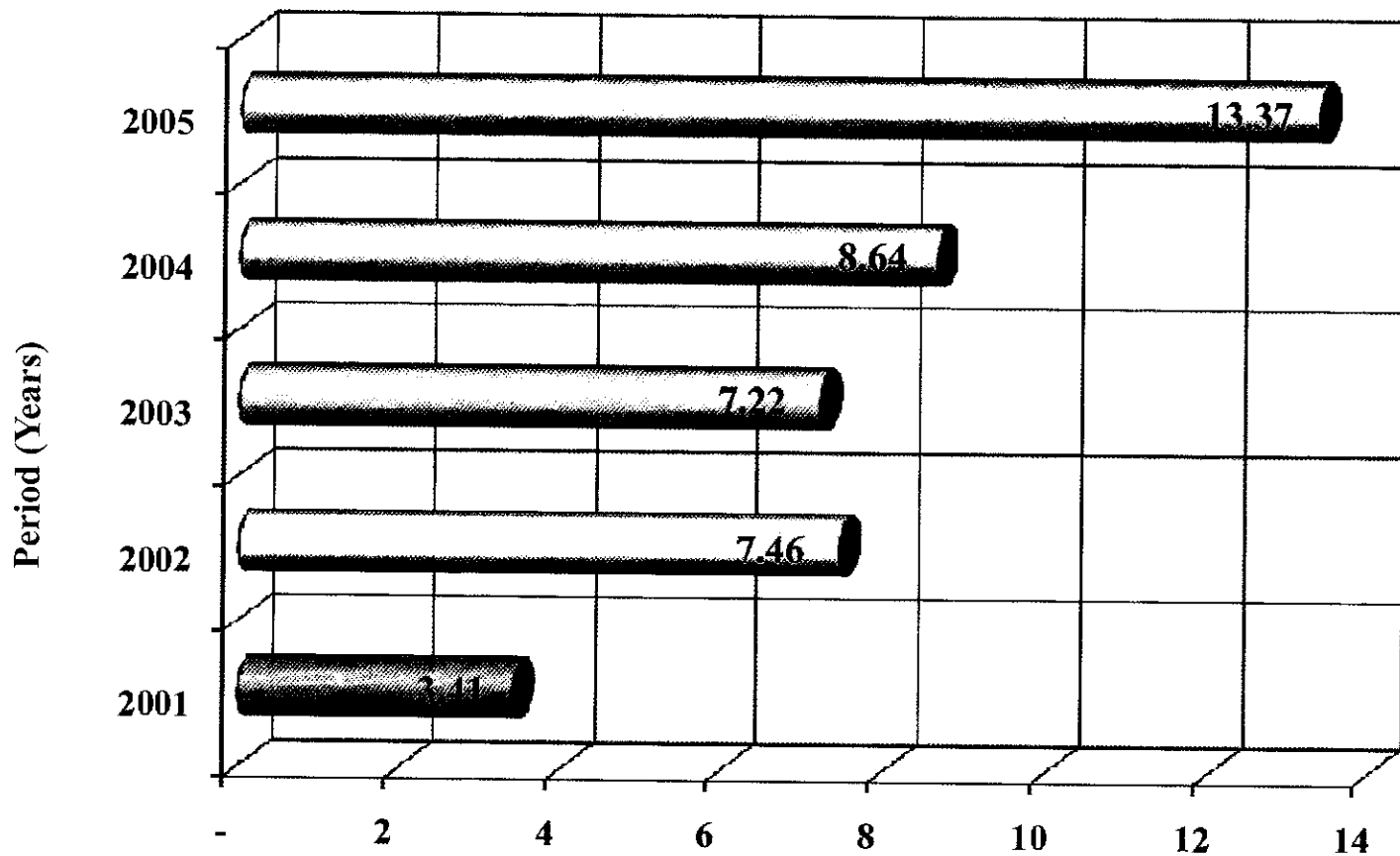
Operating Surplus (2001-2005)



Amount (Million dollars)

Period	2001	2002	2003	2004	2005
Operating Surplus	(54.50)	71.94	30.61	(6.10)	45.89

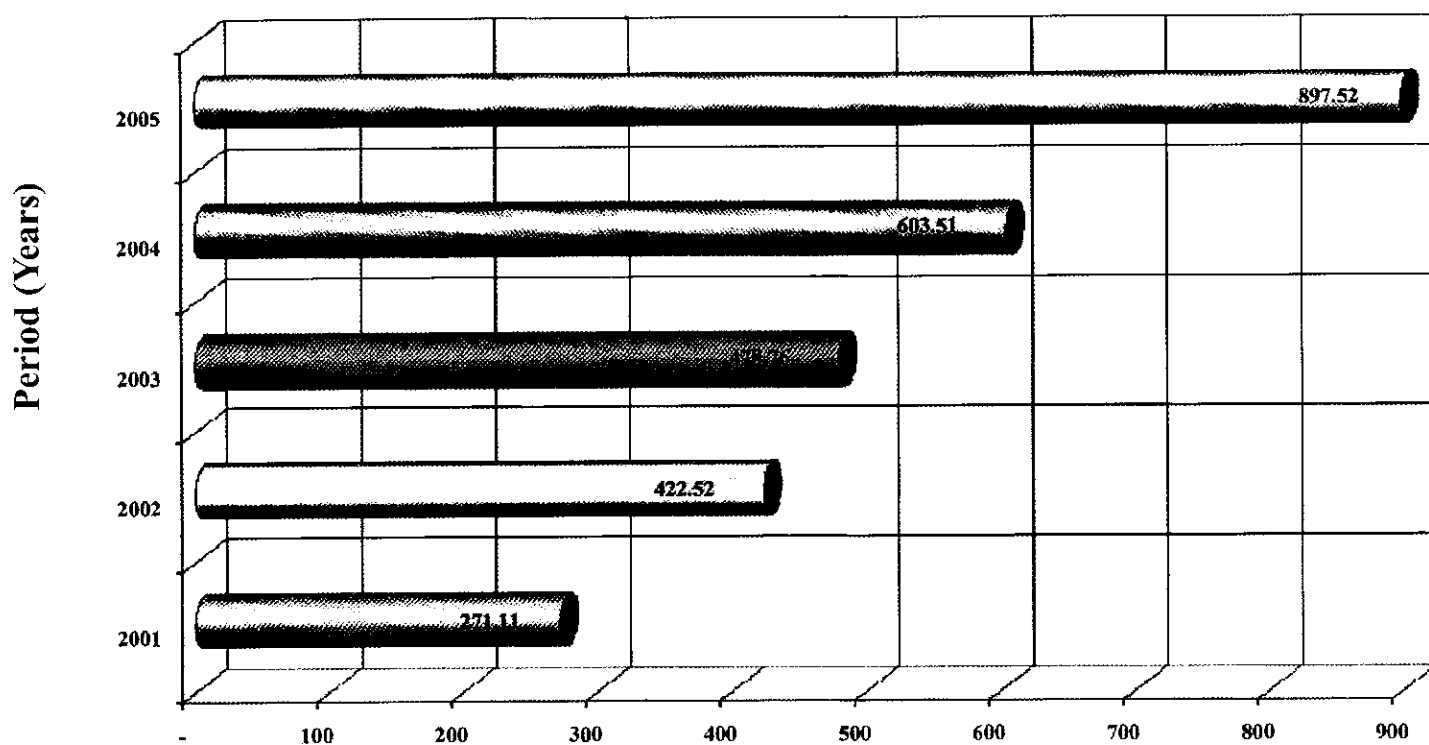
Turnover (2001-2005)



Amount (Billion dollars)

Period	2001	2002	2003	2004	2005
Turnover	3.41	7.46	7.22	8.64	13.37

Royalties and Taxes collected (2001-2005)



Amount (Million dollars)

Period	2001	2002	2003	2004	2005
Royalties and Taxes	271.11	422.52	478.76	603.51	897.52

Section

2



Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

AG: 66 /2007

26 June 2007

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF GUYANA GOLD BOARD ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

Chartered Accountants, Nizam Ali & Company, have audited on my behalf the financial statements of Guyana Gold Board for the year ended 31 December 2005, as set out on pages 2 to 13. The audit was conducted in accordance with the Audit Act 2004.

Respective Responsibilities of Management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

Basis of Opinion

The audit was conducted in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that I plan and perform the audit to obtain reasonable assurance about 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. I believe that my audit provides a reasonable basis for my opinion.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

Opinion

In my opinion, the financial statements on pages 2 to 13 present fairly, in all material respects, the financial position of the Guyana Gold Board as at 31 December 2005, and the results of operations for the year then ended in conformity with generally accepted accounting principles.

Without qualifying my opinion I draw attention to note 2(1) to the financial statements. Management has represented to us that the board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. Management is in the process of establishing this authority. The Board has not paid any Corporation taxes since its formation and no provision for such taxes has been made in these financial statements.



AUDIT OFFICE
D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.



Nizam Ali & Company

Chartered Accountants

9 Church Street
Georgetown
Guyana

Tel: (592)-225-9291

(592)-227-8825

Telefax (592)-227-8824

E-mail: nizamali@guyana.net.gy

REPORT OF CHARTERED ACCOUNTANTS NIZAM ALI AND COMPANY TO THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF GUYANA GOLD BOARD FOR THE YEAR ENDED DECEMBER 31, 2005

We have audited the accompanying financial statements of Guyana Gold Board, which comprise the balance sheet as at December 31, 2005 and the statement of net income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Office of Guyana Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control 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 the 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.

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

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of the Board as of December 31, 2005 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Emphasis of matter

Without qualifying our opinion we draw attention to note 2(1) to the financial statements. Management has represented to us that the Board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. Management is in the process of establishing this authority. The Board has not paid any Corporation or Property taxes since its formation and no provision for such taxes has been made in these financial statements.

Nizam Ali & Company

Chartered Accountants
Georgetown, Guyana

June 1, 2007

Correspondent firm of
KPMG International, a Swiss association

Partner:
Nizam Ali - FCCA, ATII

GUYANA GOLD BOARD

Balance Sheet

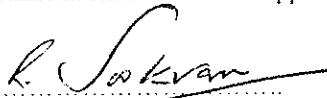
December 31, 2005

With comparative figures for 2004


(Expressed in Guyana Dollars)

	Notes	2005 \$	2004 \$
Plant and Equipment	7	8,451,103	11,305,073
Current assets			
Inventories	4	1,173,083,624	1,095,993,345
Accounts receivable and prepayment	3	3,680,172	6,358,420
Cash on hand and at bank		407,990,056	289,264,178
Total current assets		1,584,753,852	1,391,615,943
Total assets		1,593,204,955	1,402,921,016
Liabilities and equity			
Liabilities			
Bank overdraft		2,572,210	404,536
Advance from the Ministry of Finance	5	1,327,763,036	1,200,292,954
Accounts payable	6	47,350,431	32,594,638
Total liabilities		1,377,685,677	1,233,292,128
Equity			
Government contribution	8	108,577,100	108,577,100
Revaluation reserve		616,250	3,145,000
Accumulated surplus		106,325,928	57,906,788
Total equity		215,519,278	169,628,888
Total liabilities and equity		1,593,204,955	1,402,921,016

These financial statements were approved by the Board of Directors on May 31, 2007 and signed on its behalf by :



Director



Director

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Net Income
for the year ended December 31, 2005
With comparative figures for 2004
(Expressed in Guyana Dollars)

	<u>Notes</u>	2005 \$	2004 \$
Sales	9	13,367,142,930	8,640,761,702
Cost of Sales	10	13,252,499,703	8,572,531,366
Gross Profit		114,643,227	68,230,336
Other income	11	30,195,663	19,973,679
Operating income		144,838,890	88,204,015
Less: Expenditure			
Administrative	12	97,309,500	92,633,214
Directors' Emoluments	14	1,639,000	1,469,000
		98,948,500	94,300,067
Net income (loss) for the year	13	45,890,390	(6,096,052)

The accompanying notes form an integral part of these financial statements.

GUYANA GOLD BOARD
Statement of Changes in Equity
for the year ended December 31, 2005
With comparative figures for 2004
(Expressed in Guyana Dollars)

	Government Contribution \$	Revaluation Reserves \$	Accumulated Surplus \$	Total \$
Balance at January 01, 2004	108,577,100	3,145,000	64,002,840	175,724,940
Net loss	—	—	(6,096,052)	(6,096,052)
Balance at December 31, 2004	108,577,100	3,145,000	57,906,788	169,628,888
Balance at January 01, 2005	108,577,100	3,145,000	57,906,788	169,628,888
Realisation of revaluation reserve through depreciation of related assets	—	(2,528,750)	2,528,750	—
Net income	—	—	45,890,390	45,890,390
Balance at December 31, 2005	108,577,100	616,250	106,325,928	215,519,278

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Cash Flow Statement
for the year ended December 31, 2005
With comparative figures for 2004
(Expressed in Guyana Dollars)

	2005 \$	2004 \$
Net cash flow from operating activities		
Net income (loss)	45,890,390	(6,096,052)
Adjustment for:		
Depreciation charges	5,673,509	7,328,222
Operating income before working capital	51,563,899	1,232,170
Increase in stocks	(77,090,279)	(258,642,641)
Decrease) in accounts receivable and prepayment	2,678,248	6,969,313
Increase in Ministry of Finance	127,470,082	372,833,397
Increase (decrease) in accounts payable	14,755,793	(25,803,547)
Net cash used in operating activities	119,377,743	96,584,615
Cash flow from investing activity		
Purchase of plant and equipment	(2,819,539)	(4,429,663)
Cash used in investing activity	(2,819,539)	(4,429,663)
Net cincrease in cash and cash equivalents	116,558,204	92,159,029
Cash and cash equivalents at beginning of the year	288,859,642	196,700,612
Cash and cash equivalents at end of the year	405,417,846	288,859,642
Cash and cash equivalents comprise:		
Cash on hand and at bank	407,990,056	289,264,178
Bank overdraft	(2,572,210)	(404,536)
	405,417,846	288,859,642

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

1. Incorporation and activities

(a) Incorporation

The Guyana Gold Board was formed under an Act of Parliament which is referred to as the Guyana Gold Board Act of 1981. Its principal activities as defined in section 4 are:-

- (a) to carry on the business of trading in gold;
- (b) to secure at all times an adequate supply of gold and to ensure its equitable distribution at fair prices;
- (c) to purchase all gold produced in Guyana;
- (d) to sell all gold in Guyana and to sell gold out of Guyana;
- (e) to engage in other related commercial or industrial activities;

The Guyana Gold Board entered into an agency arrangement with Mitsui & Co Precious Metals, Inc, (the agent) on July 8, 2002 for sale of its gold overseas. Under the arrangement the agent informs the Board of offer price. The Board will consider the price offered, and advise the agent whether to sell. The agent do not earn any commission from the Board on sale of gold.

2. Significant accounting policies

(a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) Plant and equipment and depreciation

Depreciation of plant and equipment, is provided for over the estimated useful lives of the respective assets using the straight-line method. A full year depreciation is charged in the year of acquisition and no depreciation is charged in the year disposal.

The following annual depreciation rates are applicable for the respective asset categories.

Furniture, fixtures and fittings	10%
Office equipment	12.50%
Motor vehicles	25%
Laboratory renovations	25%
Computer software	25%



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

(c) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined using weighted average method.

(d) Purchases

Purchase of gold are made based on the London daily fix per ounce of gold quoted in US dollars.

The payment for gold purchased is based on an assumed purity without a payout factor of the average of the historical assay result. An initial payment is made after a deduction of G\$4.25 from the average US\$/G\$ exchange rate of six commercial bank. The initial payment is made on the payout factor is adjusted when actual assaying results are determined, for results higher than the payout factor the Board pays the miners the additional amount, for results lower than the payout factor the miners reimburses the Board the difference from future transactions.

(e) Sales

The board market its gold locally and overseas. Local sales are made directly to jewellers. For over seas sale, smelted raw gold are sent to Royal Canadian Mint where it is refined and then marketed through the Board's agent -Mitsui Precious Metal Inc.

- (i) Spot transaction
- (ii) Forward transaction
- (iii) Option transaction

During the year the Board entered no forward transactions. The Board entered into several short term call option transactions during the year, at year end there was no outstanding options.

(f) Revenue recognition

Local Sales

The Board recognises revenue when the customer takes possession of the gold, collections of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price fixed or determinable.

Foreign Sales

The Board recognises revenue when Bank of Guyana acknowledges that payments are received from Mitsui Precious Metals, Inc.. The agent makes payment it is instructed by the Board to effect a sale and the gold has physically transferred.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

(g) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with the bank.

(h) Foreign Currency Translation

Monetary assets and liabilities denominated in a foreign currency are translated at the Bank of Guyana current rates of exchange, any exchange adjustments are included in other income.

(i) Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(j) Impairment of Long-Lived Assets

In accordance with best practice, long lived assets, such as plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognised by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(k) Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumption 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 expenses during the reporting period. Actual results could differ.

(l) Taxation

The Board is exempt for Corporation and Property Taxes.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

	<u>2005</u>	<u>2004</u>
	\$	\$
3. Accounts receivable and prepayment		
Debtors (assay)	2,041,766	4,734,578
Prepayments - cash in transit insurance	1,638,406	1,623,842
	<u>3,680,172</u>	<u>6,358,420</u>

4. Inventory

Laboratory	4,657,876	505,388
Bank of Guyana	1,638,406	494,686,429
Mitsui (see note)	209,499,207	600,801,528
	<u>1,173,083,624</u>	<u>1,095,993,345</u>

Note

Under the agency arrangement between Mitsui Precious Metals, Inc. and the Guyana Gold Board, Mitsui, based on the instruction of the Board may effect certain sales of gold without the gold being physically transferred. Mitsui holds a stock of 2,000 Ounces of gold as security for such transactions. This stock of Gold is not readily accessible by the Board.

5. Advance from the Ministry of Finance

1,327,763,036 1,200,292,954

The Board receives advances from the Ministry of Finance, which is used for the purchase of gold and the payment of the Board's expenditure. The revenue from sales of gold overseas when received are used to reimburse this advance. The balance on this account represents advances not yet reimbursed

6. Accounts payable

Trade creditors	4,222,661	6,143,729
Gold dealers' tax payable	15,265,847	16,698,127
Gold dealers' royalties payable	21,682,847	4,176,859
Accruals	2,698,733	1,829,953
Others	3,480,343	3,745,970
	<u>47,350,431</u>	<u>32,594,638</u>

GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

7. Plant and equipment

	Furniture, fixture & Fittings	Lab & office Equipment	Motor Vehicles Renovation	Fire	Computer Arm	Software	Lab & Smelting Room	Total
	\$	\$	\$		\$	\$	\$	\$
At Jan 01, 2005	4,004,984	27,749,730	15,868,758		489,016	1,309,000	10,580,550	60,002,038
Additions	157,745	399,899	--		--	2,261,895	--	2,819,539
At Dec 31, 2005	<u>4,162,729</u>	<u>28,149,629</u>	<u>15,868,758</u>		<u>489,016</u>	<u>3,570,895</u>	<u>10,580,550</u>	<u>62,821,577</u>
Represented by								
Cost	4,162,729	27,684,629	13,188,758		489,016	3,570,895	10,580,550	59,676,577
Valuation	--	465,000	2,680,000		--	--	--	3,145,000
	<u>4,162,729</u>	<u>28,149,629</u>	<u>15,868,758</u>		<u>489,016</u>	<u>3,570,895</u>	<u>10,580,550</u>	<u>62,821,577</u>
Accumulated depreciation								
At Jan 01, 2005	2,577,096	20,261,779	15,868,758		489,016	1,309,000	8,191,316	48,696,965
Charges for the year	416,272	3,518,703	--		--	892,723	845,811	5,673,509
At Dec 31, 2005	<u>2,993,368</u>	<u>22,780,482</u>	<u>15,868,758</u>		<u>489,016</u>	<u>2,201,723</u>	<u>9,037,127</u>	<u>54,370,474</u>
Net book values								
At Dec 31, 2005	<u>1,169,361</u>	<u>4,369,147</u>	<u>--</u>		<u>--</u>	<u>1,369,172</u>	<u>1,523,423</u>	<u>8,451,103</u>
At Dec 31, 2004	<u>1,427,888</u>	<u>7,487,951</u>	<u>--</u>		<u>--</u>	<u>--</u>	<u>2,389,234</u>	<u>11,305,073</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

	2005 \$	2004 \$
8. Government contribution	<u>108,577,345</u>	<u>108,577,345</u>
9. Turnover		
Local sales	58,402,292	53,385,738
Foreign sales	13,308,740,638	8,587,375,964
	<u>13,367,142,930</u>	<u>8,640,761,702</u>
10. Cost of sales		
Opening stocks	1,095,993,345	837,350,704
Purchases	13,276,665,472	8,803,553,645
Shipping and refining cost	52,924,510	27,620,362
	<u>14,425,583,327</u>	<u>9,668,524,711</u>
Less closing stocks	(1,173,083,624)	(1,095,993,345)
	<u>13,252,499,703</u>	<u>8,572,531,366</u>
11. Other income		
Silver Sales	16,336,092	10,249,562
Lease Income	699,752	470,915
Miscellaneous	569,030	5,829,689
Exporters' Licence fee	1,000,000	1,000,000
Interest on BCM Account	--	4,077
Option Premium	11,590,789	2,419,436
	<u>30,195,663</u>	<u>19,973,679</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

12. Administrative expenses

Insurance	1,992,322	1,697,410
Employment Cost	25,870,327	24,047,402
Depreciation	5,673,509	7,328,222
Audit Fee	1,400,000	1,000,000
Security	11,739,347	13,769,569
Motor Vehicle Expenses	1,524,926	1,403,425
Samples Test	18,334,545	11,220,750
Legal Fees	27,228	11,000
Stationery and Supplies	1,277,724	1,208,018
Others	4,673,394	6,128,693
Gold Burning Expenses	2,549,481	2,772,066
Office Maintenance	749,381	1,428,352
Meal Allowance	6,430	283,495
Staff Welfare and Training	1,114,553	926,084
Telephone, Internet and Telex Charges	684,630	793,022
Gifts, Donation and Hospitality	557,537	569,364
Stamp Expenses	2,774,043	8,744,177
Advertisement	88,950	239,950
Repairs to Equipment & Furniture	3,777,344	1,127,749
Books & Publications	289,235	266,248
Loss on Exchange	--	7,605,798
Consultancy Fees	--	62,420
Health and safety	546,399	--
Consultancy Fees	932,935	--

97,309,500

92,831,067

13. Net income (loss) for the year

45,890,390

(6,096,052)

After charging the following:

Depreciation	5,673,509	7,328,222
Directors' fees (see note 14)	1,639,000	1,469,000
Auditors' remuneration	1,400,000	1,000,000

GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

	2005	2004
	\$	\$
14. Transactions with directors		
<i>Directors' Fees</i>		
Rishi Sookram	504,000	399,000
Rene Faerber	240,000	265,000
Harinarine Tiwari	210,000	230,000
Carl Baldie	170,000	90,000
Roberson Benn	200,000	215,000
Jeffery Thomas	250,000	190,000
Allison Thorne	35,000	-
Nareshwar Harnanan	30,000	80,000
	1,639,000	1,469,000

Carl Baldie is also a client of the Board. During the year total payments for the gold purchased from this client amounted to \$292,629. The rate paid was the same as that paid to non-related clients.

15. Fair values

Cash and short term funds

Cash and short term funds comprise of cash on hand and deposit with central bank. The carrying values approximates the fair values.

Accounts received and prepayments

Accounts received and prepayments are net of specific provisions for losses and their carrying amounts reflect their fair value.

Accounts payable and advance from Ministry of Finance

The fair value of accounts payable and advances from the Ministry of Finances are assumed to approximate the carrying values due to their short term nature.



Nizam Ali & Company

Chartered Accountants

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E-mail: nizamall@guyana.net.gy

REPORT OF CHARTERED ACCOUNTANTS
NIZAM ALI AND COMPANY
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 2005

We have audited the accompanying financial statements of Guyana Gold Board, which comprise the balance sheet as at December 31, 2005 and the statement of net income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Office of Guyana Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control 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 the 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.

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

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of the Board as of December 31, 2005 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Emphasis of matter

Without qualifying our opinion we draw attention to note 2(1) to the financial statements. Management has represented to us that the Board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. Management is in the process of establishing this authority. The Board has not paid any Corporation or Property taxes since its formation and no provision for such taxes has been made in these financial statements.

Nizam Ali & Company

Chartered Accountants
Georgetown, Guyana

June 1, 2007

Correspondent firm of
KPMG International, a Swiss association

Partner:
Nizam Ali - FCCA, ATH

GUYANA GOLD BOARD
Balance Sheet

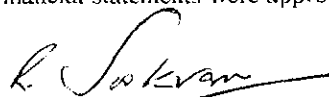
December 31, 2005

With comparative figures for 2004

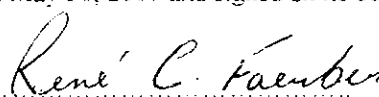
(Expressed in Guyana Dollars)

	Notes	2005 \$	2004 \$
Plant and Equipment	7	8,451,103	11,305,073
Current assets			
Inventories	4	1,173,083,624	1,095,993,345
Accounts receivable and prepayment	3	3,680,172	6,358,420
Cash on hand and at bank		407,990,056	289,264,178
Total current assets		1,584,753,852	1,391,615,943
Total assets		1,593,204,955	1,402,921,016
Liabilities and equity			
Liabilities			
Bank overdraft		2,572,210	404,536
Advance from the Ministry of Finance	5	1,327,763,036	1,200,292,954
Accounts payable	6	47,350,431	32,594,638
Total liabilities		1,377,685,677	1,233,292,128
Equity			
Government contribution	8	108,577,100	108,577,100
Revaluation reserve		616,250	3,145,000
Accumulated surplus		106,325,928	57,906,788
Total equity		215,519,278	169,628,888
Total liabilities and equity		1,593,204,955	1,402,921,016

These financial statements were approved by the Board of Directors on May 31, 2007 and signed on its behalf by :



Director



Director

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Net Income
for the year ended December 31, 2005
With comparative figures for 2004
(Expressed in Guyana Dollars)

	<u>Notes</u>	2005 \$	2004 \$
Sales	9	13,367,142,930	8,640,761,702
Cost of Sales	10	13,252,499,703	8,572,531,366
Gross Profit		114,643,227	68,230,336
Other income	11	30,195,663	19,973,679
Operating income		144,838,890	88,204,015
Less: Expenditure			
Administrative	12	97,309,500	92,633,214
Directors' Emoluments	14	1,639,000	1,469,000
		98,948,500	94,300,067
Net income (loss) for the year	13	45,890,390	(6,096,052)

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Changes in Equity
for the year ended December 31, 2005
With comparative figures for 2004
(Expressed in Guyana Dollars)

	Government Contribution \$	Revaluation Reserves \$	Accumulated Surplus \$	Total \$
Balance at January 01, 2004	108,577,100	3,145,000	64,002,840	175,724,940
Net loss	—	—	(6,096,052)	(6,096,052)
Balance at December 31, 2004	108,577,100	3,145,000	57,906,788	169,628,888
Balance at January 01, 2005	108,577,100	3,145,000	57,906,788	169,628,888
Realisation of revaluation reserve through depreciation of related assets	—	(2,528,750)	2,528,750	—
Net income	—	—	45,890,390	45,890,390
Balance at December 31, 2005	108,577,100	616,250	106,325,928	215,519,278

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Cash Flow Statement
for the year ended December 31, 2005
With comparative figures for 2004
(Expressed in Guyana Dollars)

	2005	2004
	\$	\$
Net cash flow from operating activities		
Net income (loss)	45,890,390	(6,096,052)
Adjustment for:		
Depreciation charges	5,673,509	7,328,222
Operating income before working capital	51,563,899	1,232,170
Increase in stocks	(77,090,279)	(258,642,641)
Decrease) in accounts receivable and prepayment	2,678,248	6,969,313
Increase in Ministry of Finance	127,470,082	372,833,397
Increase (decrease) in accounts payable	14,755,793	(25,803,547)
Net cash used in operating activities	119,377,743	96,584,615
Cash flow from investing activity		
Purchase of plant and equipment	(2,819,539)	(4,429,663)
Cash used in investing activity	(2,819,539)	(4,429,663)
Net cincrease in cash and cash equivalents	116,558,204	92,159,029
Cash and cash equivalents at beginning of the year	288,859,642	196,700,612
Cash and cash equivalents at end of the year	405,417,846	288,859,642
Cash and cash equivalents comprise:		
Cash on hand and at bank	407,990,056	289,264,178
Bank overdraft	(2,572,210)	(404,536)
	405,417,846	288,859,642

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

1. Incorporation and activities

(a) Incorporation

The Guyana Gold Board was formed under an Act of Parliament which is referred to as the Guyana Gold Board Act of 1981. Its principal activities as defined in section 4 are:-

- (a) to carry on the business of trading in gold;
- (b) to secure at all times an adequate supply of gold and to ensure its equitable distribution at fair prices;
- (c) to purchase all gold produced in Guyana;
- (d) to sell all gold in Guyana and to sell gold out of Guyana;
- (e) to engage in other related commercial or industrial activities;

The Guyana Gold Board entered into an agency arrangement with Mitsui & Co Precious Metals, Inc, (the agent) on July 8, 2002 for sale of its gold overseas. Under the arrangement the agent informs the Board of offer price. The Board will consider the price offered, and advise the agent whether to sell. The agent do not earn any commission from the Board on sale of gold.

2. Significant accounting policies

(a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) Plant and equipment and depreciation

Depreciation of plant and equipment, is provided for over the estimated useful lives of the respective assets using the straight-line method. A full year depreciation is charged in the year of acquisition and no depreciation is charged in the year disposal.

The following annual depreciation rates are applicable for the respective asset categories.

Furniture, fixtures and fittings	10%
Office equipment	12.50%
Motor vehicles	25%
Laboratory renovations	25%
Computer software	25%



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

(c) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined using weighted average method.

(d) Purchases

Purchase of gold are made based on the London daily fix per ounce of gold quoted in US dollars.

The payment for gold purchased is based on an assumed purity without a payout factor of the average of the historical assay result. An initial payment is made after a deduction of G\$4.25 from the average US\$/G\$ exchange rate of six commercial bank. The initial payment is made on the payout factor is adjusted when actual assaying results are determined, for results higher than the payout factor the Board pays the miners the additional amount, for results lower than the payout factor the miners reimburses the Board the difference from future transactions.

(e) Sales

The board market its gold locally and overseas. Local sales are made directly to jewellers. For overseas sale, smelted raw gold are sent to Royal Canadian Mint where it is refined and then marketed through the Board's agent -Mitsui Precious Metal Inc.

- (i) Spot transaction
- (ii) Forward transaction
- (iii) Option transaction

During the year the Board entered no forward transactions. The Board entered into several short term call option transactions during the year, at year end there was no outstanding options.

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Local Sales

The Board recognises revenue when the customer takes possession of the gold, collections of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price fixed or determinable.

Foreign Sales

The Board recognises revenue when Bank of Guyana acknowledges that payments are received from Mitsui Precious Metals, Inc.. The agent makes payment it is instructed by the Board to effect a sale and the gold has physically transferred.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

(g) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with the bank.

(h) Foreign Currency Translation

Monetary assets and liabilities denominated in a foreign currency are translated at the Bank of Guyana current rates of exchange, any exchange adjustments are included in other income.

(i) Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(j) Impairment of Long-Lived Assets

In accordance with best practice, long lived assets, such as plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognised by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(k) Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) 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 expenses during the reporting period. Actual results could differ.

(l) Taxation

The Board is exempt for Corporation and Property Taxes.

GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

	2005	2004
	\$	\$
3. Accounts receivable and prepayment		
Debtors (assay)	2,041,766	4,734,578
Prepayments - cash in transit insurance	1,638,406	1,623,842
	<u>3,680,172</u>	<u>6,358,420</u>

4. Inventory

Laboratory	4,657,876	505,388
Bank of Guyana	1,638,406	494,686,429
Mitsui (see note)	209,499,207	600,801,528
	<u>1,173,083,624</u>	<u>1,095,993,345</u>

Note

Under the agency arrangement between Mitsui Precious Metals, Inc. and the Guyana Gold Board, Mitsui, based on the instruction of the Board may effect certain sales of gold without the gold being physically transferred. Mitsui holds a stock of 2,000 Ounces of gold as security for such transactions. This stock of Gold is not readily accessible by the Board.

5. Advance from the Ministry of Finance	<u>1,327,763,036</u>	<u>1,200,292,954</u>
--	----------------------	----------------------

The Board receives advances from the Ministry of Finance, which is used for the purchase of gold and the payment of the Board's expenditure. The revenue from sales of gold overseas when received are used to reimburse this advance. The balance on this account represents advances not yet reimbursed

6. Accounts payable

Trade creditors	4,222,661	6,143,729
Gold dealers' tax payable	15,265,847	16,698,127
Gold dealers' royalties payable	21,682,847	4,176,859
Accruals	2,698,733	1,829,953
Others	3,480,343	3,745,970
	<u>47,350,431</u>	<u>32,594,638</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

7. Plant and equipment

	Furniture, fixture & Fittings	Lab & office Equipment	Motor Vehicles Renovation	Fire	Computer Arm	Software	Lab & Smelting Room	Total
	\$	\$	\$		\$	\$	\$	\$
At Jan 01, 2005	4,004,984	27,749,730	15,868,758		489,016	1,309,000	10,580,550	60,002,038
Additions	157,745	399,899	--		--	2,261,895	--	2,819,539
At Dec 31, 2005	4,162,729	28,149,629	15,868,758		489,016	3,570,895	10,580,550	62,821,577
Represented by								
Cost	4,162,729	27,684,629	13,188,758		489,016	3,570,895	10,580,550	59,676,577
Valuation	--	465,000	2,680,000		--	--	--	3,145,000
	4,162,729	28,149,629	15,868,758		489,016	3,570,895	10,580,550	62,821,577
Accumulated depreciation								
At Jan 01, 2005	2,577,096	20,261,779	15,868,758		489,016	1,309,000	8,191,316	48,696,965
Charges for the year	416,272	3,518,703	--		--	892,723	845,811	5,673,509
At Dec 31, 2005	2,993,368	22,780,482	15,868,758		489,016	2,201,723	9,037,127	54,370,474
Net book values								
At Dec 31, 2005	1,169,361	4,369,147	--		--	1,369,172	1,523,423	8,451,103
At Dec 31, 2004	1,427,888	7,487,951	--		--	--	2,389,234	11,305,073



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

	2005 \$	2004 \$
8. Government contribution	<u>108,577,345</u>	<u>108,577,345</u>
9. Turnover		
Local sales	58,402,292	53,385,738
Foreign sales	13,308,740,638	8,587,375,964
	<u>13,367,142,930</u>	<u>8,640,761,702</u>
10. Cost of sales		
Opening stocks	1,095,993,345	837,350,704
Purchases	13,276,665,472	8,803,553,645
Shipping and refining cost	52,924,510	27,620,362
	<u>14,425,583,327</u>	<u>9,668,524,711</u>
Less closing stocks	(1,173,083,624)	(1,095,993,345)
	<u>13,252,499,703</u>	<u>8,572,531,366</u>
11. Other income		
Silver Sales	16,336,092	10,249,562
Lease Income	699,752	470,915
Miscellaneous	569,030	5,829,689
Exporters' Licence fee	1,000,000	1,000,000
Interest on BCM Account	--	4,077
Option Premium	11,590,789	2,419,436
	<u>30,195,663</u>	<u>19,973,679</u>

GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

12. Administrative expenses

Insurance	1,992,322	1,697,410
Employment Cost	25,870,327	24,047,402
Depreciation	5,673,509	7,328,222
Audit Fee	1,400,000	1,000,000
Security	11,739,347	13,769,569
Motor Vehicle Expenses	1,524,926	1,403,425
Samples Test	18,334,545	11,220,750
Legal Fees	27,228	11,000
Stationery and Supplies	1,277,724	1,208,018
Others	4,673,394	6,128,693
Gold Burning Expenses	2,549,481	2,772,066
Office Maintenance	749,381	1,428,352
Meal Allowance	6,430	283,495
Staff Welfare and Training	1,114,553	926,084
Telephone, Internet and Telex Charges	684,630	793,022
Gifts, Donation and Hospitality	557,537	569,364
Stamp Expenses	2,774,043	8,744,177
Advertisement	88,950	239,950
Repairs to Equipment & Furniture	3,777,344	1,127,749
Books & Publications	289,235	266,248
Loss on Exchange	--	7,605,798
Consultancy Fees	--	62,420
Health and safety	546,399	--
Consultancy Fees	932,935	--

97,309,500 **92,831,067**

13. Net income (loss) for the year

45,890,390 **(6,096,052)**

After charging the following:

Depreciation	5,673,509	7,328,222
Directors' fees (see note 14)	1,639,000	1,469,000
Auditors' remuneration	1,400,000	1,000,000



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

	2005	2004
	\$	\$
14. Transactions with directors		
<i>Directors' Fees</i>		
Rishi Sookram	504,000	399,000
Rene Faerber	240,000	265,000
Harinarine Tiwari	210,000	230,000
Carl Baldie	170,000	90,000
Roberson Benn	200,000	215,000
Jeffery Thomas	250,000	190,000
Allison Thorne	35,000	-
Nareshwar Harnanan	30,000	80,000
	<hr/> 1,639,000	<hr/> 1,469,000

Carl Baldie is also a client of the Board. During the year total payments for the gold purchased from this client amounted to \$292,629. The rate paid was the same as that paid to non-related clients.

15. Fair values

Cash and short term funds

Cash and short term funds comprise of cash on hand and deposit with central bank. The carrying values approximates the fair values.

Accounts received and prepayments

Accounts received and prepayments are net of specific provisions for losses and their carrying amounts reflect their fair value.

Accounts payable and advance from Ministry of Finance

The fair value of accounts payable and advances from the Ministry of Finances are assumed to approximate the carrying values due to their short term nature.



Nizam Ali & Company

Chartered Accountants

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(592)-227-8825
Telefax (592)-227-8824
E-mail: nizamali@guyana.net.gy

REPORT OF CHARTERED ACCOUNTANTS NIZAM ALI AND COMPANY TO THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF GUYANA GOLD BOARD FOR THE YEAR ENDED DECEMBER 31, 2005

We have audited the accompanying financial statements of Guyana Gold Board, which comprise the balance sheet as at December 31, 2005 and the statement of net income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Office of Guyana Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control 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 the 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.

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

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of the Board as of December 31, 2005 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Emphasis of matter

Without qualifying our opinion we draw attention to note 2(1) to the financial statements. Management has represented to us that the Board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. Management is in the process of establishing this authority. The Board has not paid any Corporation or Property taxes since its formation and no provision for such taxes has been made in these financial statements.

Nizam Ali & Company

Chartered Accountants
Georgetown, Guyana

June 1, 2007

Correspondent firm of
KPMG International, a Swiss association

Partner:
Nizam Ali - FCCA, ATII

GUYANA GOLD BOARD
Balance Sheet

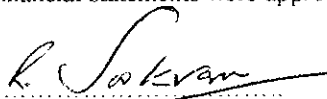
December 31, 2005

With comparative figures for 2004

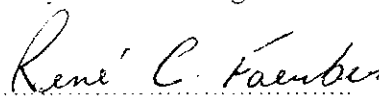
(Expressed in Guyana Dollars)

	<u>Notes</u>	<u>2005</u> \$	<u>2004</u> \$
Plant and Equipment	7	8,451,103	11,305,073
Current assets			
Inventories	4	1,173,083,624	1,095,993,345
Accounts receivable and prepayment	3	3,680,172	6,358,420
Cash on hand and at bank		407,990,056	289,264,178
Total current assets		<u>1,584,753,852</u>	<u>1,391,615,943</u>
Total assets		<u>1,593,204,955</u>	<u>1,402,921,016</u>
Liabilities and equity			
Liabilities			
Bank overdraft		2,572,210	404,536
Advance from the Ministry of Finance	5	1,327,763,036	1,200,292,954
Accounts payable	6	47,350,431	32,594,638
Total liabilities		<u>1,377,685,677</u>	<u>1,233,292,128</u>
Equity			
Government contribution	8	108,577,100	108,577,100
Revaluation reserve		616,250	3,145,000
Accumulated surplus		106,325,928	57,906,788
Total equity		<u>215,519,278</u>	<u>169,628,888</u>
Total liabilities and equity		<u>1,593,204,955</u>	<u>1,402,921,016</u>

These financial statements were approved by the Board of Directors on May 31, 2007 and signed on its behalf by :



Director



Director

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Net Income
for the year ended December 31, 2005
With comparative figures for 2004
(Expressed in Guyana Dollars)

	<u>Notes</u>	<u>2005</u> \$	<u>2004</u> \$
Sales	9	13,367,142,930	8,640,761,702
Cost of Sales	10	13,252,499,703	8,572,531,366
Gross Profit		114,643,227	68,230,336
Other income	11	30,195,663	19,973,679
Operating income		144,838,890	88,204,015
Less: Expenditure			
Administrative	12	97,309,500	92,633,214
Directors' Emoluments	14	1,639,000	1,469,000
		98,948,500	94,300,067
Net income (loss) for the year	13	45,890,390	(6,096,052)

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Changes in Equity
for the year ended December 31, 2005
With comparative figures for 2004
(Expressed in Guyana Dollars)

	Government Contribution \$	Revaluation Reserves \$	Accumulated Surplus \$	Total \$
Balance at January 01, 2004	108,577,100	3,145,000	64,002,840	175,724,940
Net loss	—	—	(6,096,052)	(6,096,052)
Balance at December 31, 2004	108,577,100	3,145,000	57,906,788	169,628,888
Balance at January 01, 2005	108,577,100	3,145,000	57,906,788	169,628,888
Realisation of revaluation reserve through depreciation of related assets	—	(2,528,750)	2,528,750	—
Net income	—	—	45,890,390	45,890,390
Balance at December 31, 2005	108,577,100	616,250	106,325,928	215,519,278

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Cash Flow Statement
for the year ended December 31, 2005
With comparative figures for 2004
(Expressed in Guyana Dollars)

	2005	2004
	\$	\$
Net cash flow from operating activities		
Net income (loss)	45,890,390	(6,096,052)
Adjustment for:		
Depreciation charges	5,673,509	7,328,222
Operating income before working capital	51,563,899	1,232,170
Increase in stocks	(77,090,279)	(258,642,641)
Decrease) in accounts receivable and prepayment	2,678,248	6,969,313
Increase in Ministry of Finance	127,470,082	372,833,397
Increase (decrease) in accounts payable	14,755,793	(25,803,547)
Net cash used in operating activities	119,377,743	96,584,615
Cash flow from investing activity		
Purchase of plant and equipment	(2,819,539)	(4,429,663)
Cash used in investing activity	(2,819,539)	(4,429,663)
Net cincrease in cash and cash equivalents	116,558,204	92,159,029
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GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

1. Incorporation and activities

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GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
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(c) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined using weighted average method.

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The payment for gold purchased is based on an assumed purity without a payout factor of the average of the historical assay result. An initial payment is made after a deduction of G\$4.25 from the average US\$/G\$ exchange rate of six commercial bank. The initial payment is made on the payout factor is adjusted when actual assaying results are determined, for results higher than the payout factor the Board pays the miners the additional amount, for results lower than the payout factor the miners reimburses the Board the difference from future transactions.

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- (ii) Forward transaction
- (iii) Option transaction

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GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

(g) Cash and cash equivalents

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GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

	2005	2004
	\$	\$
3. Accounts receivable and prepayment		
Debtors (assay)	2,041,766	4,734,578
Prepayments - cash in transit insurance	1,638,406	1,623,842
	<u>3,680,172</u>	<u>6,358,420</u>
4. Inventory		
Laboratory	4,657,876	505,388
Bank of Guyana	1,638,406	494,686,429
Mitsui (see note)	209,499,207	600,801,528
	<u>1,173,083,624</u>	<u>1,095,993,345</u>
Note		
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Trade creditors	4,222,661	6,143,729
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Gold dealers' royalties payable	21,682,847	4,176,859
Accruals	2,698,733	1,829,953
Others	3,480,343	3,745,970
	<u>47,350,431</u>	<u>32,594,638</u>

GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

7. Plant and equipment

	Furniture, fixture & Fittings	Lab & office Equipment	Motor Vehicles Renovation	Fire	Computer Arm	Software	Lab & Smelting Room	Total
	\$	\$	\$		\$	\$	\$	\$
At Jan 01, 2005	4,004,984	27,749,730	15,868,758		489,016	1,309,000	10,580,550	60,002,038
Additions	157,745	399,899	--		--	2,261,895	--	2,819,539
At Dec 31, 2005	4,162,729	28,149,629	15,868,758		489,016	3,570,895	10,580,550	62,821,577
Represented by								
Cost	4,162,729	27,684,629	13,188,758		489,016	3,570,895	10,580,550	59,676,577
Valuation	--	465,000	2,680,000		--	--	--	3,145,000
	4,162,729	28,149,629	15,868,758		489,016	3,570,895	10,580,550	62,821,577
Accumulated depreciation								
At Jan 01, 2005	2,577,096	20,261,779	15,868,758		489,016	1,309,000	8,191,316	48,696,965
Charges for the year	416,272	3,518,703	--		--	892,723	845,811	5,673,509
At Dec 31, 2005	2,993,368	22,780,482	15,868,758		489,016	2,201,723	9,037,127	54,370,474
Net book values								
At Dec 31, 2005	1,169,361	4,369,147	--		--	1,369,172	1,523,423	8,451,103
At Dec 31, 2004	1,427,888	7,487,951	--		--	--	2,389,234	11,305,073



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

	2005	2004
	\$	\$
8. Government contribution	<u>108,577,345</u>	<u>108,577,345</u>
9. Turnover		
Local sales	58,402,292	53,385,738
Foreign sales	13,308,740,638	8,587,375,964
	<u>13,367,142,930</u>	<u>8,640,761,702</u>
10. Cost of sales		
Opening stocks	1,095,993,345	837,350,704
Purchases	13,276,665,472	8,803,553,645
Shipping and refining cost	52,924,510	27,620,362
	<u>14,425,583,327</u>	<u>9,668,524,711</u>
Less closing stocks	(1,173,083,624)	(1,095,993,345)
	<u>13,252,499,703</u>	<u>8,572,531,366</u>
11. Other income		
Silver Sales	16,336,092	10,249,562
Lease Income	699,752	470,915
Miscellaneous	569,030	5,829,689
Exporters' Licence fee	1,000,000	1,000,000
Interest on BCM Account	--	4,077
Option Premium	11,590,789	2,419,436
	<u>30,195,663</u>	<u>19,973,679</u>

GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

12. Administrative expenses

Insurance	1,992,322	1,697,410
Employment Cost	25,870,327	24,047,402
Depreciation	5,673,509	7,328,222
Audit Fee	1,400,000	1,000,000
Security	11,739,347	13,769,569
Motor Vehicle Expenses	1,524,926	1,403,425
Samples Test	18,334,545	11,220,750
Legal Fees	27,228	11,000
Stationery and Supplies	1,277,724	1,208,018
Others	4,673,394	6,128,693
Gold Burning Expenses	2,549,481	2,772,066
Office Maintenance	749,381	1,428,352
Meal Allowance	6,430	283,495
Staff Welfare and Training	1,114,553	926,084
Telephone, Internet and Telex Charges	684,630	793,022
Gifts, Donation and Hospitality	557,537	569,364
Stamp Expenses	2,774,043	8,744,177
Advertisement	88,950	239,950
Repairs to Equipment & Furniture	3,777,344	1,127,749
Books & Publications	289,235	266,248
Loss on Exchange	--	7,605,798
Consultancy Fees	--	62,420
Health and safety	546,399	--
Consultancy Fees	932,935	--
	97,309,500	92,831,067
13. Net income (loss) for the year	45,890,390	(6,096,052)

After charging the following:

Depreciation	5,673,509	7,328,222
Directors' fees (see note 14)	1,639,000	1,469,000
Auditors' remuneration	1,400,000	1,000,000

GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2005
(Expressed in Guyana Dollars)

	2005	2004
	\$	\$
14. Transactions with directors		
<i>Directors' Fees</i>		
Rishi Sookram	504,000	399,000
Rene Faerber	240,000	265,000
Harinarine Tiwari	210,000	230,000
Carl Baldie	170,000	90,000
Roberson Benn	200,000	215,000
Jeffery Thomas	250,000	190,000
Allison Thorne	35,000	-
Nareshwar Harnanan	30,000	80,000
	1,639,000	1,469,000

Carl Baldie is also a client of the Board. During the year total payments for the gold purchased from this client amounted to \$292,629. The rate paid was the same as that paid to non-related clients.

15. Fair values

Cash and short term funds

Cash and short term funds comprise of cash on hand and deposit with central bank. The carrying values approximates the fair values.

Accounts received and prepayments

Accounts received and prepayments are net of specific provisions for losses and their carrying amounts reflect their fair value.

Accounts payable and advance from Ministry of Finance

The fair value of accounts payable and advances from the Ministry of Finances are assumed to approximate the carrying values due to their short term nature.

Guyana Geology and Mines Commission

MINERAL EXPLORATION MAP OF GUYANA



60 0 60 120

Kilometers

Scale: 1:3,200,000

Mineral Occurrences

- Gold
- ◆ Diamond
- ★ Palladium / Platinum
- ⊙ Columbite / Tantalite
- ☆ Molybdenum
- ▲ Copper
- Chromium / Nickel
- Stone Quarry

- GOLD
- DIAMONDS WITH GOLD
- Bauxite
- MANGANESE
- LATERITE (FERR.)
- LATERITE (ALUM.)
- GLASS SAND
- BRICK TILE & CERAMIC CLAY
- COLUMBITE & TANTALITE
- MICA
- HEMATITE
- KYANITE





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Section

J



Letter of Transmittal

October 31, 2008

The Honourable Prime Minister;

Your Board of Directors submits to you the Annual Report 2006 of the Guyana Gold Board long with the Audited Financial Statement for the year ended December 31, 2006 in accordance with Section 16 of the Guyana Gold Board Act 1981.

Thank you.

On behalf of the Board of Directors

Anantram Balram
Secretary, Board of Directors



**Corporate Profile****AUDITORS**

Audit Office of Guyana
63 High Street, Kingston
Georgetown, Guyana.

Nizam Ali & Company
9 Church Street, Lacytown
Georgetown, Guyana.

LEGAL ADVISORS

Attorney General Chambers
95 Carmichael Street, North Cummingsburg,
Georgetown, Guyana.

REGISTERED OFFICE

68 Upper Brickdam,
Georgetown, Guyana.
P.O.Box 12204
Tel. No.: 225-3173
Fax No. : 225-4963
E-mail : ggb@gol.net.gy

SUB OFFICE

First Avenue Bartica
Region 7, Guyana
Tel No.:455-0072
Tel No. 455-0073

BANKERS

Bank of Guyana
1 Avenue of the Republic, Robbstown
Georgetown, Guyana.

Citizens Bank (Guyana) Limited
16 First Avenues, Bartica
Region 7, Guyana.

Republic Bank (Guyana) Limited
(Formerly) National Bank of Industry &
Commerce
38 Water Street, Robbstown, Georgetown,
Guyana.

Guyana Gold Board

Establishment (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Sections 3)

There is hereby established the Guyana Gold Board which shall be a body corporate and the provisions of the First Schedule shall have effect as to the constitution of the Board and otherwise in relation thereto.

Commencement

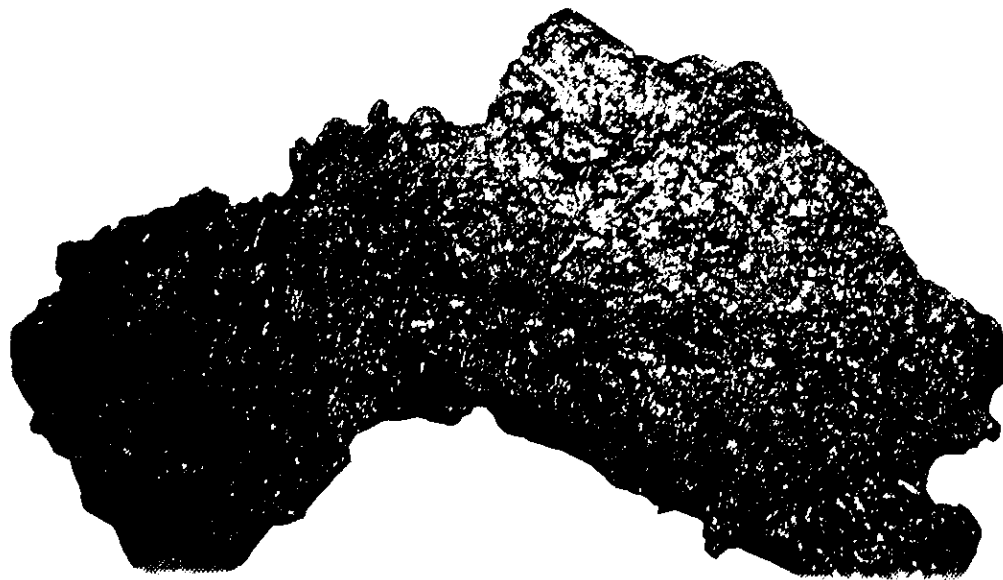
By Order No. 24 of 1982, the Guyana Gold Board commenced operations on May 15, 1982

Functions (Extracted from Guyana Gold Board Act Chap. 66:01 Sections 4)

It shall be the function of the Board –

- (a.) to carry on the business of trading in gold;
- (b.) to secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices;
- (c.) subject to this Act, to purchase all gold produced in Guyana;
- (d.) subject to this Act, to sell all gold in Guyana and to sell gold outside Guyana;
- (e.) to engage in other commercial or industrial activities.

The Guyana Gold Board has diligently delivered all of its mandated functions in 2006.





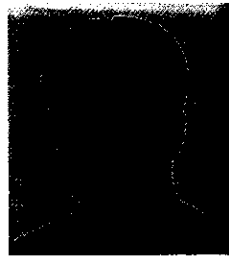
Minister Responsible and Board of Directors

Minister Responsible:



The Honourable Samuel A. Hinds
Prime Minister Co-operative Republic of Guyana; and
Minister Responsible for Mining

Board of Directors:



Rishi Sookram
Chairman
Board of Directors



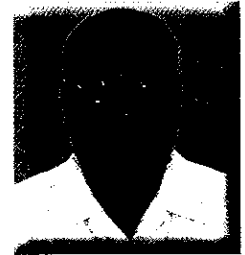
Brindley Robeson Benn
Immediate Past Director
Representing Guyana Geology
and Mines Commission



René Faerber
Director – Representing
Ministry of Finance



Carl Baldie
Director – Representing
Guyana Gold Board & Diamond
Miners Association



Harnarine Tiwari
Director – Representing
People Progressive Party/Civic



William Woolford
Director/Representing
Guyana Geology and
Mines Commission



Jeffrey Thomas
Director Representing
People's National
Congress/Reform



Allison Thorne
Legal Advisor
Attorney General
Chambers



Anantram Balram
Executive Director/General
Manager (ag.)



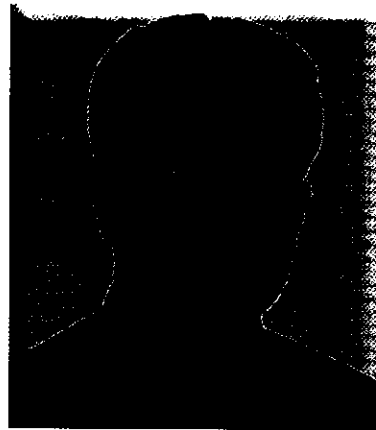
Chairman's Statement

Introduction

The Guyana Gold Board continued to show its value to our economy amidst changes in all sectors in Guyana. Our commitment to miners would always work in tandem with government policies and incentives to mining and beyond.

World Economic Climate

The world economy, although, it performed better in 2006 than in 2005, it cannot be said that 2006 was year without insecurity especially in the area such as changes in whether pattern presumable from global warming, unresolved geopolitical issues, increased prices for crude; to name a few.



Guyana Economy

According to the Central Bank (Bank of Guyana), Guyana recorded a real economic growth of 4.7 percent; after a decline of 1.9 percent in 2005. Although, the quantity of gold exported in 2006 (202,336 toz.) was lower than that of 2005 (269,263 toz) as a result of OMAI ceasing operations in September 2005; the value of the exports were higher, because of favourable gold prices through out 2006.

Financial Performance

The Guyana Gold Board has recorded a turnover of 21.3 Billion dollars in 2006 overtaking 2005 13.4 billion by 58.96 percent. The net income continued to improve, 45.9 million dollars net profit in 2005 and 125.6 million dollars in 2006 a percentage increase of 173.64

These performances were achieved amidst uncertainty and volatility in the gold market, especially when prices starts to fall after a prolonged rally in the gold market. The Guyana Gold Board would have to give considerations to the value and quantity of gold stocks held and the budgeted commitment to the Central Bank and the Ministry of Finance. The announcement by the Guyana Revenue Authority the gold would be exempted from Value Added Tax (VAT) was given serious considerations by the Guyana Gold Board, since the VAT paid on imports and local goods and services cannot be recovered.

Future Outlook

The future of gold remains largely positive with expectations focusing on the higher price range rather than the prospect of a collapse. This view has been supported by the significant increases in gold prices for the past five years. The Guyana Gold Board is aware that miners are investing capital and the Guyana Geology and Mines Commission is conducting more explorations so as to allocate more mining properties; this would support our view that declarations will increase in 2007 and in the future.

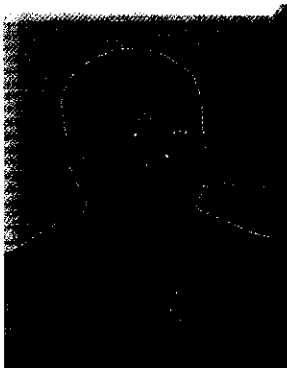
Conclusion

The Guyana Gold Board has come a far way in providing an exceptional service and ready market for miners, especially small scale miners. For this, I would like to thank all agencies and stakeholders directly or indirectly related to the Guyana Gold Board. Also I thank management and staff for an excellent year of hard work and commitment.

Rishi Sookram
Chairman, Board of Directors

General Manager's Report

Introduction



The Guyana Gold Board continued to establish itself as a major contributor to the economy. Picking up from its success in 2005; it has reached a technical record of exceeding 200,000 troy ounces gold declaration. Credits for this achievement should go mostly to the sustainable high prices for gold in the international market and the Government continued support to the miners.

The volatility in the gold market continued allowing us to post a significant surplus in 2006, as compared with 2005. Higher declaration means that the Guyana Gold Board could dispose of its gold stock, at a smaller margin per ounce and comfortably cover its operating costs.

The Guyana Gold Board established its first ever Sub Office located in Region 7-Bartica to assist miners in terms of cost and security.

The increase in declarations achievement, to the Guyana Gold Board, should not overshadow the fact that the gold was efficiently handled without compromising any activity within or outside its mandate.

The Gold Market

Gold price started 2006 (on the London Daily Fix) at USD520.75/toz. and ended the year on USD635.70/toz. or 22.07 % higher. The year 2006 reached a high of USD725.75/toz. and a low of USD520.75/toz. averaging around USD604.07/toz. on the London Bullion Market Association.

The principal reasons for the high volatility in 2005 are theoretically the same as in 2006, except for the weight of importance moving to different selection of reasons during the year. Some of the reasons are as follows:

- Currency trading- a weak USD normally see a rise in the gold price.
- Geopolitical issues unresolved- especially in the area of foreign policies as it relates to nuclear tests and uranium enrichment.
- Anticipated change in interest rates
- Additional availability of funds e.g. pension funds
- Physical demand and deregulation of the gold market, especially in China and India, due to economic growth
- Reduced hedging by gold mines and buyback of hedge books (de-hedging) show confidence in gold
- Expected shortfall in production targets worldwide
- Sales restrictions (quotas) by Central Banks
- General increase in production cost and overheads caused by inflation.

It has been seen, in 2006, that even though there are high levels of volatility, gold is often followed by a few days of cautious trading and profit taking. What is also noteworthy is mines, in most cases, seem reluctant to hedge, giving the feeling that gold is and will remain strong.

Production and Declaration

While, in 2005 the Guyana Gold Board felt that gold declarations did not match gold production; the view in 2006 is that miners are becoming more aware of the activities of the Guyana Gold Board; and are trickling back to the



legal stream. This is due mostly to:

- Government incentives to miners are given through proof of quantities declared to the Guyana Gold Board.
- Prices are most competitive based in the London Daily Fix.
- Finalisations of transactions are based on an established purity (i.e. local assay laboratory or overseas referee laboratory)

Gold declaration for 2006 was 205,970 troy ounces through the Guyana Gold Board and its licensed Dealers'. This increased declaration has been resultant of small and medium scale miners injecting further capital. Again, in 2006 as in 2005 fuel and transportation continues to be the major variable cost.

Foreign Exchange Generator

Gold exports valued at USD 115.4 (representing 202,336 troy ounces exported), in 2006 were done directly through the Guyana Gold Board.

From the list of exports of major commodities, gold stood second to sugar and ahead of timber, bauxite and rice.

Even though Omai Gold Mines closed operations in September 2005 and the overall declarations fell, the value of exports increased in 2006 due to favourable prices on the international market.

Human Resource

The Guyana Gold Board has upkeep its commitment to staff improvement and welfare. In 2006, one member of staff (sponsored by the Guyana Gold Board) completed a programme on Occupational Safety and Health conducted by the University of Guyana – Institute of Distance and Continuing Education. Members of Staff continued with private studies, which the cost of the examination are be reimbursed upon successful completion, and relevance to the organisation.

However, to locate individuals with the relevant specialist qualifications and experience remains a challenge.

The achievement of the Guyana Gold Board both in terms of declaration and exports, for 2006, should not overshadow the fact that majority of the twenty one (21) strong staff population are still relatively young to the organisation; this is what makes it more remarkable.

Technology

Available technology and their relevance to the operation and expansion of the Guyana Gold Board is a constant item for research and discussion.

Technologies associated with mercury reduction or elimination placed as priority. However, another area of priority that we are constantly looking to replace or upgrade is technologies related to physical security.

Expansion Plan

The Guyana Gold Board has completed its first sub office located in Bartica. The choice of location was simple; Bartica is referred to the 'gateway to the mining community' and as the capital of Region 7 – Cyuni/Mazaruni.



As such, this office was expected to rid miners of trips to Georgetown to sell their gold, saving them time, cost of transportation and reducing, significantly, the security risk (both in terms of cost and physical security).

Upon opening our doors of this new office to the public on April 13, 2006 and an official launching in August 14, 2006; we have surpassed expectations in terms of declarations and also believes that more gold is now being declared in the legal stream instead of the parallel market. The price offered at this office is exactly the same as in Georgetown (i.e. London Daily Fix).

The Guyana Gold Board continues to look at opportunities of expanding and offering similar services as our office in Bartica; however, our main stumbling block is that there are no Commercial Banks in those areas to facilitate payment to miners. On this issue the Honourable Prime Minister is also trying to convince bankers that some of these areas may be feasible to invest; and there is additional activities for example timber and other agricultural pursuits.

Future Outlook

The future of the Guyana Gold Board and the gold market continue to look positive in light of gold remaining bullish throughout 2006 and some commentators believe that it may continue for another two years into the foreseeable future. Some Mercantile banks and traders believe that the USD800/toz. that eluded us in 2006 is a distinct possibility in 2007.

The Government continued to emphasise its support for mining through His Excellency the President and the Honourable Prime Minister, this is evident through the infrastructural and exploratory works undertaken by the Guyana Geology and Mines Commission to support mining.

Declarations are expected to increase in 2007 with the establishment of the Bartica office, since miners will have easier access to the Guyana Gold Board and also more gold is expected to come in from the parallel market into the legal stream.

A joint effort will be undertaken in conjunction with the Guyana Geology and Mines Commission to address issued of jewellers not acquiring gold from the legal stream and their exposure to mercury poisoning.

Conclusion

I wish to thank all Stakeholders, the Board of Director, members of staff and clients. I would also wish to recognise the contribution of Mr. Brindley Robeson Benn for his valuable contribution the Guyana Gold Board during his tenure (2001-2006) as the Commissioner of the Guyana Geology and Mines Commission and as a vibrant director on the Board of Directors; and wish him every success in his new portfolio as the Honourable Minister of Transport and Hydraulics.

Anantram Balram
General Manager (ag.)



Financial and Operational Highlights

	2006	2005	Inc/(Dec.)	% Change
Statement of Net Income				
Operating Income	273.38	144.84	128.25	88.75
Operating Expenditure	147.78	98.95	48.83	49.35
Balance Sheet				
Non- Current Assets	4.06	8.45	(4.93)	(51.91)
Total Current assets	3,488.09	1,583.90	1,904.19	120.22
Total Equity	341.11	214.67	126.45	58.90
Total Liabilities	3,151.04	1,377.69	1,773.36	128.72

**PURCHASES ACTUAL VS BUDGET
(TROY OUNCES)**

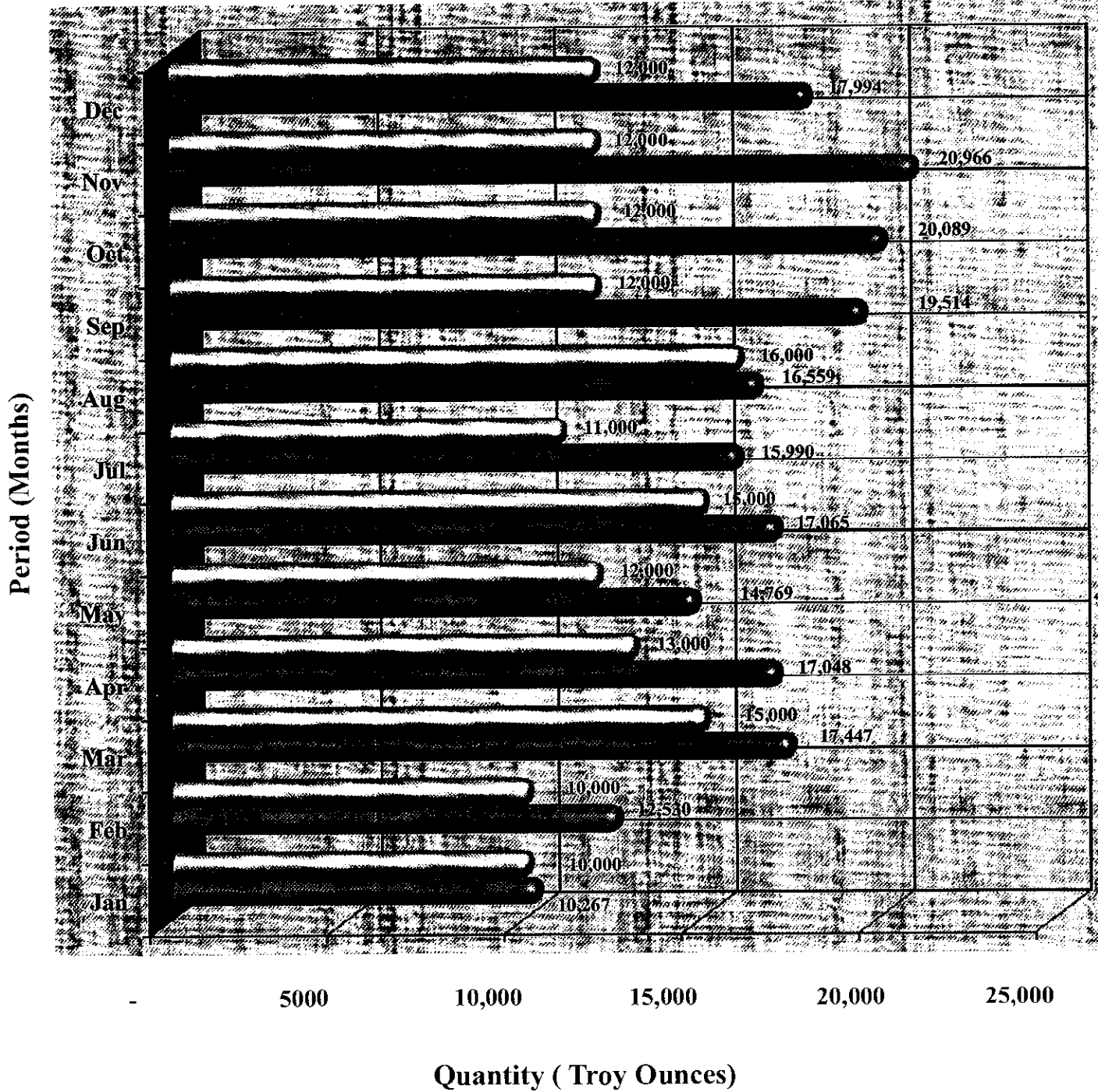
Period	Actual	Budget
Jan	10,267	10,000
Feb	12,530	10,000
Mar	17,447	12,338
Apr	17,048	13,000
May	14,769	12,000
Jun	17,065	15,000
Jul	15,990	11,000
Aug	16,559	16,000
Sep	19,514	12,000
Oct	20,089	12,000
Nov	20,966	12,000
Dec	17,944	10,584
TOTAL	200,241	150,000

**PURCHASES 1996-2005
(TROY OUNCES)**

Period	Actual
1997	92,146
1998	110,048
1999	110,160
2000	104,493
2001	101,849
2002	116,617
2003	103,438
2004	115,086
2005	161,683
2006	200,241

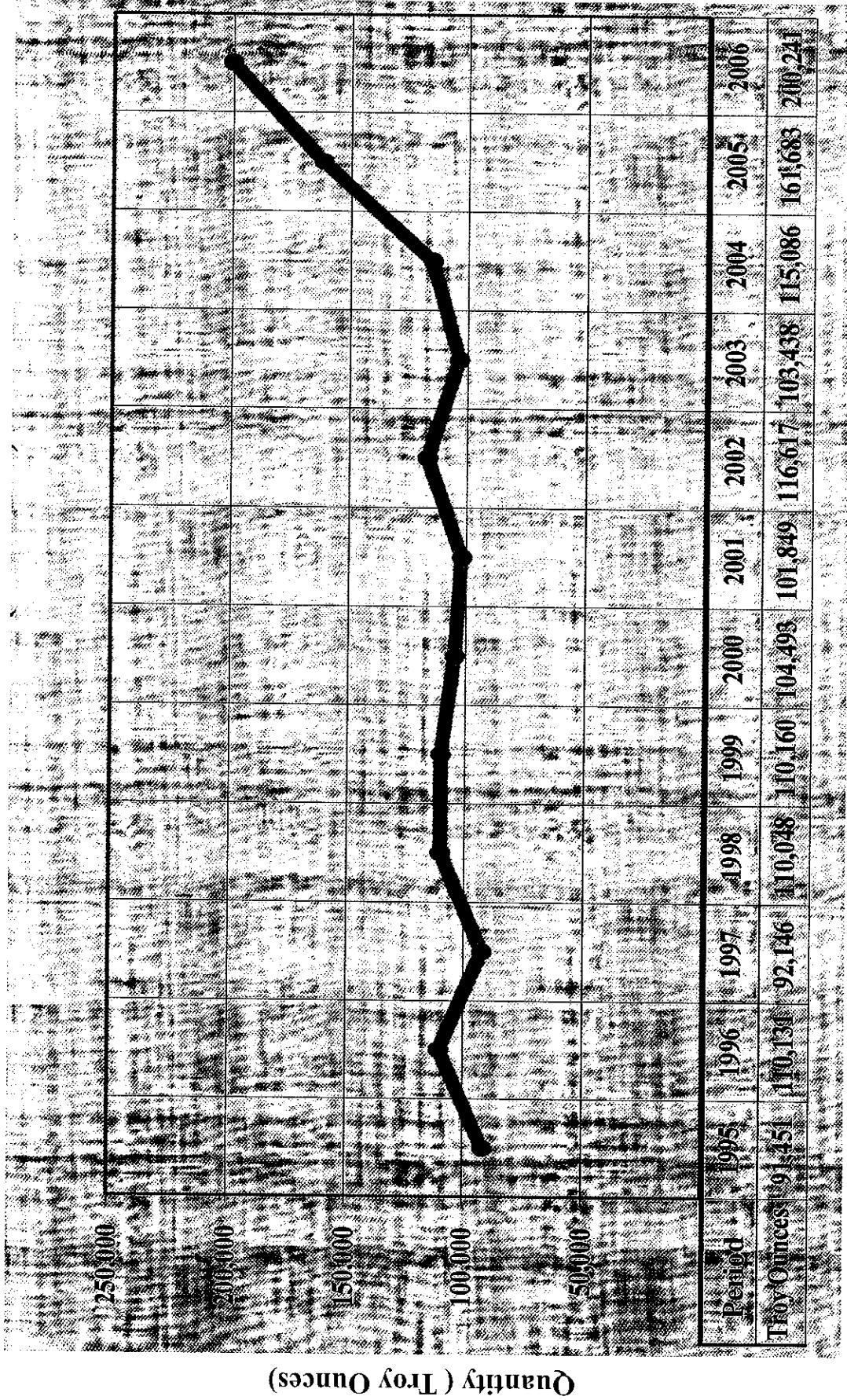


Quantity of Gold Purchased v.s Budget 2006



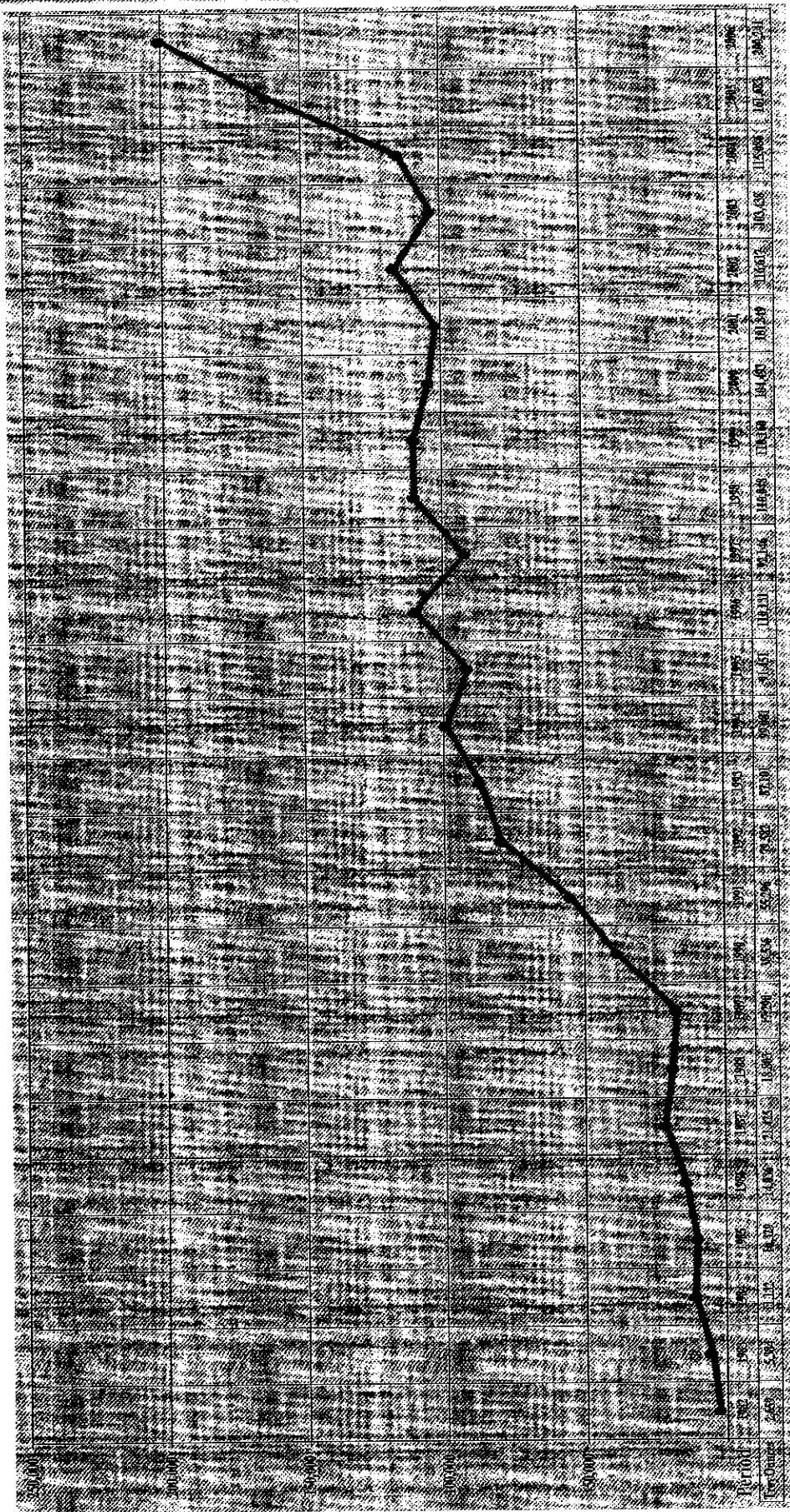


Gold Purchased (1995-2006)



Period (Years)

Gold Purchased (1982-2006)

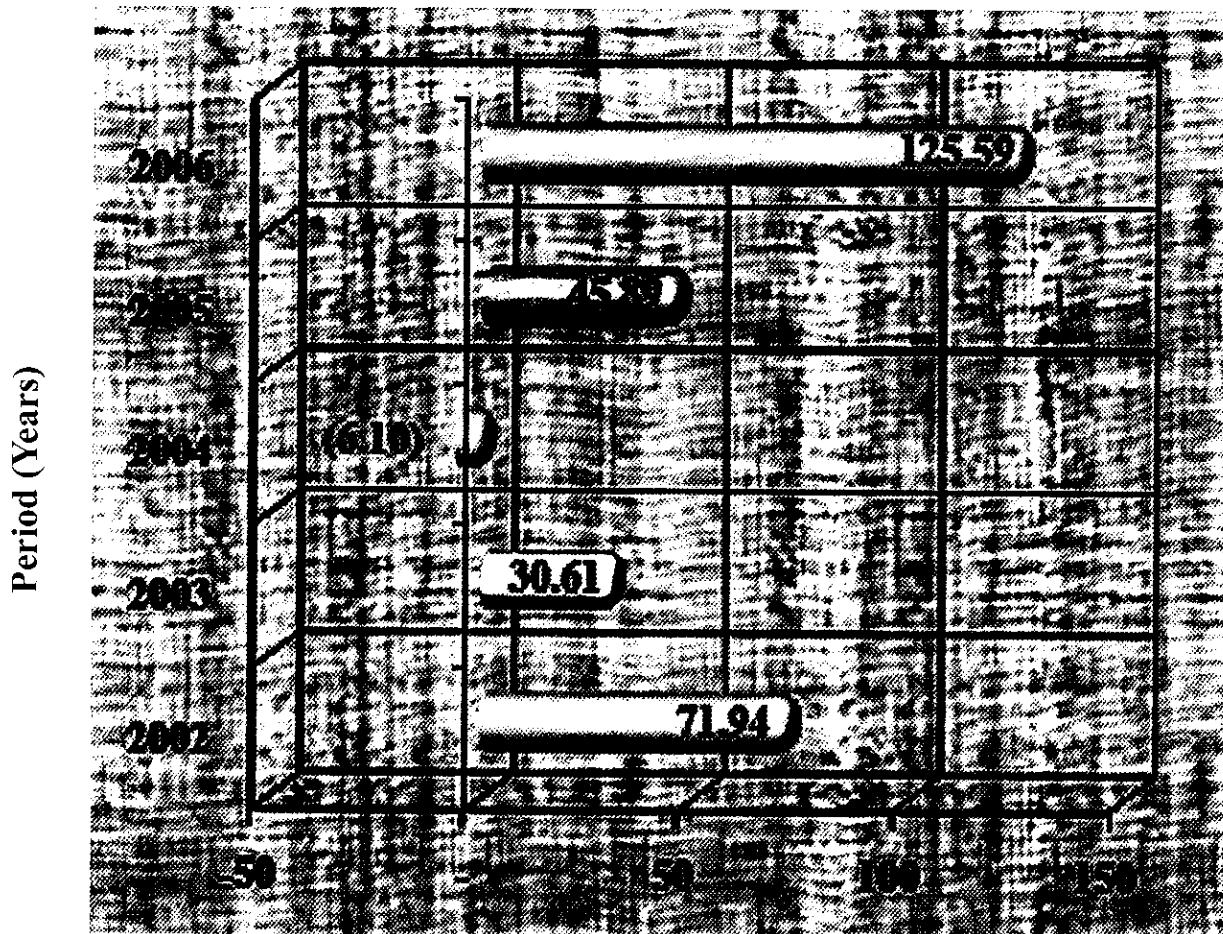


Quantity (Troy Ounces)

Period (Years)



Operating Surplus (2002-2006)

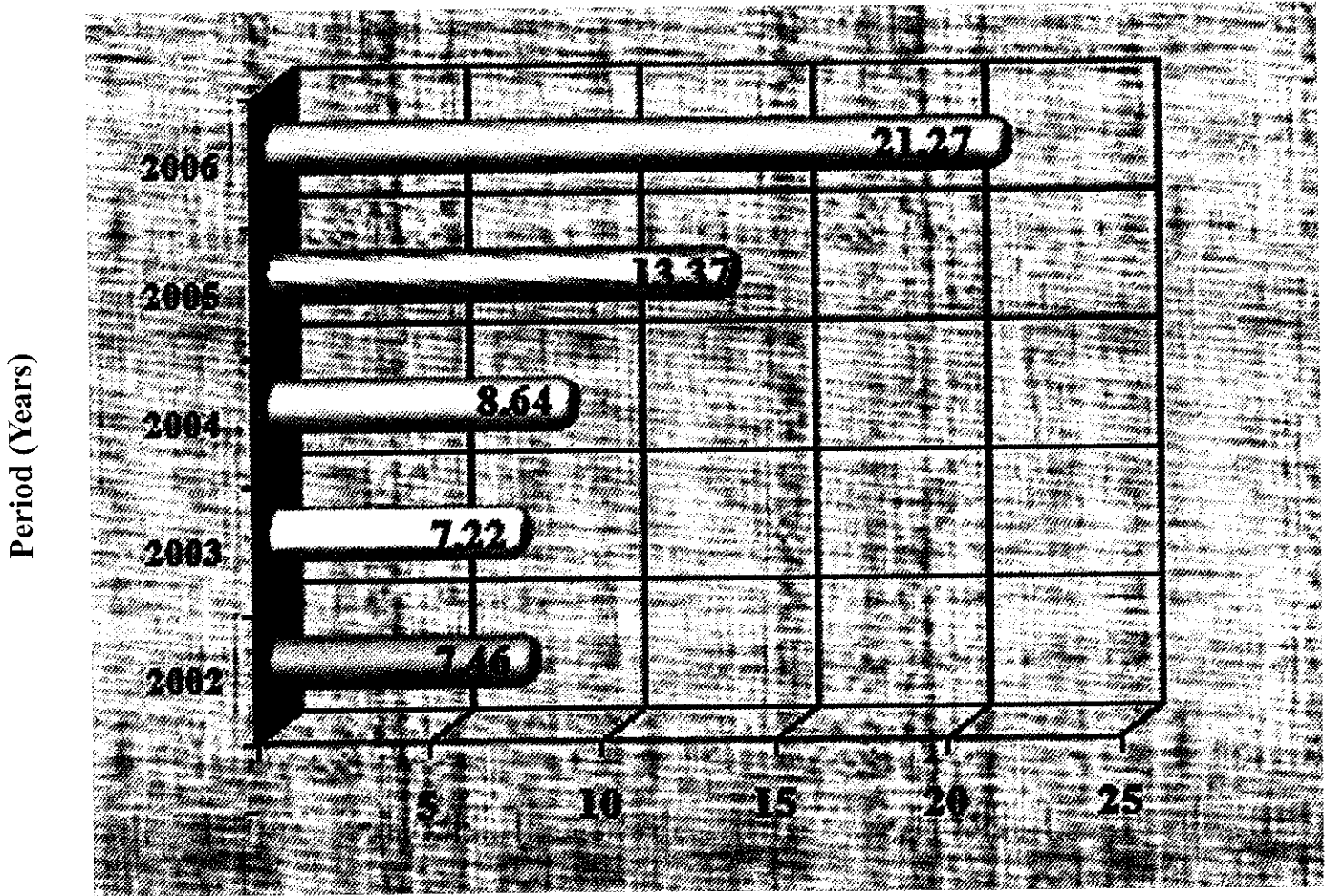


Amount (Million dollars)

Period	2002	2003	2004	2005	2006
Operating Surplus	71.94	30.61	(6.10)	45.89	125.59



Turnover (2002-2006)

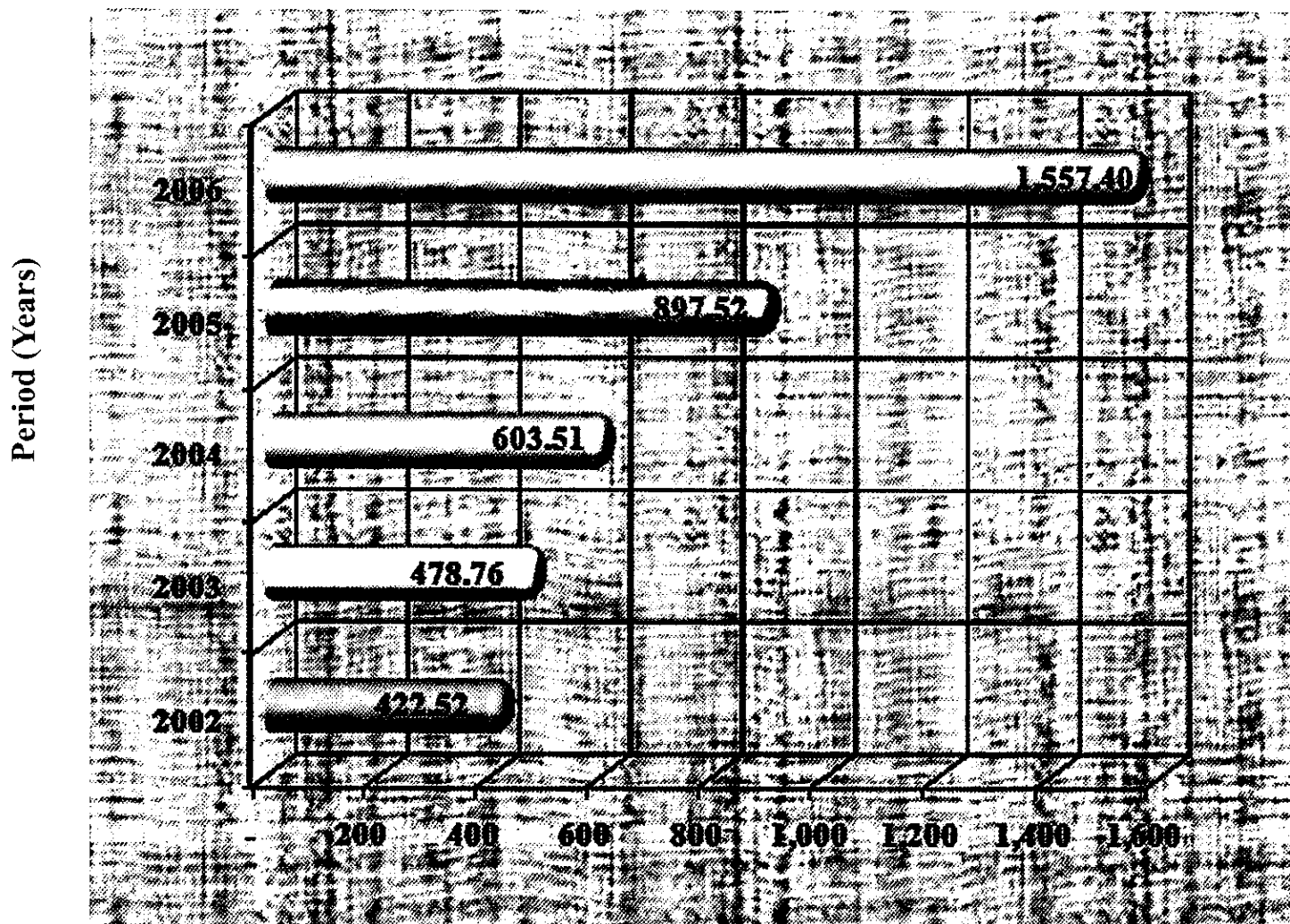


Amount (Billion dollars)

Period	2002	2003	2004	2005	2006
Turnover	7.46	7.22	8.64	13.37	21.27



Royalties and Taxes collected (2002-2006)



Amount (Million dollars)

Period	2002	2003	2004	2005	2006
Royalties and Taxes	422.52	478.76	603.51	897.52	1,557.40

Section 2



Audit Office of Guyana

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel. 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

AG: 89/2007

9 August 2007

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Chartered Accountants, Nizam Ali & Company, have audited on my behalf the financial statements of Guyana Gold Board for the year ended 31 December 2006, as set out on pages 2 to 13. The audit was conducted in accordance with the Audit Act 2004.

Respective Responsibilities of Management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

Basis of Opinion

The audit was conducted in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that I plan and perform the audit to obtain reasonable assurance about 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. I believe that my audit provides a reasonable basis for my opinion.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.



Opinion

In my opinion, the financial statements on pages 2 to 13, present fairly in all material respects, the financial position of the Guyana Gold Board as at 31 December 2006, and the results of operations for the year then ended in conformity with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Without qualifying my opinion I draw attention to note 2(1) to the financial statements. Management has represented to us that the board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. Management is in the process of establishing this authority. The Board has not paid any Corporation taxes since its formation and no provision for such taxes has been made in these financial statements.

AUDIT OFFICE
D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.



Nizam Ali & Company

Chartered Accountants

9 Church Street
Georgetown
Guyana

Tel: (592)-225-9291
(592)-227-8825
Telefax (592)-227-8824
E-mail: nizamali@guyana.net.gy

**REPORT OF CHARTERED ACCOUNTANTS
NIZAM ALI AND COMPANY
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 2006**

We have audited the accompanying financial statements of Guyana Gold Board, which comprise the balance sheet as at December 31, 2006 and the statement of net income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Office of Guyana Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors consider internal control 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 the 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.

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

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of the Board as of December 31, 2006 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Emphasis of matter

Without qualifying our opinion we draw attention to note 2(l) to the financial statements. Management has represented to us that the Board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. Management is in the process of establishing this authority. The Board has not paid any Corporation or Property taxes since its formation and no provision for such taxes has been made in these financial statements.

Nizam Ali & Company

Chartered Accountants
Georgetown, Guyana
July 31, 2007

GUYANA GOLD BOARD

Balance Sheet

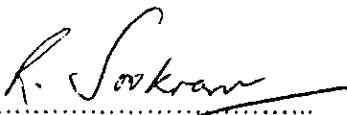
December 31, 2006

With comparative figures for 2005

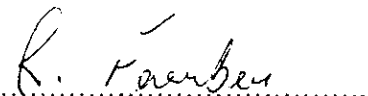
(Expressed in Guyana Dollars)

	<u>Notes</u>	<u>2006</u> <u>\$</u>	<u>2005</u> <u>\$</u>
Plant and equipment	7	4,063,783	8,451,103
Current assets			
Inventories	4	2,653,698,900	1,173,083,624
Accounts receivable and prepayments	3	13,913,595	3,680,172
Cash on hand and at bank		820,479,098	407,990,056
Total current assets		3,488,091,593	1,584,753,852
Total assets		3,492,155,376	1,593,204,955
Liabilities and equity			
Liabilities			
Bank overdraft		45,474,345	2,572,210
Advance from the Ministry of Finance	5	2,912,437,231	1,327,763,036
Accounts payable	6	193,130,322	47,350,431
Total liabilities		3,151,041,898	1,377,685,677
Equity			
Government contribution	8	108,577,100	108,577,100
Revaluation reserve		308,125	616,250
Accumulated surplus		232,228,253	106,325,928
Total equity		341,113,478	215,519,278
Total liabilities and equity		3,492,155,376	1,593,204,955

These financial statements were approved by the Board of Directors on July 31, 2007 and signed on its behalf by :



Director



Director

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Net Income
for the year ended December 31, 2006
With comparative figures for 2005
(Expressed in Guyana Dollars)

	<u>Notes</u>	2006 \$	2005 \$
Sales	9	21,265,281,845	13,367,142,930
Cost of sales	10	<u>21,042,600,573</u>	<u>13,252,499,703</u>
Gross profit		222,681,272	114,643,227
Other income	11	<u>50,695,398</u>	<u>30,195,663</u>
Operating income		<u>273,376,670</u>	<u>144,838,890</u>
Administrative expenses	12	<u>147,782,470</u>	<u>98,948,500</u>
Net income for the year	13	<u>125,594,200</u>	<u>45,890,390</u>

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Changes in Equity
for the year ended December 31, 2006
With comparative figures for 2005
(Expressed in Guyana Dollars)

	Government Contribution \$	Revaluation Reserves \$	Accumulated Surplus \$	Total \$
Balance at January 01, 2005	108,577,100	3,145,000	57,906,788	169,628,888
Realisation of revaluation reserve through depreciation of related assets	—	(2,528,750)	2,528,750	—
Net Income	—	—	45,890,390	45,890,390
Balance at December 31, 2005	108,577,100	616,250	106,325,928	215,519,278
Balance at January 01, 2006	108,577,100	616,250	106,325,928	215,519,278
Realisation of revaluation reserve through depreciation of related assets	—	(308,125)	308,125	
Net income			125,594,200	125,594,200
Balance at December 31, 2006	108,577,100	308,125	232,228,253	341,113,478

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Cash Flow Statement
for the year ended December 31, 2006
With comparative figures for 2005
(Expressed in Guyana Dollars)

	2006	2005
	\$	\$
Cash flow from operating activities		
Net income	125,594,200	45,890,390
Adjustment for:		
Depreciation	6,666,455	5,673,509
Operating income before working capital	132,260,655	51,563,899
Increase in inventories	(1,480,615,276)	(77,090,279)
(Increase) decrease in accounts receivable and prepayment	(10,233,423)	2,678,248
Increase in advance from Ministry of Finance	1,584,674,195	127,470,082
Increase in accounts payable	145,779,891	14,755,793
Net cash flow from operating activities	371,866,042	119,377,743
Cash flow from investing activity		
Purchase of plant and equipment	(2,279,135)	(2,819,539)
Net cash flow from investing activity	(2,279,135)	(2,819,539)
Net increase in cash and cash equivalents	369,586,907	116,558,204
Cash and cash equivalents at beginning of the year	405,417,846	288,859,642
Cash and cash equivalents at end of the year	775,004,753	405,417,846
Cash and cash equivalents comprise:		
Cash on hand and at bank	820,479,098	407,990,056
Bank overdraft	(45,474,345)	(2,572,210)
	775,004,753	405,417,846

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2006
(Expressed in Guyana Dollars)

1. Incorporation and activities

(a) Incorporation

The Guyana Gold Board was formed under an Act of Parliament which is referred to as the Guyana Gold Board Act 1981. Its principal activities as defined in section 4 are:-

- (a) to carry on the business of trading in gold;
- (b) to secure at all times an adequate supply of gold and to ensure its equitable distribution at fair prices;
- (c) to purchase all gold produced in Guyana;
- (d) to sell all gold in Guyana and to sell gold out of Guyana;
- (e) to engage in other related commercial or industrial activities;

The Guyana Gold Board entered into an agency arrangement with Mitsui & Co Precious Metals, Inc, (the agent) on July 8, 2002 for sale of its gold overseas. Under the arrangement the agent informs the Board of offer price. The Board will consider the price offered, and advise the agent whether to sell. The agent do not earn any commission from the Board on sale of gold.

2. Significant accounting policies

(a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) Plant and equipment and depreciation

Depreciation of plant and equipment, is provided for over the estimated useful lives of the respective assets using the straight-line method. A full year depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.

Furniture, fixtures and fittings	10%
Office equipment	12.50%
Motor vehicles	25%
Laboratory renovations	25%
Computer software	25%

(c) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using weighted average method.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2006
(Expressed in Guyana Dollars)

(d) Purchases

Purchase of gold are made based on the London daily fix per ounce of gold quoted in US dollars. The payment for gold purchased is based on an assumed purity with a payout factor of the average of the historical assay result. An initial payment is made after a deduction of G\$4.25 per ounce from the average US\$/G\$ exchange rate of six commercial banks. The initial payment made on the payout factor is adjusted when actual assaying results are determined, for results higher than the payout factor the Board pays the miners the additional amount, for results lower than the payout factor the miners reimburse the Board with the difference from future transactions.

(e) Sales

The Board markets its gold locally and overseas. Local sales are made directly to jewellers. For overseas sale, smelted raw gold are sent to Royal Canadian Mint where it is refined and then marketed through the Board's agent, Mitsui & Co Precious Metals, Inc.

Sales of refined gold are marketed as follows:-

- (i) Spot transaction
- (ii) Forward transaction
- (iii) Option transaction

During the year the Board entered into no forward transactions. The Board entered into several short term call option transactions during the year, however, at year end, there were no outstanding options.

(f) Revenue recognition

Local Sales

The Board recognises revenue when the customer takes possession of gold, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sale price is fixed or determinable.

Foreign Sales

The Board recognises revenue when Bank of Guyana acknowledges that payments are received from Mitsui & Co Precious Metals, Inc. The agent makes payment when it is instructed by the Board to effect a sale and the gold has been physically transferred.

**GUYANA GOLD BOARD****Notes to the Financial Statements**

December 31, 2006

(Expressed in Guyana Dollars)

(g) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and deposits held on call with the bank.

(h) Foreign Currency Translation

Monetary assets and liabilities denominated in a foreign currency are translated at the Bank of Guyana current rates of exchange, any exchange adjustments are included in other income.

(i) Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(j) Impairment of Long-Lived Assets

In accordance with best practice, long lived assets, such as plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognised by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(k) Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumption that affect the reported amounts of asstes and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

(l) Taxation

The Board is exempt for Corporation and Property Taxes.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2006
(Expressed in Guyana Dollars)

	2006	2005
	\$	\$
3. Accounts receivable and prepayment		
Trade debtors	7,580,177	2,041,766
Prepayments	6,263,418	1,638,406
Others	70,000	--
	<u>13,913,595</u>	<u>3,680,172</u>
4. Inventory		
Laboratory	31,838,956	24,657,876
Bank of Guyana	823,019,615	938,926,541
Royal Canadian Mint	1,637,916,587	--
Mitsui (see note)	160,923,742	209,499,207
	<u>2,653,698,900</u>	<u>1,173,083,624</u>
Note		
Under the agency arrangement between Mitsui and the Guyana Gold Board, Mitsui, based on the instruction of the Board may effect certain sales of gold without the gold being physically transferred. Mitsui normally holds a stock of 2000 Troy Ounces of gold as security deposit for such transactions. This stock of gold is not readily accessible by the Board. However, in December, 2006 Mitsui mistakenly made settlement for 756.24 Troy Ounces from this security deposit which was rectified on the next delivery of gold by the Guyana Gold Board.		
5. Advance from the Ministry of Finance	<u>2,912,437,231</u>	<u>1,327,763,036</u>
The Board receives advances from the Ministry of Finance, which is used for the purchase of gold and the payment of the Board's expenditure. The revenue from sales of gold overseas when received are used to reimburse this advance. The balance on this account represents advances not yet reimbursed.		
6. Accounts payable		
Trade creditors	48,064,848	4,222,661
Gold dealers' tax payable	44,256,850	15,265,847
Gold dealers' royalties payable	75,589,616	21,682,847
Accruals	12,190,614	2,698,733
Others	13,028,394	3,480,343
	<u>193,130,322</u>	<u>47,350,431</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2006
(Expressed in Guyana Dollars)

7. Plant and equipment

	Furniture, Fixture & Fittings \$	Office Equipment \$	Motor Vehicles \$	Fire Arms \$	Computer Software \$	Lab & Smelting Room Renovation \$	Total \$
At Jan 01, 2006	4,162,729	28,149,629	15,868,758	489,016	3,570,895	10,580,550	62,821,577
Additions	271,845	1,869,395	--	--	--	137,895	2,279,135
At Dec 31, 2006	4,434,574	30,019,024	15,868,758	489,016	3,570,895	10,718,445	65,100,712
Represented by							
Cost	4,434,574	29,554,024	13,188,758	489,016	3,570,895	10,718,445	61,955,712
Valuation	--	465,000	2,680,000	--	--	--	3,145,000
	4,434,574	30,019,024	15,868,758	489,016	3,570,895	10,718,445	65,100,712

Accumulated depreciation

At Jan 01, 2006	2,993,368	23,780,482	15,868,758	489,016	2,201,723	9,037,127	54,370,474
Charges for the year	443,457	3,752,378	--	--	892,724	1,577,896	6,666,455
At Dec 31, 2006	3,436,825	27,532,860	15,868,758	489,016	3,094,447	10,615,023	61,036,929

Net book values

At Dec 31, 2006	997,749	2,486,164	--	--	476,448	103,422	4,063,783
At Dec 31, 2005	1,169,361	4,369,147	--	--	1,369,172	1,543,423	8,451,103



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2006
(Expressed in Guyana Dollars)

	2006 \$	2005 \$
8. Government contribution	108,577,100	108,577,100
9. Turnover		
Local sales	62,715,225	58,402,292
Foreign sales	21,202,566,620	13,308,740,638
	21,265,281,845	13,367,142,930
10. Cost of sales		
Opening stocks	1,173,083,624	1,095,993,345
Purchases	22,441,010,116	13,276,665,472
Shipping and refining cost	82,205,733	52,924,510
	23,696,299,473	14,425,583,327
Less closing stocks	(2,653,698,900)	(1,173,083,624)
	21,042,600,573	13,252,499,703
11. Other income		
Silver Sales	30,998,829	16,336,092
Lease Income	1,217,806	699,752
Miscellaneous	4,212,384	569,030
Exporters' licence fee	1,600,000	1,000,000
Option premium	12,666,379	11,590,789
	50,695,398	30,195,663



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2006
(Expressed in Guyana Dollars)

12. Administrative expenses	2006 \$	2005 \$
Insurance	6,825,564	1,992,322
Employment cost	30,828,712	25,870,327
Depreciation	6,666,455	5,673,509
Audit fees	1,300,000	1,300,000
Security	15,388,305	11,739,347
Motor vehicle	1,897,807	1,524,926
Samples test	25,684,404	18,334,545
Legal fees	13,200	27,228
Stationery and supplies	1,548,735	1,277,724
Others	18,663,047	4,773,394
Gold burning	6,146,820	2,549,481
Office maintenance	790,592	749,381
Meal allowance	511,328	6,430
Staff welfare and training	1,940,278	1,114,553
Telephone, internet & telex	765,444	684,630
Gifts, donation and hospitality	624,796	557,537
Stamp expenses	22,309,170	12,774,043
Advertisement	382,030	88,950
Repairs to equipment & furniture	1,390,120	3,777,344
Books & publications	7,670	289,235
Bank charges	410,688	725,260
Health and safety	430,385	546,399
Medical expenses	1,290,920	932,935
Directors' fees (see note 14)	1,966,000	1,639,000
	147,782,470	98,948,500
	125,594,200	45,890,390

After charging the following:

Depreciation	6,666,455	5,673,509
Directors' fee (see note 14)	1,966,000	1,639,000
Auditors' remuneration	1,300,000	1,300,000



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2006
(Expressed in Guyana Dollars)

	2006	2005
	\$	\$
14. Transactions with directors		
<i>Directors' Fees</i>		
Rishi Sookram	476,000	504,000
Rene Faerber	315,000	240,000
Harinarine Tiwari	290,000	210,000
Carl Baldie	240,000	170,000
Roberson Benn	185,000	200,000
Jeffery Thomas	310,000	250,000
Allison Thorne	100,000	35,000
Nareshwar Hamanan	--	30,000
William Woolford	50,000	--
	1,966,000	1,639,000

CDC Mining & Consultancy is a client of the Guyana Gold Board of which Carl Baldie is a partner. During the year total payments for gold purchased from this client amounted to G\$8,049,053(2005-G\$292,629). The rate paid was the same as that paid to non-related clients.

15. Key management personnel

Five (5) individuals are considered as key management personnel. During the year remuneration paid to these individuals amounted to G\$9,554,918.(2005-G\$9,227,147)

16. Fair values

Cash and short term funds

Cash and short term funds comprise of cash on hand and deposit with central bank. The carrying values approximate the fair values.

Accounts receivable and prepayments

Accounts receivable and prepayments are net of specific provisions for losses and their carrying amounts reflect their fair value.

Accounts payable and advance from Ministry of Finance

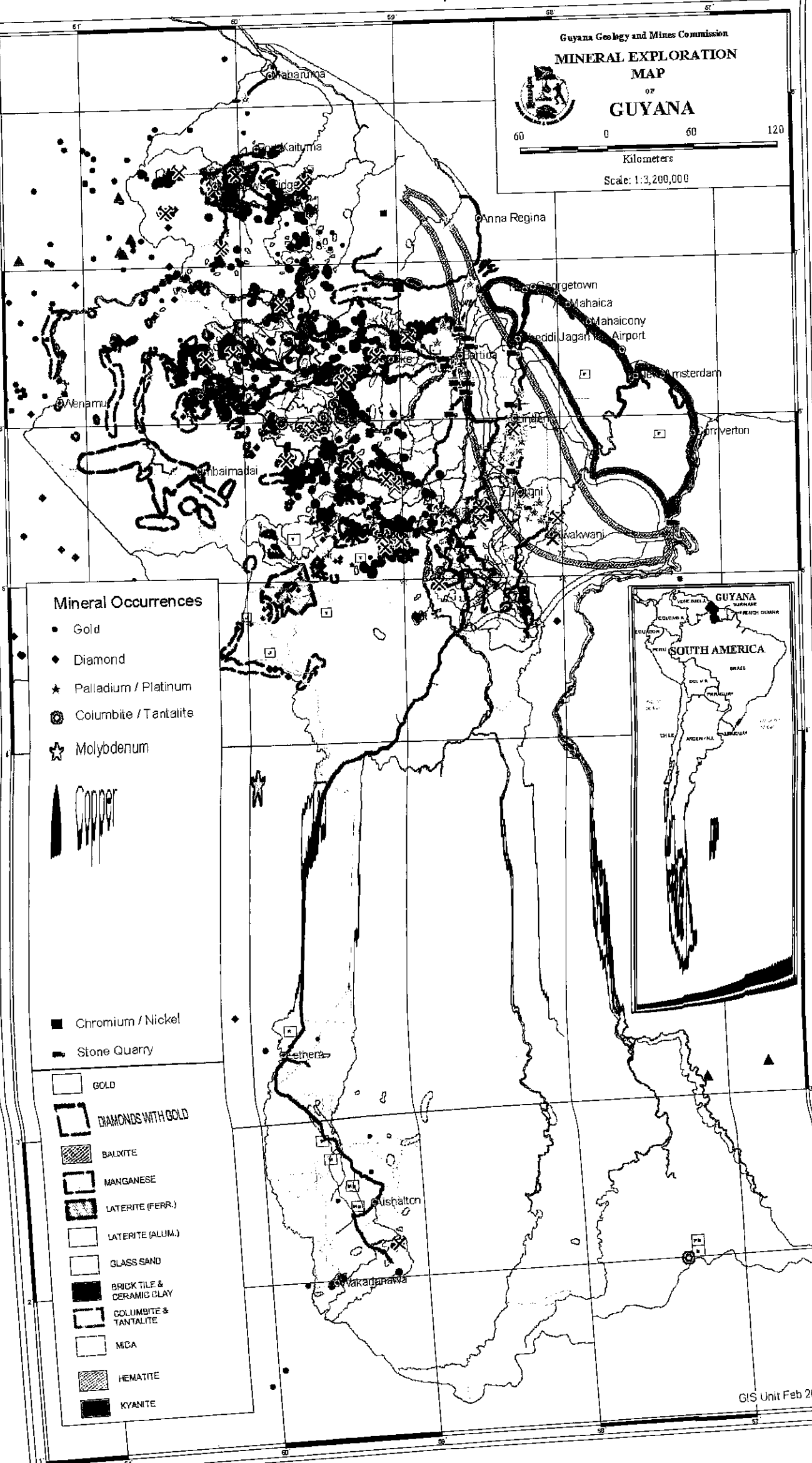
The fair value of accounts payable and advances from the Ministry of Finance are assumed to approximate the carrying values due to their short term nature.

Guyana Geology and Mines Commission

MINERAL EXPLORATION MAP OF GUYANA



Scale: 1:3,200,000



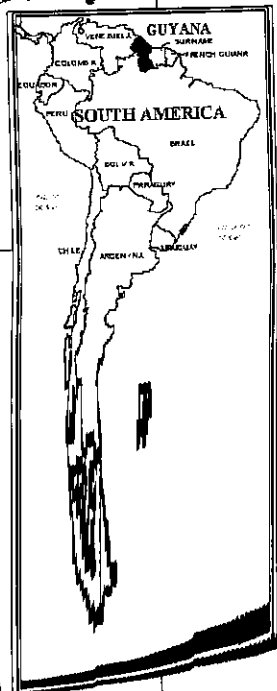
Mineral Occurrences

- Gold
- ◆ Diamond
- ★ Palladium / Platinum
- ⊙ Columbite / Tantalite
- ☆ Molybdenum



- Chromium / Nickel
- ▬ Stone Quarry

- GOLD
- DIAMONDS WITH GOLD
- ▨ BALXITE
- MANGANESE
- ▨ LATERITE (FERR.)
- LATERITE (ALUM.)
- GLASS SAND
- ▨ BRICK TILE & CERAMIC CLAY
- ▨ COLUMBITE & TANTALITE
- MICA
- ▨ HEMATITE
- ▨ KYANITE



GIS Unit Feb 2006



Section

1



Letter of Transmittal

October 31, 2008

Honourable Samuel A. Hinds
Prime Minister
Office of the Prime Minister
Wight's Lane, Kingston
Georgetown, Guyana.

The Honourable Prime Minister;

Your Board of Directors submits to you the Annual Report 2007 of the Guyana Gold Board along with the Audited Financial Statement for the year ended December 31, 2007 in accordance with Section 17 of the Guyana Gold Board Act 1981.

Thank you.

On behalf of the Board of Directors

Anantram Balram
Secretary, Board of Directors





Corporate Profile

AUDITORS

Audit Office of Guyana
63 High Street, Kingston
Georgetown, Guyana.

Nizam Ali & Company
9 Church Street, Lacytown
Georgetown, Guyana.

LEGAL ADVISORS

Attorney General Chambers
95 Carmichael Street, North Cummingsburg,
Georgetown, Guyana.

REGISTERED OFFICE

68 Upper Brickdam,
Georgetown, Guyana.
P.O.Box 12204
Tel. No.: 225-3173
Fax No. : 225-4963
E-mail : ggb@gol.net.gy

SUB OFFICE

First Avenue Bartica
Region 7, Guyana
Tel No.:455-0072
Tel No. 455-0073

BANKERS

Bank of Guyana
1 Avenue of the Republic, Robbstown
Georgetown, Guyana.

Citizens Bank (Guyana) Limited
16 First Avenues, Bartica
Region 7, Guyana.

Republic Bank (Guyana) Limited
(Formerly) National Bank of Industry & Commerce
38 Water Street, Robbstown, Georgetown,
Guyana.



Guyana Gold Board

Establishment (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Sections 3)

There is hereby established the Guyana Gold Board which shall be a body corporate and the provisions of the First Schedule shall have effect as to the constitution of the Board and otherwise in relation thereto.

Commencement

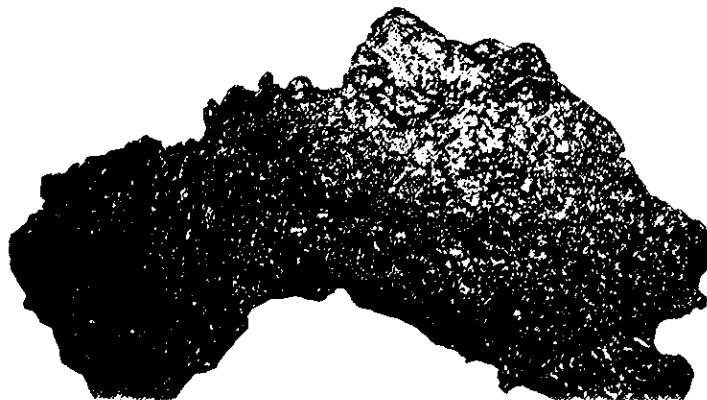
By Order No. 24 of 1982, the Guyana Gold Board commenced operations on May 15, 1982

Functions (Extracted from Guyana Gold Board Act Chap. 66:01 Sections 4)

It shall be the function of the Board –

- (a.) to carry on the business of trading in gold;
- (b.) to secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices;
- (c.) subject to this Act, to purchase all gold produced in Guyana;
- (d.) subject to this Act, to sell all gold in Guyana and to sell gold outside Guyana;
- (e.) to engage in other commercial or industrial activities.

The Guyana Gold Board has diligently delivered all of its mandated functions in 2007.



Minister Responsible and Board of Directors

Minister Responsible:



The Honourable Samuel A. Hinds

Prime Minister Co-operative Republic of Guyana; and
Minister Responsible for Mining

Board of Directors:



Rishi Sookram
Chairman
Board of Directors



René Faerber
Director - Representing
Ministry of Finance



Carl Baldie
Director - Representing
Guyana Gold Board & Diamond
Miners Association



Harnarine Tiwari
Director - Representing
People Progressive Party/Civic



William Woolford
Director - Representing
Guyana Geology and
Mines Commission



Jeffrey Thomas
Director - Representing
People's National
Congress/Reform

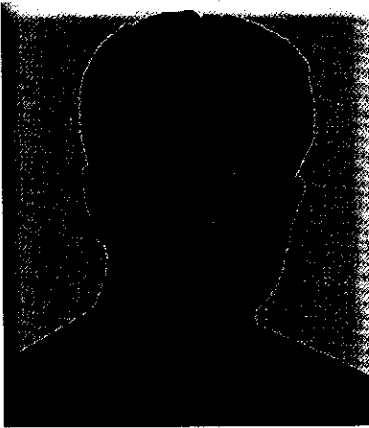


Allison Thorne
Legal Advisor
Attorney General Chambers



Anantram Balram
Executive Director/General
Manager (ag.)

Chairman's Statement



Introduction

The performance of the Guyana Gold Board, in 2007, is now reflective of its worth to the mining sector and the economy of Guyana as a whole. New levels have been reached in terms quantities declared, export earnings and turnover.

The Guyana Gold Board remains focused on carrying out its established mandate and continues to operate in an environment that brings an equitable balance between executing governmental policies and the maximisation of our clients benefits.

World Economic Climate

Emerging markets contributed significantly in the 5.2 percent growth in the global economy for 2007, however, a downturn in growth is expected to be at 4.8 percent in 2008.

Strong prices for commodities and increased exports were the highlight of the emerging markets. Gold prices reached a high of USD 841.75 on the London daily fix and is expected remain strong with the possibility of reaching the elusive USD1,000 per ounce mark in 2008.

Guyana Economy

Growth in the domestic economy was 5.4 percent in 2007 and is projected at 4.8 percent in 2008. However, inflation of 14 percent in 2007 is expected to fall to 6.8 percent in 2008.

Gold exports, in 2007, were 239,995 ounces representing a value of USD158.21 million; included in those numbers are 7,902 representing a value of USD5.09 million exported by licenced dealers.

The Guyana Gold Board is expected to further contribute positively in 2008.

Financial Performance

Overall declarations increased by 19.01% for 2007 as compared with 2006. 2007 was a very successful year for the Guyana Gold Board in many aspects. A turnover of 32.09 Billion dollars was recorded surpassing the 2005 amount by 50.90% (or 10.82 Billion dollars). The net income moved from 125.59 million dollars in 2006 to 189.26 million dollars for 2007 representing an increase of 50.69%.

High volatility in the gold market continues to be an integral part in gold acquisition and disposal; in 2007, the Guyana Gold Board was in most cases in the favourable position i.e. not having to hold for long periods for favourable prices.



Future Outlook

The gold market is expected to remain strong in the short and medium term, as gold continues to be a safe haven for investors. Gold has supported its trend of a bullish run over the past six years and may very well break new grounds in 2008.

The Guyana Gold Board in conjunction with other stake holders is continually looking at means and methods of bringing all mined gold into the legal stream; especially the jewelers.

Conclusion

The Guyana Gold Board has broken new grounds in its performance and will continue to strive for the best in providing service to the clients and stakeholders.

I would like to thank all clients and stakeholders for their continued support; and management and staff for their full commitment to the success of this remarkable organization in 2007.

Rishi Sookram
Chairman, Board of Directors

General Manager's Report

Introduction

May 15, 2007, the Guyana Gold Board celebrated its Silver Anniversary after opening its doors to the public in May 15, 1982. The achievements and challenges over these twenty five years were remarkable. However, the existence of this institution in providing social support and much needed foreign exchange to the economy has been fully justified; additionally became so dependable for the small and medium scale miners in providing a ready market for their product and reducing the indulgence of a parallel market.

In the first ten years of operations purchases and declarations by the Guyana Gold Board was within a range of from 2000 t_oz. to 56,000 t_oz. This period was that was highlighted by:

- poor world market prices for gold
- foreign exchange not readily accessible to miners
- none or limited geological information on mining areas
- enough emphasis not being placed on gold as a major export earner by the government.

In the second ten years, while there were no significant changes to those in the first ten years, the emphasis by all participants in the mining sector was renewed with the Guyana Gold and Diamond Miners Association (GGDMA) engaging the Guyana Geology and Mines Commission and other government ministries and agencies into meaningful discussions resulting in purchases and declarations ranging between 79,000 t_oz and 102,000 t_oz for this period.

The most recent five year was the most successful for the Guyana Gold Board which has assured the positioning of the entity as a going concern. Impressively, 2004 to 2007 has consistently increase purchases and declarations moving from 104,000 t_oz to 239,000 t_oz also recognising consistent growth in profitability.

2007 sparkled the Guyana Gold Board performances for its twenty fifth anniversary with the highest purchase and declarations, the highest level of turnover, and the highest profitability.

The Gold Market

Gold prices started 2007, on the London Bullion Market Agency (or London Daily Fix) at USD 640.75/toz. and ended the year on USD 836.50/toz. or 30.55% higher; reaching a high of USD841.75/toz. and a low of USD608.30/toz., averaging around USD 695.91/toz.

While, most of the factors that affected the trading of gold in 2006 were present, 2007 was marked by more market-ing activities that were reflective of a weakening of the United States of America economy. 2007 has seen significant unsuccessful cuts in the interest rate by the Federal Reserve to 'kick start' the economy. The Housing sector had also been severely battered. De-hedging continued in 2007 giving investors more confidence in gold. However, the



prices of gold continued to follow closely in the prices of crude oil, base metals and a weakening USD.

Declaration and Purchases

The Guyana Gold Board purchased 238,298 toz. of the 246,002 toz. declared, the difference represented quantities held by dealers at year end surpassing 2006 by 19.01%.

The continued increase in declarations are more related to capitalisation made in the previous year by both small and medium scale miners. The government continued support (through incentives) and recognition of the contributions of mining, especially gold mining, along with sustained high prices in the international market had been the major incentives for this capitalization. Notwithstanding, the above, the government at the highest level has echoed their views of over capitalisation.

However, following the increases in the price of crude oil and steel towards the last half of 2007, the average price to produce a troy ounce increased significantly; moving from an estimated production cost of USD397/toz in 2006 to USD496/toz in 2007 worldwide. Although this data is not readily available, to the Guyana Gold Board, miners in Guyana were not spared the impact of these increases.

Foreign Exchange Generator

While in 2005 and 2006 the economy laments the loss of production by closure of Omai Gold Mines Limited, the Guyana Gold Board made a timely contribution.

For 2007 exports by the Guyana Gold Board amounted to 232,393 toz. valued at USD153.12 million; and exports by licence dealers amounted to 7,902 toz. valued at USD 5.09 million. Proceeds from the sales of refined gold returned through Bank of Guyana to the consolidated funds were USD158.23 million.

In 2007, the value of gold exports surpassed sugar, making it number one on the list of exports of major commodities which also includes rice, bauxite and timber.

Human Resource

The performance and achievements of the Guyana Gold Board for 2007, while increasing by significant proportions, were made by the full team of twenty one (21) staff members.

However, attracting and recruiting the necessary qualified and experienced staff remains a challenge not only for the Guyana Gold Board, but for most organisations.

The Guyana Gold Board remains committed to improvement and welfare, both in the field of education and training.



Technology

The acquisition and use of relevant and new technologies remains on high priority for the Guyana Gold Board. The Guyana Gold Board consistently and successfully seeks advice from professionals and technical experienced personnel from both overseas and locally on the effective control of mercury vapour and other contaminants in raw gold.

Expansion Plan

The intention of making available more sub offices of the Guyana Gold Board remains fresh; the unavailability of commercial banks to facilitate payments have proven to be a temporary damper to our expansion. However, expansion plans have not been shelved

Future Outlook

It is anticipated, that the future of gold remains pretty safe on the international market for 2008. Banks and traders predict that gold would continue its existing trend and continue with its bullish run. Further, predictions are that gold is expected to reach the USD1,000/toz. to USD 1,200/toz for 2008. USD is predicted to remain weak over 2008 and crude prices are expected to become stronger.

The Government of Guyana, while guaranteeing their commitment and support for the mining sector, has emphasised the need for safe mining; and assured miners of their intentions to enforce all laws and regulations in this relation.

The Guyana Gold Board expects that declarations would increase in 2008.

Conclusion

The Guyana Gold Board with full commitment heads into and expects a successful 2008, not without recognising the invaluable contributions by the Miners, Stakeholders and the Board of Directors.

The staff of the Guyana Gold Board needs to be applauded and applause themselves for an excellent performance in 2007.

Thank you.

Anantram Balram
General Manager (ag.)



Financial and Operational Highlights

	2007	2006	Inc/(Dec.)	% Change
Statement of Net Income				
Operating Income	365.15	273.38	91.77	33.57
Operating Expenditure	175.88	147.78	28.10	19.02
Balance Sheet				
Non- Current Assets	4.57	4.06	0.50	12.42
Total Current assets	2,921.36	3,488.09	(566.73)	(16.25)
Total Equity	530.38	341.11	189.26	55.48
Total Liabilities	2,395.55	3,151.04	(755.49)	(23.98)

PURCHASES ACTUAL VS BUDGET
(TROY OUNCES)

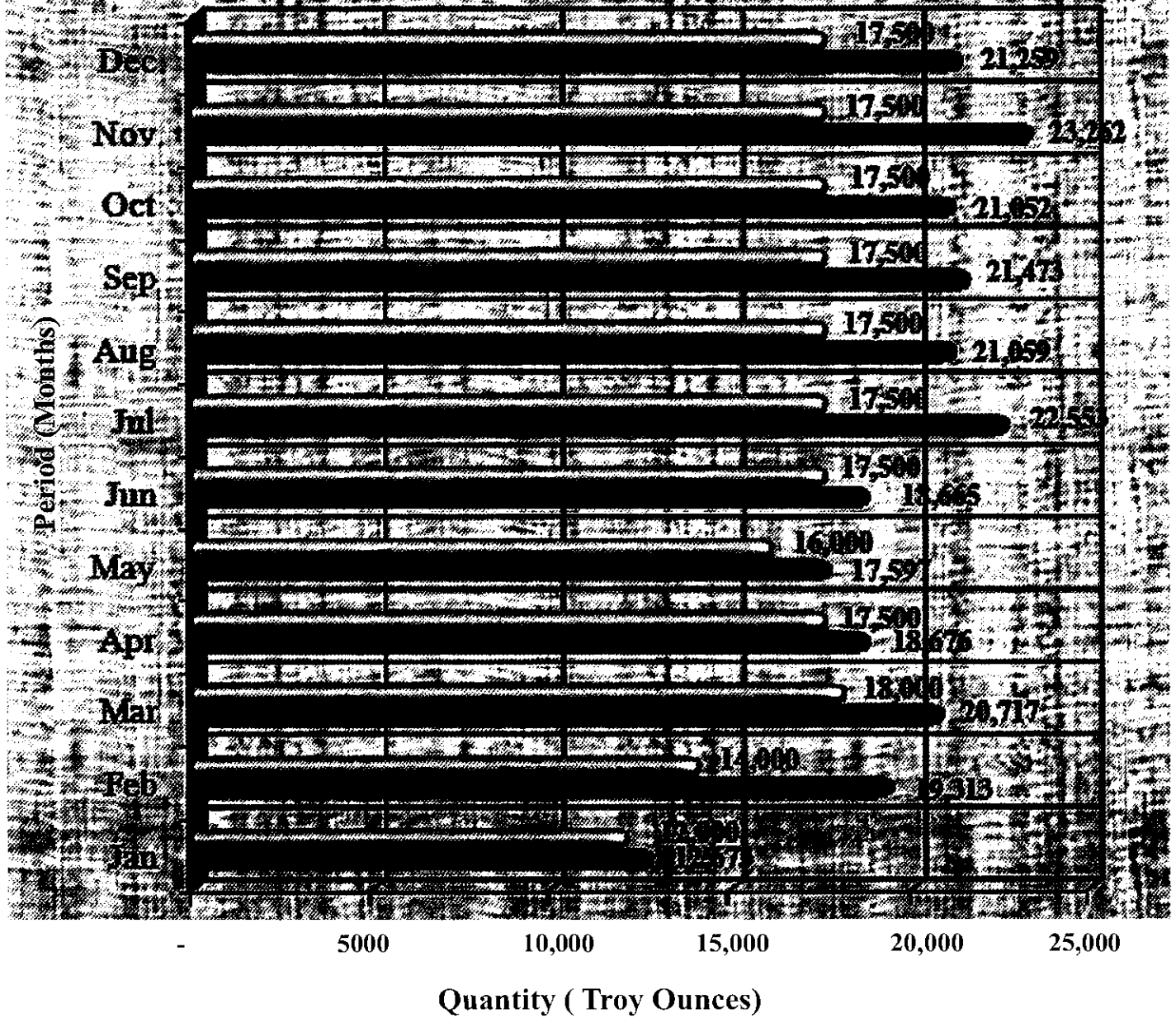
Period	Actual	Budget
Jan	12,673	12,000
Feb	19,313	14,000
Mar	20,717	18,000
Apr	18,676	17,500
May	17,597	16,000
Jun	18,665	17,500
Jul	22,553	17,500
Aug	21,059	17,500
Sep	21,473	17,500
Oct	21,052	17,500
Nov	23,262	17,500
Dec	21,259	17,500
TOTAL	238,298	200,000

PURCHASES 1998-2007
(TROY OUNCES)

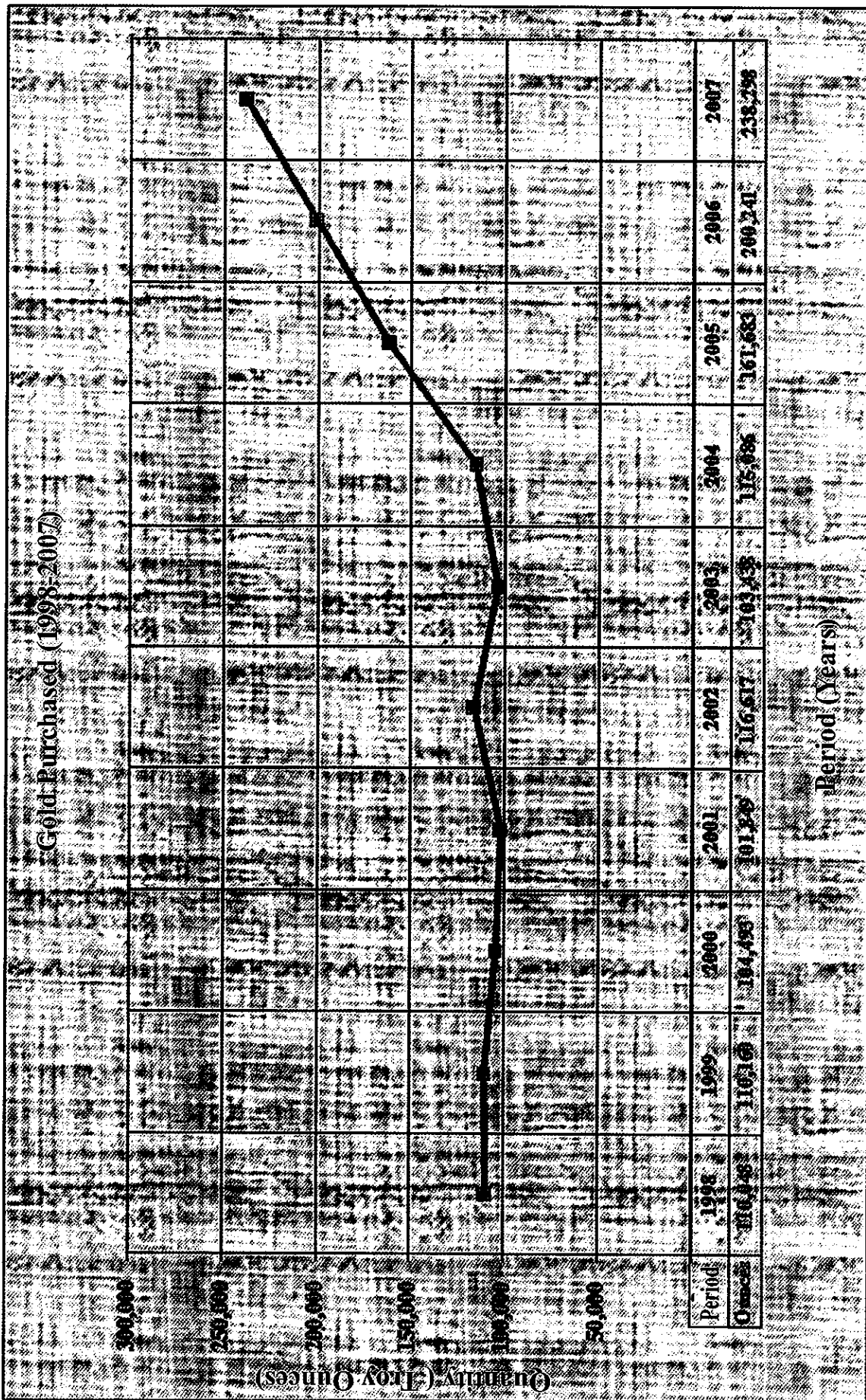
Period	Actual
1998	110,048
1999	110,160
2000	104,493
2001	101,849
2002	116,617
2003	103,438
2004	115,086
2005	161,683
2006	200,241
2007	238,298

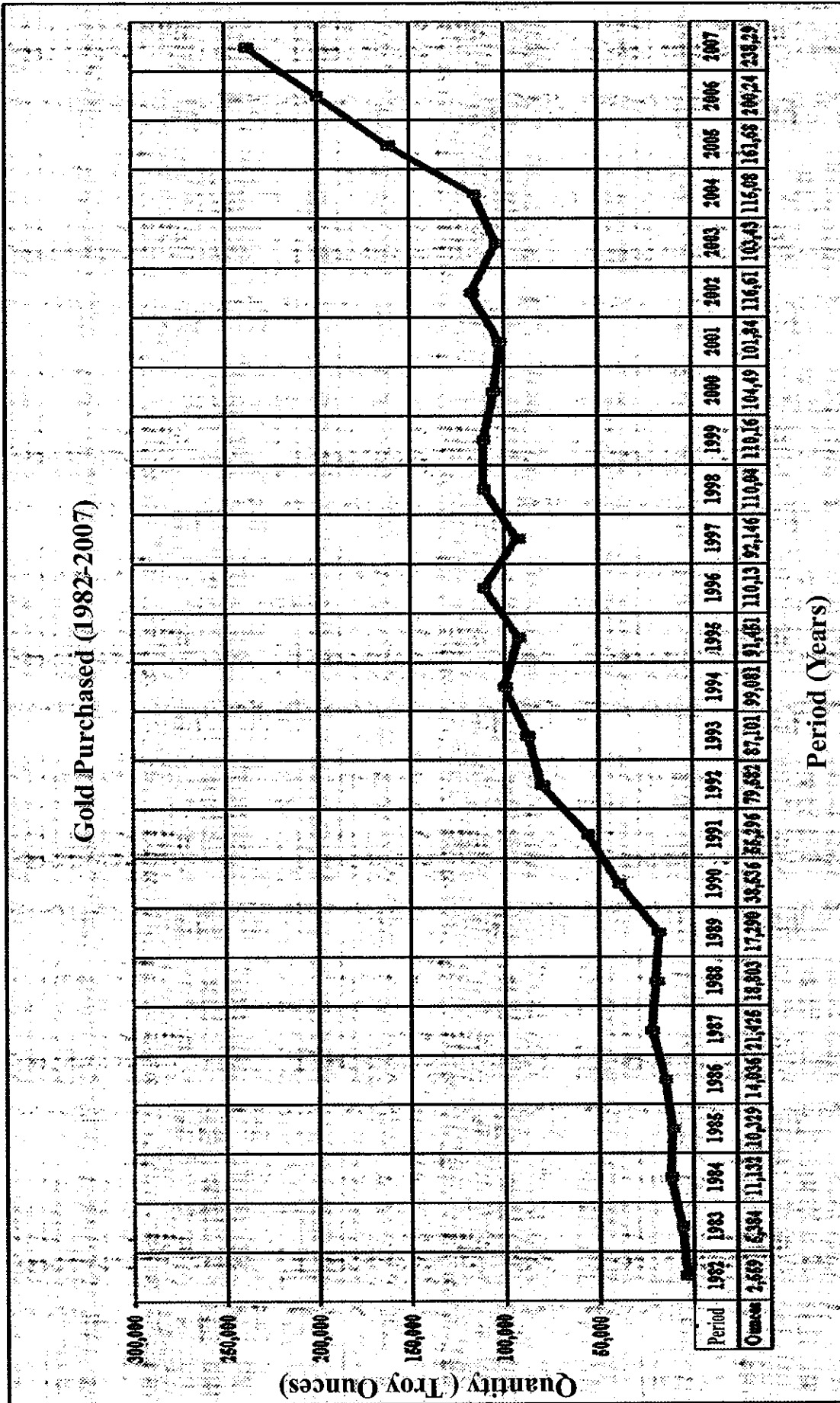


Quantity of Gold Purchased v.s Budget 2007



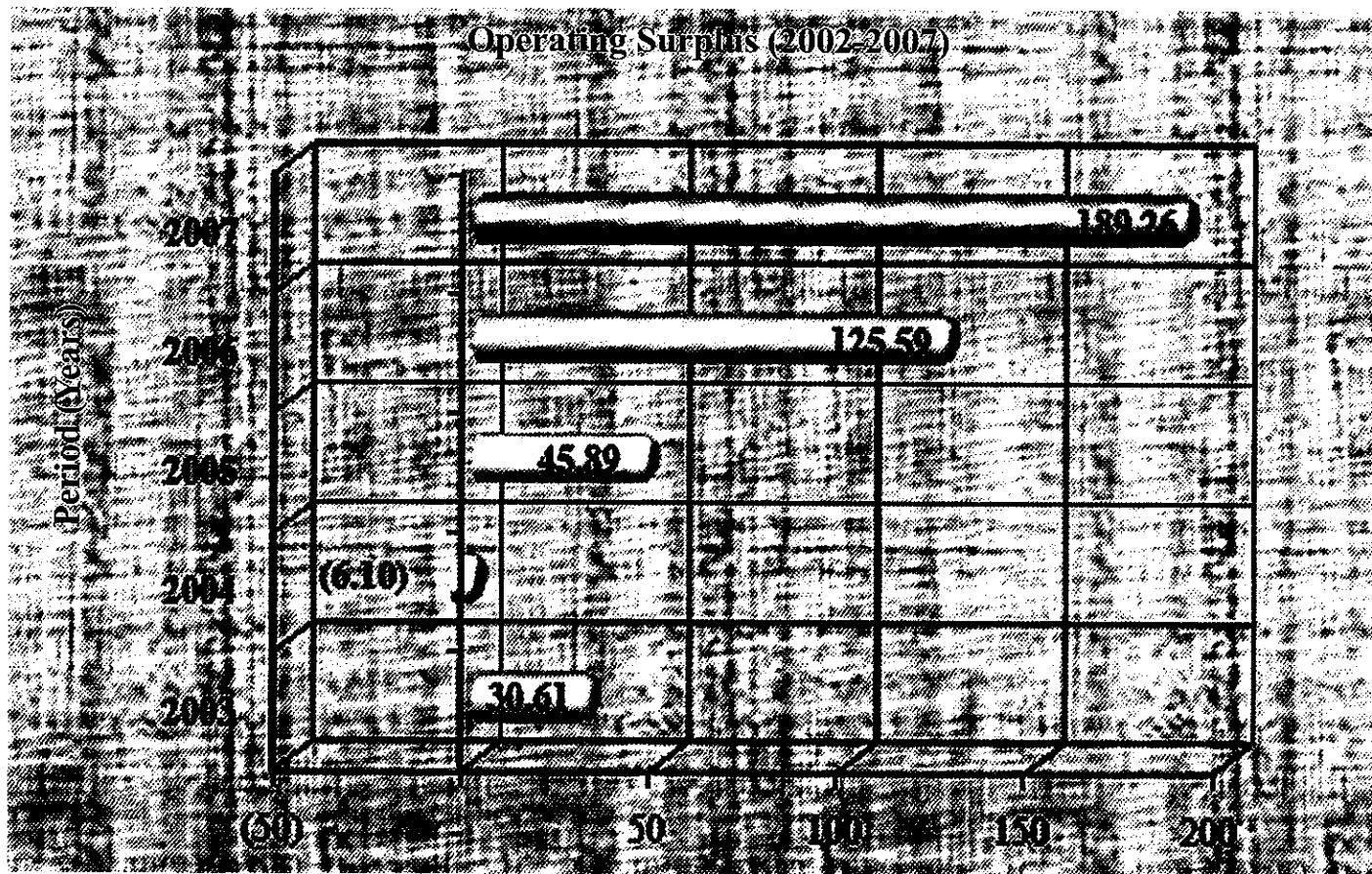
Budget
 Actual







Operating Surplus (2002-2007)

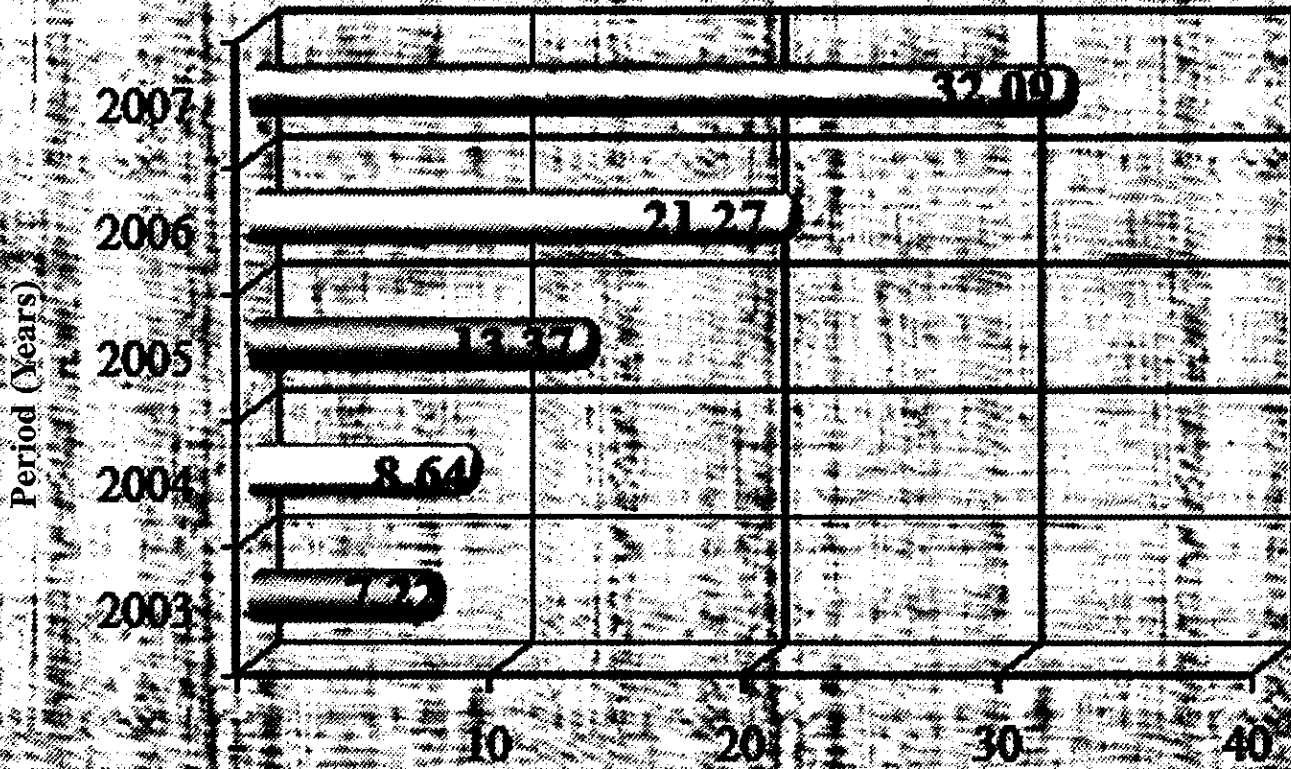


Amount (Million dollars)

Period	2003	2004	2005	2006	2007
Operating Surplus	30.61	(6.10)	45.89	125.59	189.26



Turnover (2003-2007)

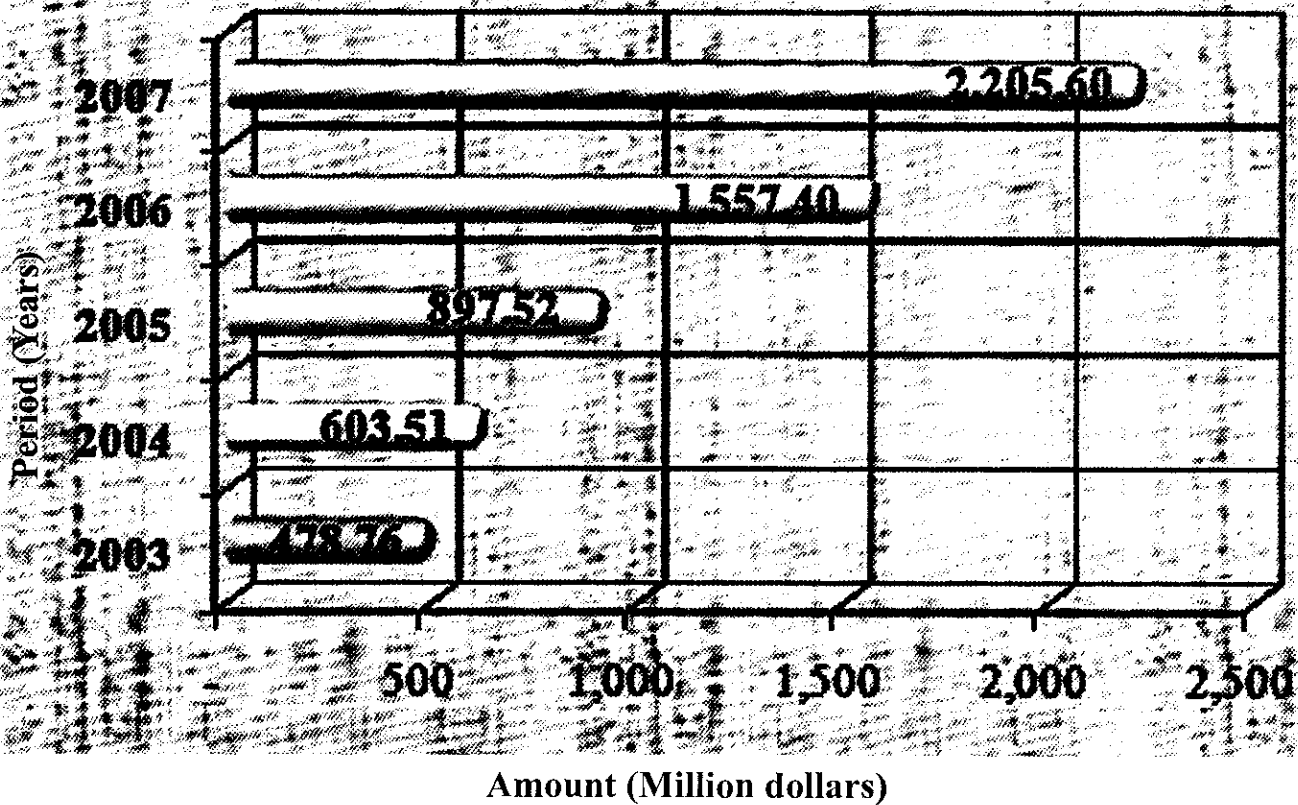


Amount (Billion dollars)

Period	2003	2004	2005	2006	2007
Turnover	7.22	8.64	13.37	21.27	32.09



Royalties and Taxes collected (2003-2007)



Amount (Million dollars)

Period	2003	2004	2005	2006	2007
Royalties and Taxes	478.76	603.51	897.52	1,557.40	2,205.60

Section

2



Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel. 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

AG: 21/2008

22 April 2008

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

Chartered Accountants, Nizam Ali & Company, have audited on my behalf the financial statements of Guyana Gold Board for the year ended 31 December 2007, as set out on pages 2 to 13. The audit was conducted in accordance with the Audit Act 2004.

Respective Responsibilities of Management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

Basis of Opinion

The audit was conducted in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that I plan and perform the audit to obtain reasonable assurance about 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. I believe that my audit provides a reasonable basis for my opinion.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

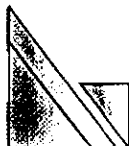


In my opinion, the financial statements on pages 2 to 13, present fairly in all material respects, the financial position of the Guyana Gold Board as at 31 December 2007, and the results of operations for the year then ended in conformity with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Without qualifying my opinion I draw attention to note 2(1) to the financial statements. Management has represented to us that the board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. Management is in the process of establishing this authority. The Board has not paid any Corporation taxes since its formation and no provision for such taxes has been made in these financial statements.

AUDIT OFFICE
D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.



Nizam Ali & Company

Chartered Accountants

9 Church Street
Georgetown
Guyana

Tel: (592)-225-9291

(592)-227-8825

Tele/Fax: (592)-227-8824

E-mail: nizamali@guyana.net.gy

**REPORT OF CHARTERED ACCOUNTANTS
NIZAM ALI AND COMPANY
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 2007**

We have audited the accompanying financial statements of Guyana Gold Board, which comprise the balance sheet as at December 31, 2007 and the statement of net income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Office of Guyana Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors consider internal control 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 the 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.

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

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of the Board as of December 31, 2007 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Emphasis of matter

Without qualifying our opinion we draw attention to note 2(l) to the financial statements. Management has represented to us that the Board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. The Board has not paid any Corporation or Property taxes since its formation and no provision for such taxes has been made in these financial statements.

Nizam Ali & Company
Chartered Accountants
Georgetown, Guyana
April 16, 2008



GUYANA GOLD BOARD

Balance Sheet

December 31, 2007

With comparative figures for 2006

(Expressed in Guyana Dollars)

	Notes	2007 \$	2006 \$
Plant and equipment	7	4,568,660	4,063,783
Current assets			
Inventories	4	2,300,996,138	2,653,698,900
Accounts receivable and prepayments	3	20,481,597	13,913,595
Cash on hand and at bank		599,885,290	820,479,098
Total current assets		2,921,363,025	3,488,091,593
Total assets		2,925,931,685	3,492,155,376
Liabilities and equity			
Liabilities			
Bank overdraft		25,405,883	45,474,345
Advance from the Ministry of Finance	5	1,972,153,912	2,912,437,231
Accounts payable	6	397,994,234	193,130,322
Total liabilities		2,395,554,029	3,151,041,898
Equity			
Government contribution	8	108,577,100	108,577,100
Revaluation reserve		-	308,125
Accumulated surplus		421,800,556	232,228,253
Total equity		530,377,656	341,113,478
Total liabilities and equity		2,925,931,685	3,492,155,376

These financial statements were approved by the Board of Directors on April 16, 2008 and signed on its behalf by :

Director

Director

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Net Income
for the year ended December 31, 2007
With comparative figures for 2006
(Expressed in Guyana Dollars)

	<u>Notes</u>	2007 \$	2006 \$
Sales	9	32,088,909,177	21,265,281,845
Cost of sales	10	<u>31,776,386,095</u>	<u>21,042,600,573</u>
Gross profit		312,523,082	222,681,272
Other income	11	<u>52,624,451</u>	<u>50,695,398</u>
Operating income		<u>365,147,533</u>	<u>273,376,670</u>
Administrative expenses	12	<u>175,883,355</u>	<u>147,782,470</u>
Net income for the year	13	<u><u>189,264,178</u></u>	<u><u>125,594,200</u></u>

The accompanying notes form an integral part of these financial statements.



Audit Office of Guyana

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AG: 21/2008

22 April 2008

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

Chartered Accountants, Nizam Ali & Company, have audited on my behalf the financial statements of Guyana Gold Board for the year ended 31 December 2007, as set out on pages 2 to 13. The audit was conducted in accordance with the Audit Act 2004.

Respective Responsibilities of Management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

Basis of Opinion


The audit was conducted in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that I plan and perform the audit to obtain reasonable assurance about 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. I believe that my audit provides a reasonable basis for my opinion.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.



In my opinion, the financial statements on pages 2 to 13, present fairly in all material respects, the financial position of the Guyana Gold Board as at 31 December 2007, and the results of operations for the year then ended in conformity with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Without qualifying my opinion I draw attention to note 2(1) to the financial statements. Management has represented to us that the board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. Management is in the process of establishing this authority. The Board has not paid any Corporation taxes since its formation and no provision for such taxes has been made in these financial statements.



D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.



Nizam Ali & Company

Chartered Accountants

9 Church Street
Georgetown
Guyana

Tel: (592)-225-9291

(592)-227-8825

Tele/Fax: (592)-227-8824

E-mail: nizamali@guyana.net.gy

**REPORT OF CHARTERED ACCOUNTANTS
NIZAM ALI AND COMPANY
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 2007**

We have audited the accompanying financial statements of Guyana Gold Board, which comprise the balance sheet as at December 31, 2007 and the statement of net income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Office of Guyana Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors consider internal control 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 the 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.

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

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of the Board as of December 31, 2007 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Emphasis of matter

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Nizam Ali & Company
Chartered Accountants
Georgetown, Guyana
April 16, 2008

Correspondent firm of KPMG International

Partners:
Nizam Ali - FCCA, CTA
Leslie Veerasammy - FCCA



GUYANA GOLD BOARD

Balance Sheet


December 31, 2007

With comparative figures for 2006

(Expressed in Guyana Dollars)

	Notes	2007 \$	2006 \$
Plant and equipment	7	4,568,660	4,063,783
Current assets			
Inventories	4	2,300,996,138	2,653,698,900
Accounts receivable and prepayments	3	20,481,597	13,913,595
Cash on hand and at bank		599,885,290	820,479,098
Total current assets		2,921,363,025	3,488,091,593
Total assets		2,925,931,685	3,492,155,376
Liabilities and equity			
Liabilities			
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Accounts payable	6	397,994,234	193,130,322
Total liabilities		2,395,554,029	3,151,041,898
Equity			
Government contribution	8	108,577,100	108,577,100
Revaluation reserve		-	308,125
Accumulated surplus		421,800,556	232,228,253
Total equity		530,377,656	341,113,478
Total liabilities and equity		2,925,931,685	3,492,155,376

These financial statements were approved by the Board of Directors on April 16, 2008 and signed on its behalf by :


 Director


 Director

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Net Income
for the year ended December 31, 2007
With comparative figures for 2006
(Expressed in Guyana Dollars)

	<u>Notes</u>	2007 \$	2006 \$
Sales	9	32,088,909,177	21,265,281,845
Cost of sales	10	<u>31,776,386,095</u>	<u>21,042,600,573</u>
Gross profit		312,523,082	222,681,272
Other income	11	<u>52,624,451</u>	<u>50,695,398</u>
Operating income		<u>365,147,533</u>	<u>273,376,670</u>
Administrative expenses	12	<u>175,883,355</u>	<u>147,782,470</u>
Net income for the year	13	<u><u>189,264,178</u></u>	<u><u>125,594,200</u></u>

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Changes in Equity
for the year ended December 31, 2007
With comparative figures for 2006
(Expressed in Guyana Dollars)

	Government Contribution \$	Revaluation Reserves \$	Accumulated Surplus \$	Total \$
Balance at January 01, 2006	108,577,100	616,250	106,325,928	215,519,278
Realisation of revaluation reserve through depreciation of related assets	—	(308,125)	308,125	—
Net income	—	—	125,594,200	125,594,200
Balance as at December 31, 2006	108,577,100	308,125	232,228,253	341,113,478
Balance as at January 01, 2007	108,577,100	308,125	232,228,253	341,113,478
Realisation of revaluation reserve through depreciation of related assets	—	(308,125)	308,125	—
Net income	—	—	189,264,178	189,264,178
Balance as at December 31, 2007	108,577,100	—	421,800,556	530,377,656

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Cash Flow Statement
for the year ended December 31, 2007
With comparative figures for 2006
(Expressed in Guyana Dollars)

	2007 \$	2006 \$
Cash flow from operating activities		
Net income	189,264,178	125,594,200
Adjustment for:		
Depreciation	1,509,752	6,666,455
Operating income before working capital	190,773,930	132,260,655
(Increase) Decrease in inventories	352,702,762	(1,480,615,276)
Increase in accounts receivable and prepayment	(6,568,002)	(10,233,423)
Increase /(Decrease) in advance from Ministry of Finance	(940,283,319)	1,584,674,195
Increase in accounts payable	204,863,912	145,779,891
Net cash (used) in operating activities	(198,510,717)	371,866,042
Cash flow from investing activity		
Purchase of plant and equipment	(2,014,629)	(2,279,135)
Cash used in investing activity	(2,014,629)	(2,279,135)
Net increase (decrease) in cash and cash equivalents	(200,525,346)	369,586,907
Cash and cash equivalents at beginning of the year	775,004,753	405,417,846
Cash and cash equivalents at end of the year	574,479,407	775,004,753
Cash and cash equivalents comprise:		
Cash on hand and at bank	599,885,290	820,479,098
Bank overdraft	(25,405,883)	(45,474,345)
	574,479,407	775,004,753

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2007
(Expressed in Guyana Dollars)

1. Incorporation and activities

(a) Incorporation

The Guyana Gold Board was formed under an Act of Parliament which is referred to as the Guyana Gold Board Act 1981. Its principal activities as defined in section 4 are:-

- (a) to carry on the business of trading in gold;
- (b) to secure at all times an adequate supply of gold and to ensure its equitable distribution at fair prices;
- (c) to purchase all gold produced in Guyana;
- (d) to sell all gold in Guyana and to sell gold out of Guyana;
- (e) to engage in other related commercial or industrial activities;

The Guyana Gold Board entered into an agency arrangement with Mitsui & Co Precious Metals, Inc, (the agent) on July 8, 2002 for sale of its gold overseas. Under the arrangement the agent informs the Board of offer price. The Board will consider the price offered, and advise the agent whether to sell. The agent do not earn any commission from the Board on sale of gold.

2. Significant accounting policies

(a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) Plant and equipment and depreciation

Depreciation of plant and equipment, is provided for over the estimated useful lives of the respective assets using the straight-line method. A full year depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.

Furniture, fixtures and fittings	10%
Office equipment	12.50%
Motor vehicles	25%
Laboratory renovations	25%
Computer software	25%

(c) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method of valuation.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2007
(Expressed in Guyana Dollars)

(d) Purchases

Purchase of gold are made based on the London daily fix per ounce of gold quoted in US dollars.

The payment for gold purchased is based on an assumed purity with a payout factor of the average of the historical assay result. An initial payment is made after a deduction of G\$4.25 per ounce from the average US\$/G\$ exchange rate of six commercial banks. The initial payment made on the payout factor is adjusted when actual assaying results are determined, for results higher than the payout factor the Board pays the miners the additional amount, for results lower than the payout factor the miners reimburse the Board with the difference from future transactions.

(e) Sales

The Board markets its gold locally and overseas. Local sales are made directly to jewellers. For overseas sale, smelted raw gold are sent to Royal Canadian Mint where it is refined and then marketed through the Board's agent, Mitsui & Co Precious Metals, Inc.

Sales of refined gold are marketed as follows:-

- (i) Spot transaction
- (ii) Forward transaction
- (iii) Option transaction

During the year the Board entered into no forward or option transactions.

(f) Revenue recognition

Local Sales

The Board recognises revenue when the customer takes possession of the gold. Price is fixed according to the London Daily Fix, at the time of the sale.

Foreign Sales

The Board recognises revenue when Bank of Guyana acknowledges receipts from Mitsui & Co Precious Metals, Inc. The agent makes payment on sales contract when the gold has been transferred to the agents account.

GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2007
(Expressed in Guyana Dollars)

(g) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and deposits held on call with the bank.

(h) Foreign Currency Translation

Monetary assets and liabilities denominated in a foreign currency are translated at the Bank of Guyana current rates of exchange, any exchange adjustments are included in other income.

(i) Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(j) Impairment of Long-Lived Assets

In accordance with best practice, long lived assets, such as plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(k) Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) 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 expenses during the reporting period. Actual results could differ from those estimates.

(l) Taxation

The Board is exempt from Corporation and Property Taxes.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2007
(Expressed in Guyana Dollars)

	2007	2006
	\$	\$
3. Accounts receivable and prepayment		
Trade debtors	14,473,263	7,580,177
Prepayments	6,008,334	6,263,418
Others	--	70,000
	<u>20,481,597</u>	<u>13,913,595</u>
4. Inventory		
Laboratory	912,105,010	31,838,956
Bank of Guyana	978,981,534	823,019,615
Royal Canadian Mint	67,817,430	1,637,916,587
Guyana Geology and Mines Commission	16,352,214	--
Mitsui (see note)	325,739,950	160,923,742
	<u>2,300,996,139</u>	<u>2,653,698,900</u>
Note		
Under the agency arrangement between Mitsui and the Guyana Gold Board, Mitsui, based on the instruction of the Board may effect certain sales contract for gold without the gold being transferred to the agent's account. Mitsui normally holds a stock of 2,000 troy ounces of gold as security deposit for such transactions, which will be available upon settlement of outstanding sales contract.		
5. Advance from the Ministry of Finance	<u>1,972,153,912</u>	<u>2,912,437,231</u>
The Board receives advances from the Ministry of Finance, which is used for the purchase of gold and the payment of the Board's expenditure. The revenue from sales of gold overseas when received are used to reimburse this advance. The balance on this account represents advances not yet reimbursed.		
6. Accounts payable		
Trade creditors	183,441,562	48,064,848
Gold dealers' tax payable	61,383,976	44,256,850
Gold dealers' royalties payable	105,237,000	75,589,616
Accruals	36,404,643	12,190,614
Others	11,527,053	13,028,394
	<u>397,994,234</u>	<u>193,130,322</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2007
(Expressed in Guyana Dollars)

7. Plant and equipment

	Furniture, fixture & Fittings	Lab & office Equipment	Motor Vehicles Renovation	Fire Arm	Computer Software	Lab & Smelting Room	Total
	\$	\$	\$	\$	\$	\$	\$
At Jan 01, 2007	4,434,574	30,019,024	15,868,758	489,016	3,570,895	10,718,445	65,100,712
Additions	81,277	1,163,752	700,000	--	--	69,600	2,014,629
At Dec 31, 2007	4,515,851	31,182,776	16,568,758	489,016	3,570,895	10,788,045	67,115,341
Represented by							
Cost	4,515,851	30,717,776	13,888,758	489,016	3,570,895	10,788,045	63,970,341
Valuation	--	465,000	2,680,000	--	--	--	3,145,000
	4,515,851	31,182,776	16,568,758	489,016	3,570,895	10,788,045	67,115,341
Accumulated depreciation							
At Jan 01, 2007	3,436,825	27,532,860	15,868,758	489,016	3,094,447	10,615,023	61,036,929
Charges for the year	135,972	674,302	175,000	--	472,604	51,874	1,509,752
At Dec 31, 2007	3,572,797	28,207,162	16,043,758	489,016	3,567,051	10,666,897	62,546,681
Net book values							
At Dec 31, 2007	943,054	2,975,614	525,000	--	3,844	121,148	4,568,660
At Dec 31, 2006	997,749	2,486,164	--	--	476,448	103,422	4,063,783



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2006
(Expressed in Guyana Dollars)

	2007 \$	2006 \$
8. Government contribution	108,577,100	108,577,100
9. Turnover		
Local sales	93,553,158	62,715,225
Foreign sales	31,995,356,019	21,202,566,620
	<u>32,088,909,177</u>	<u>21,265,281,845</u>
10. Cost of sales		
Opening stocks	2,653,698,900	1,173,083,624
Purchases	31,343,270,228	22,441,010,116
Shipping and refining cost	80,413,105	82,205,733
	<u>34,077,382,233</u>	<u>23,696,299,473</u>
Less closing stocks	(2,300,996,138)	(2,653,698,900)
	<u>31,776,386,095</u>	<u>21,042,600,573</u>
11. Other income		
Silver Sales	41,535,963	30,998,829
Lease Income	768,550	1,217,806
Miscellaneous	8,919,938	4,212,384
Exporters' licence fee	1,400,000	1,600,000
Option premium	--	12,666,379
	<u>52,624,451</u>	<u>50,695,398</u>

GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2007
(Expressed in Guyana Dollars)

12. Administrative expenses	2007 \$	2006 \$
Insurance	10,796,842	6,825,564
Employment cost	38,995,593	30,828,712
Depreciation	1,509,752	6,666,455
Audit fees	1,425,000	1,300,000
Security	19,795,934	15,388,305
Motor vehicle	1,589,997	1,897,807
Samples test	17,764,000	25,684,404
Legal fees	235,270	13,200
Stationery and supplies	1,476,320	1,548,735
Others	30,528,569	18,663,047
Gold burning	6,432,412	6,146,820
Office maintenance	551,414	790,592
Meals allowance	967,417	511,328
Staff welfare and training	986,584	1,940,278
Telephone, internet & telex	1,040,212	765,444
Gifts, donation and hospitality	4,126,465	624,796
Stamp expenses	31,080,976	22,309,170
Advertisement	341,218	382,030
Repairs to equipment & furniture	1,598,010	1,390,120
Books & publications	11,750	7,670
Bank charges	893,093	410,688
Health and safety	155,767	430,385
Medical expenses	2,311,760	1,290,920
Directors' fees (see note 14)	1,269,000	1,966,000
	<u>175,883,355</u>	<u>147,782,470</u>
13. Net income for the year	<u>189,264,178</u>	<u>125,594,200</u>

After charging the following:

Depreciation	1,509,752	6,666,455
Directors' fee (see note 14)	1,269,000	1,966,000
Auditors' remuneration	1,425,000	1,300,000



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2007
(Expressed in Guyana Dollars)

	2007	2006
	\$	\$
14. Transactions with directors		
<i>Directors' Fees</i>		
Rishi Sookram	294,000	476,000
Rene Faerber	200,000	315,000
Harinarine Tiwari	200,000	290,000
Carl Baldie	190,000	240,000
Roberson Benn	—	185,000
Jeffery Thomas	190,000	310,000
Allison Thorne	45,000	100,000
William Woolford	150,000	50,000
	1,269,000	1,966,000

CDC Mining & Consultancy is a client of the Guyana Gold Board of which Carl Baldie is a partner. During the year total payments for gold purchased from this client amounted to G\$1,476,865 (2006 - G\$8,049,053). The rate paid was the same as that paid to non-related clients.

15. Key management personnel

Five (5) individuals are considered as key management personnel. During the year remuneration paid to these individuals amounted to G\$12,476,544 .(2006-G\$9,554,918)

16. Fair values

Cash and short term funds

Cash and short term funds comprise of cash on hand and deposit with central bank. The carrying values approximate the fair values.

Accounts receivable and prepayments

Accounts receivable and prepayments are net of specific provisions for losses and their carrying amounts reflect their fair value.

Accounts payable and advance from Ministry of Finance

The fair value of accounts payable and advances from the Ministry of Finance are assumed to approximate the carrying values due to their short term nature.



GUYANA GOLD BOARD
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December 31, 2007
(Expressed in Guyana Dollars)

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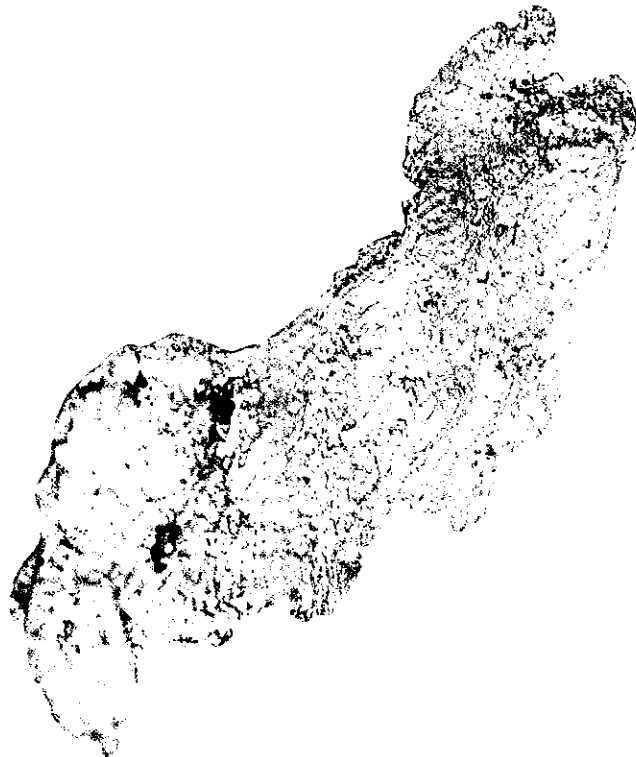
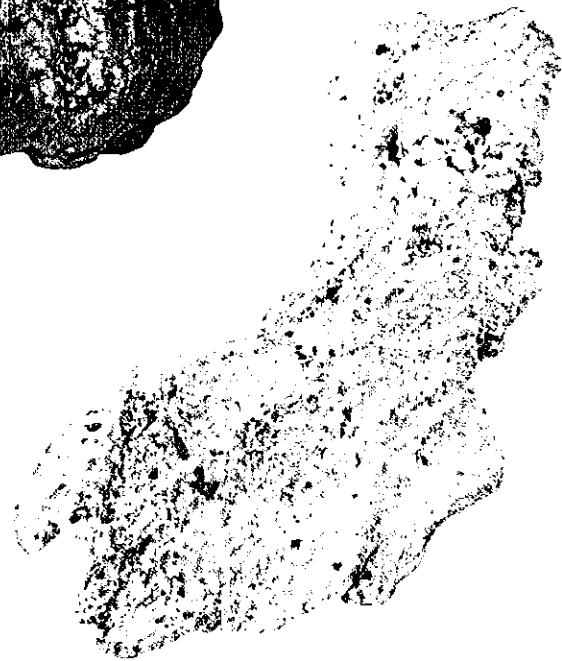
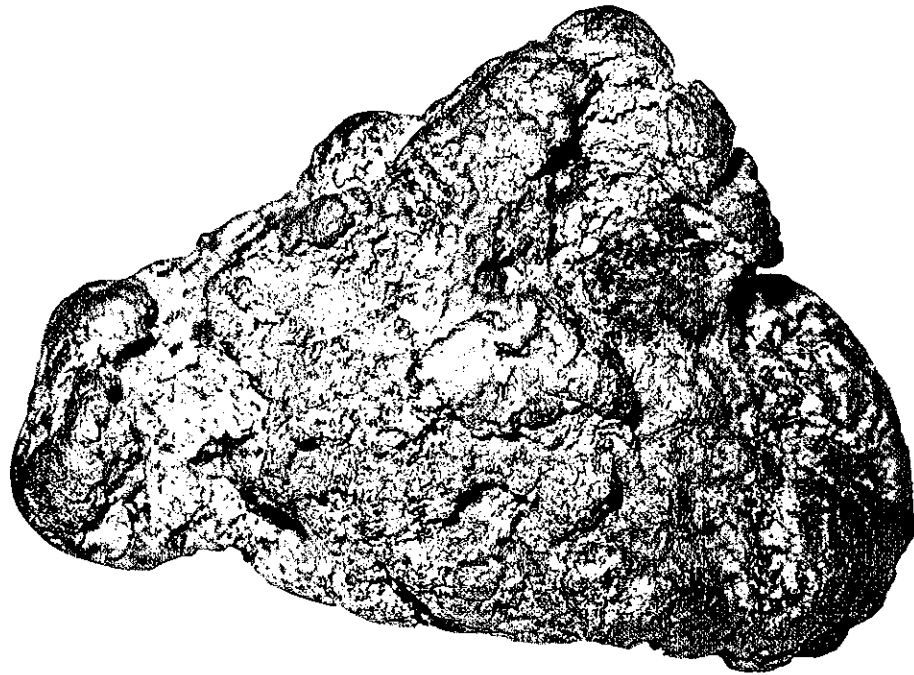
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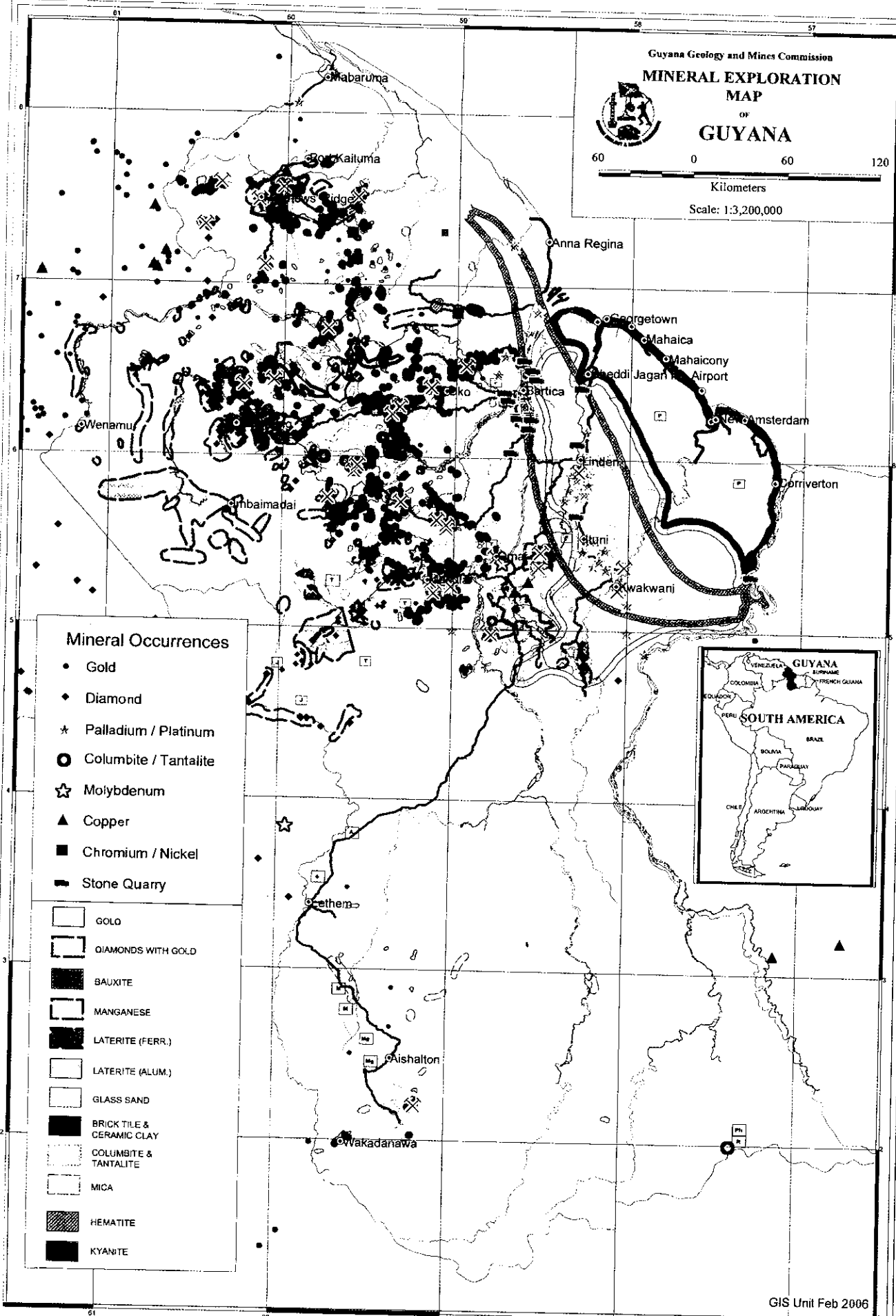
**Guyana Gold Board
Annual Report**

2008

Guyana Geology and Mines Commission
**MINERAL EXPLORATION
 MAP
 OF
 GUYANA**



60 0 60 120
 Kilometers
 Scale: 1:3,200,000



Mineral Occurrences

- Gold
- ◆ Diamond
- ★ Palladium / Platinum
- Columbite / Tantalite
- ☆ Molybdenum
- ▲ Copper
- Chromium / Nickel
- Stone Quarry

- GOLD
- DIAMONDS WITH GOLD
- BAUXITE
- MANGANESE
- LATERITE (FERR.)
- LATERITE (ALUM.)
- GLASS SAND
- BRICK TILE & CERAMIC CLAY
- COLUMBITE & TANTALITE
- MICA
- HEMATITE
- KYANITE





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Section 1

Letter of Transmittal

April 30, 2009

Honourable Samuel A. Hinds
Prime Minister
Office of the Prime Minister
Wight's Lane, Kingston
Georgetown, Guyana.

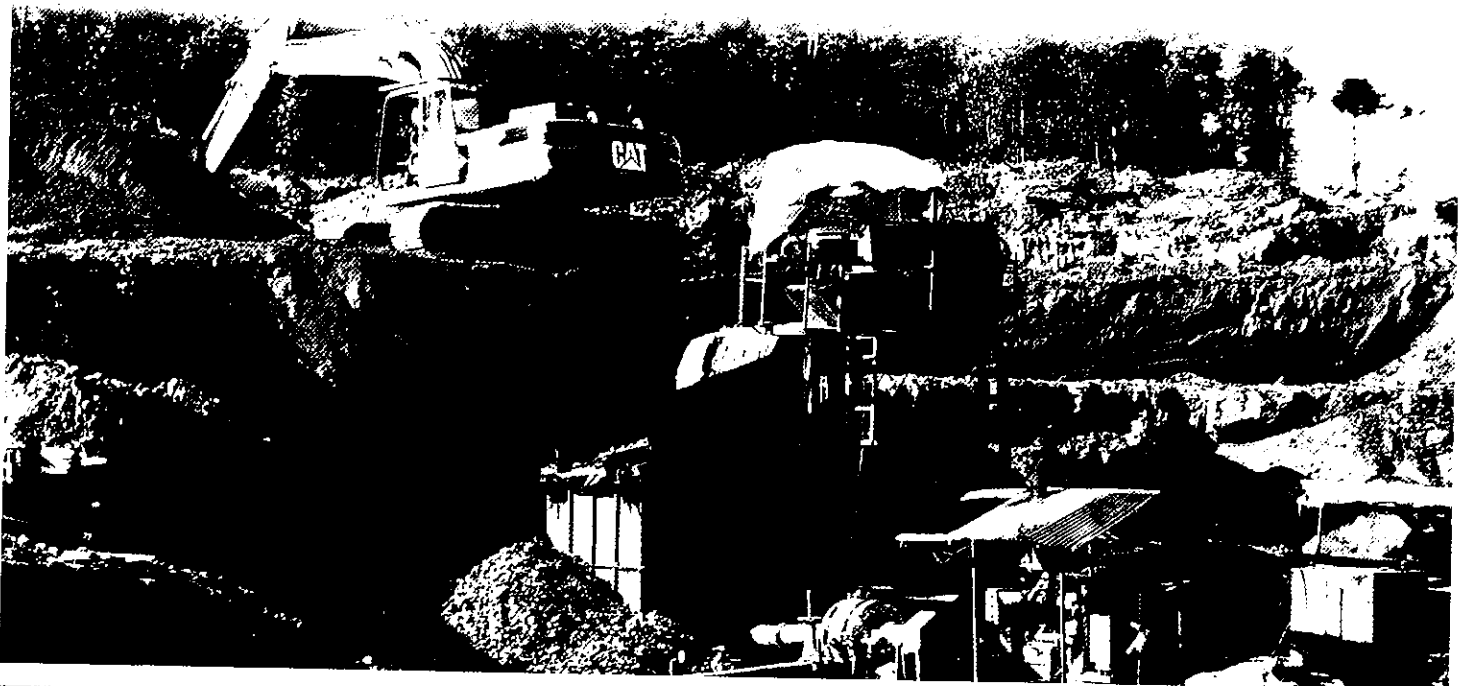
The Honourable Prime Minister;

Your Board of Directors submits to you the Annual Report 2008 of the Guyana Gold Board along with the Audited Financial Statements for the year ended December 31, 2008 in accordance with Section 17 of the Guyana Gold Board Act 1981 (Chapter 66:01)

Thank you.

On behalf of the Board of Directors

Anantram Balram
Secretary, Board of Directors





Corporate Profile

AUDITORS

Audit Office of Guyana
63 High Street, Kingston
Georgetown, Guyana.

Nizam Ali & Company

215 'C' Camp Street, North Cummingsburg
Georgetown, Guyana.

LEGAL ADVISORS

Attorney General Chambers

59 Carmichael Street, North Cummingsburg,
Georgetown, Guyana.

REGISTERED OFFICE

68 Upper Brickdam,
Georgetown, Guyana.
P.O.Box 12204
Tel. No.: 225-3173
Fax No. : 225-4963
E-mail : ggb@gol.net.gy

SUB OFFICE

First Avenue Bartica
Region 7, Guyana
Tel No.:455-0072
Tel No. 455-0073

BANKERS

Bank of Guyana

1 Avenue of the Republic, Robbstown
Georgetown, Guyana.

Citizens Bank (Guyana) Limited

16 First Avenues, Bartica
Region 7, Guyana.

Republic Bank (Guyana) Limited

**(Formerly) National Bank of Industry &
Commerce**

38 Water Street, Robbstown, Georgetown,
Guyana.



Guyana Gold Board

Establishment (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Sections 3)

There is hereby established the Guyana Gold Board which shall be a body corporate and the provisions of the First Schedule shall have effect as to the constitution of the Board and otherwise in relation thereto.

Commencement

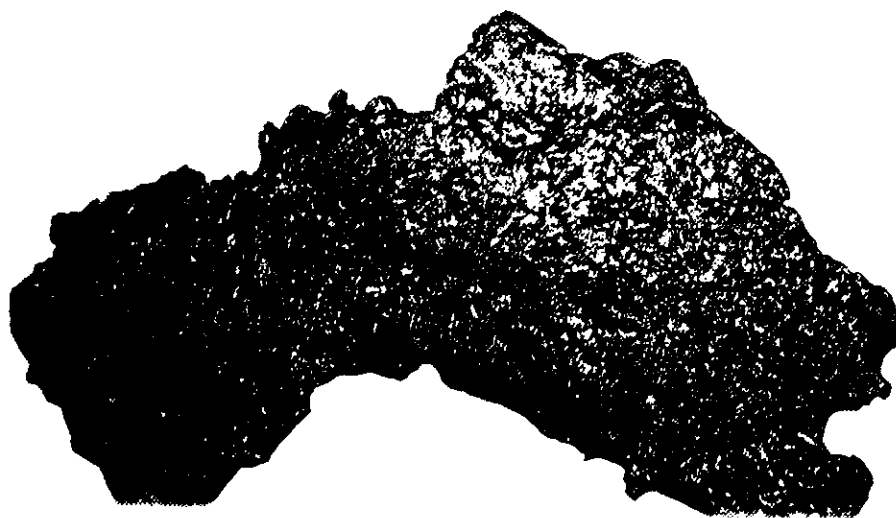
By Order No. 24 of 1982, the Guyana Gold Board commenced operations on May 15, 1982

Functions (Extracted from Guyana Gold Board Act Chap. 66:01 Sections 4)

It shall be the function of the Board –

- (a.) to carry on the business of trading in gold;
- (b.) to secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices;
- (c.) subject to this Act, to purchase all gold produced in Guyana;
- (d.) subject to this Act, to sell all gold in Guyana and to sell gold outside Guyana;
- (e.) to engage in other commercial or industrial activities.

The Guyana Gold Board continues to deliver on all of its mandated functions in 2008.





Minister Responsible and Board of Directors

Minister Responsible:



The Honourable Samuel A. Hinds
Prime Minister Co-operative Republic of Guyana; and
Minister Responsible for Mining

Board of Directors:



Rishi Sookram
Chairman Board of Directors



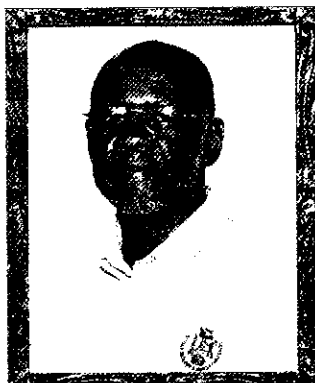
René Faerber
Director – Representing
Ministry of Finance



Carl Baldie
Director – Representing Guyana
Gold & Diamond Miners
Association



Harnarine Tiwari
Director – Representing
People Progressive Party/Civic



William Woolford
Director/Representing Guyana
Geology and Mines Commission



Jeffrey Thomas
Director Representing People's
National Congress/Reform



Nareshwar Harnannan
Legal Advisor
Attorney General Chambers



Anantram Balram
Executive Director/General
Manager (ag.)

Chairman's Statement



Introduction

Performances, in 2008, in the mining sector specifically relating to gold declarations and the operation Guyana Gold Board have now clarified and justified the existence of this institution and its current and potential contribution to the economy both socially and economically.

Production and declaration levels have been surpassed year after year since 2005; and the amount of turnover speaks for itself.

The Guyana Gold Board in its quest to fulfill its potential remained determined not to compromise its standards and functions, which is among the highest. It would continue to seek that equitable position in executing governmental policies and maximising clients' satisfaction.

World Economic Climate

The world economy is estimated to grow by 3.4 % in 2008, falling from a 5.2 % in 2007. Emerging markets which accounted for the strong 2007 performance are expected to report single digit growth in 2008. Exports by China and India are expected to show significant reduction in 2008.

The global economic crisis, while the impact in the last quarter of 2008 was significant, recovery is not expected in the very short term. 2008 has seen cuts in the interest rates by the Federal Reserve, crude oil prices reaching an all time high of USD147.27 per barrel and dropped to under USD50 before the year end. Gold also reached an all time high of USD 1,023.50, but was more range locked to the end of the year.

Guyana Economy

The local economy, recorded a real growth of 3.1 % in 2008, against a 5.4 % growth in 2007. Notwithstanding the effects of the global economic crisis the Guyana economy is expected to grow by 4.7 percent where sugar is expected to make significant recovery as a result of the implementation Skeldon project and general reorganisation of the Guyana Sugar Corporation.

Financial Performance

Declarations by medium and small scale miners increased by 5.85 % in 2008 compared with 2007. Turnover increased from GYD32.09 billion in 2007 to GYD 41.46 billion in 2008, representing an increase of 29.79 %. The net income was GYD246.66 million in 2008 as compared with GYD 189.26 million in 2007, representing an increase of 30.34%.

While high volatility existed in the gold market in 2008, the effects were felt over longer period because of the range bound nature. Gold exports accounted for USD 203.7 million or 25.5% of total export of USD 798.4; the significance of that amount can be seen.

Future Outlook

Predictions more favour gold continuing to hold strong over 2009, however, the impact of the global financial meltdown may cause some variations in common anticipated factors that affect the market.

The Guyana Gold Board is expected to continue in its success and is poised to reach the targets for 2009, considering the weather and environmental variable remains conducive to mining.

Conclusion

Thanks and gratitude must be given to all clients and stakeholders for their invaluable support; and management and staff for their unwavering commitment to the success of the Guyana Gold Board.

The Guyana Gold Board remains strong in its commitment to serving the mining sector and Guyana as a whole.

Rishi Sookram

Chairman, Board of Directors

General Manager's Report



Introduction

The Guyana Gold Board reliable and fair, in 2008, continued to show its importance to the economy in terms of export earnings and a ready market for small and medium scale miners.

2008 highlighted the importance of the long debated issue of the contribution of gold mining to the economy with the highest declaration ever by local miners.

Gold continued its dominant run in export earnings over the other traditional exports in 2008.

Although, declarations in 2009 are expected to be around the 2008 levels, a continually strong gold price (as expected) would advantageous in improving export earnings.

The Gold Market

Gold price started 2008, on the London Bullion Market Agency (London Daily Fix), at USD840.75/toz. and ended the year at USD865.00/toz. i.e. 2.88 % higher. However, during 2008, the gold price reached a high of USD1,023.50 /toz. and a low of USD692.50 /toz , averaging USD872.17 /toz. for the year.

The gold market in 2008 behaved significantly different than previous years. At least for three periods in 2008 the price for gold, after trading upwards for shorter periods, slid lower and then was range bound for weeks before breaking out. This was followed by the unraveling of the global financial meltdown, which while speculations were towards down side in the gold market, made a significant bull run as investors sought safe haven for their investments. The global financial crisis has also seen the price of gold divorcing itself from its traditional correlation with the USD and crude oil prices.

In 2008, unresolved geopolitical issues and threats construed as terrorist acts did not appear to impact the market.

Declaration and Purchases

The Guyana Gold Board purchased 257,827 toz. of the 260,387 toz declared in 2008 i.e. an increase by 5.85 % on purchases and 8.20 % increase on declarations over 2007.

While the price of gold is important, additionally, the increased declaration can be attributed to various other factors of which re-capitalisation and additional investment would be significant. Government incentives such as tax relieve and waivers have not only encouraged mining but also ensure that the gold reaches the legal stream.

Foreign Exchange Generator

In 2008, export earnings from gold stood at USD203.71 million compared to USD158.21 in 2007. The Guyana Gold Board exported 248,214 toz. at a value of USD200.57 million whilst, licence dealers exported 3,598 toz. at a value of USD3.14 million.

Proceeds from the sale of refined gold returned for the Ministry of Finance through Bank of Guyana were USD203.89 million, representing an increase of 28.85% over 2007.

Human Resource

The Guyana Gold Board achieved its successes in 2008 with a complement of twenty two (22) staff members manning the Georgetown and Bartica Sub Office.

The Guyana Gold Board remains committed in the improvement of staff welfare. In 2009, staff training and educational needs will be reassessed with a view of upgrading.

***Outlook for 2009***

The unfolding of the global financial crisis has brought with it a number of factors that were not given the required consideration. As the crisis continues and frauds, scams, mismanagement, poor valuations and other problems uncovered the gold market would be forced to correct itself under the watchful eyes of those governments that have agreed to a stimulus (bailout) package with time constraint. As such, it is expected that gold would form a temporary safe haven for investors. Consideration would have to be given to the continuous short fall in world production in recent times. It is also expected that the physical demand for gold would increase in 2009 as the jewellery industry reasserts itself in terms of consumption.

The above factors points to the gold market remaining bullish in 2009 with prices testing the 2008 high or even higher.

The additional capitalisation and other expenditure into gold mining continue to be encouraging. While, the promotion of the sugar and rice industry appear to capture the spotlight, the government has been unwavering in its support for proper gold mining as proven by the tax incentives afforded to miners.

Conclusion

Internal and external confidence in the functions and operations of the Guyana Gold Board has been the key in it showing its contribution and future potential to the Guyana

The staff of the Guyana Gold Board must be congratulated for the successful performance in 2008; and the clients and stakeholders are thanked for their contribution and continued support.

Thank you.

Anantram Balram
General Manager (ag.)



Financial and Operational Highlights

	2008	2007	Inc/(Dec.)	% Change
Statement of Net Income				
Operating Income	452.71	365.15	87.56	23.98
Operating Expenditure	206.05	175.88	30.17	17.15
Balance Sheet				
Non- Current Assets	13.12	4.57	8.55	187.20
Total Current assets	4,558.44	2,921.36	1,637.08	56.04
Total Equity	777.03	530.38	246.66	46.51
Total Liabilities	3,794.53	2,395.55	1,398.98	58.40

PURCHASES ACTUAL VS BUDGET
(TROY OUNCES)

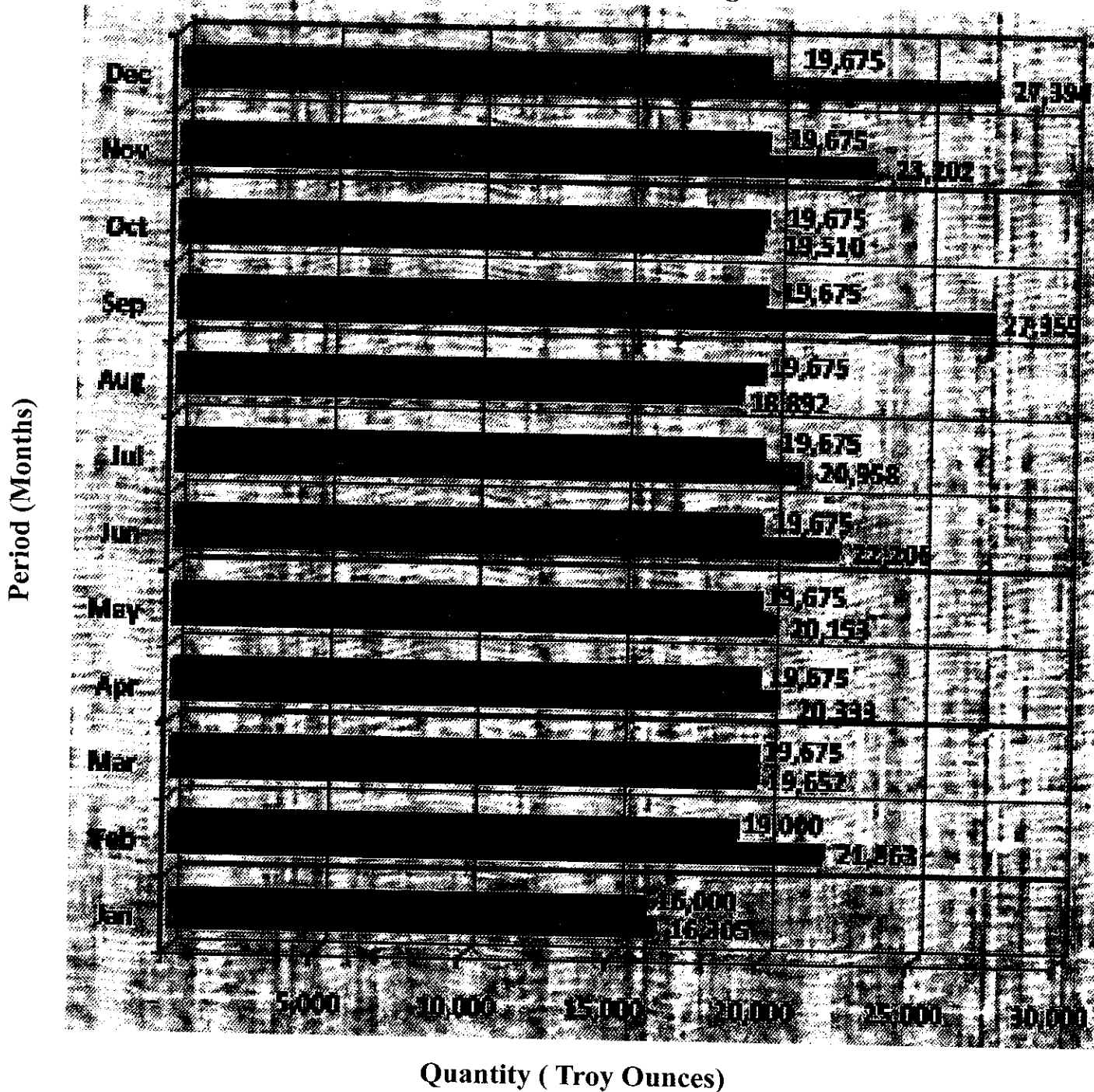
Period	Actual	Budget
Jan	16,305	16,000
Feb	21,863	19,000
Mar	19,652	19,675
Apr	20,333	19,675
May	20,153	19,675
Jun	22,206	19,675
Jul	20,958	19,675
Aug	18,892	19,675
Sep	27,359	19,675
Oct	19,510	19,675
Nov	23,202	19,675
Dec	27,394	19,675
TOTAL	257,827	231,750

PURCHASES 1999-2008
(TROY OUNCES)

Period	Actual
1999	110,160
2000	104,493
2001	101,849
2002	116,617
2003	103,438
2004	115,086
2005	161,683
2006	200,241
2007	238,298
2008	257,827



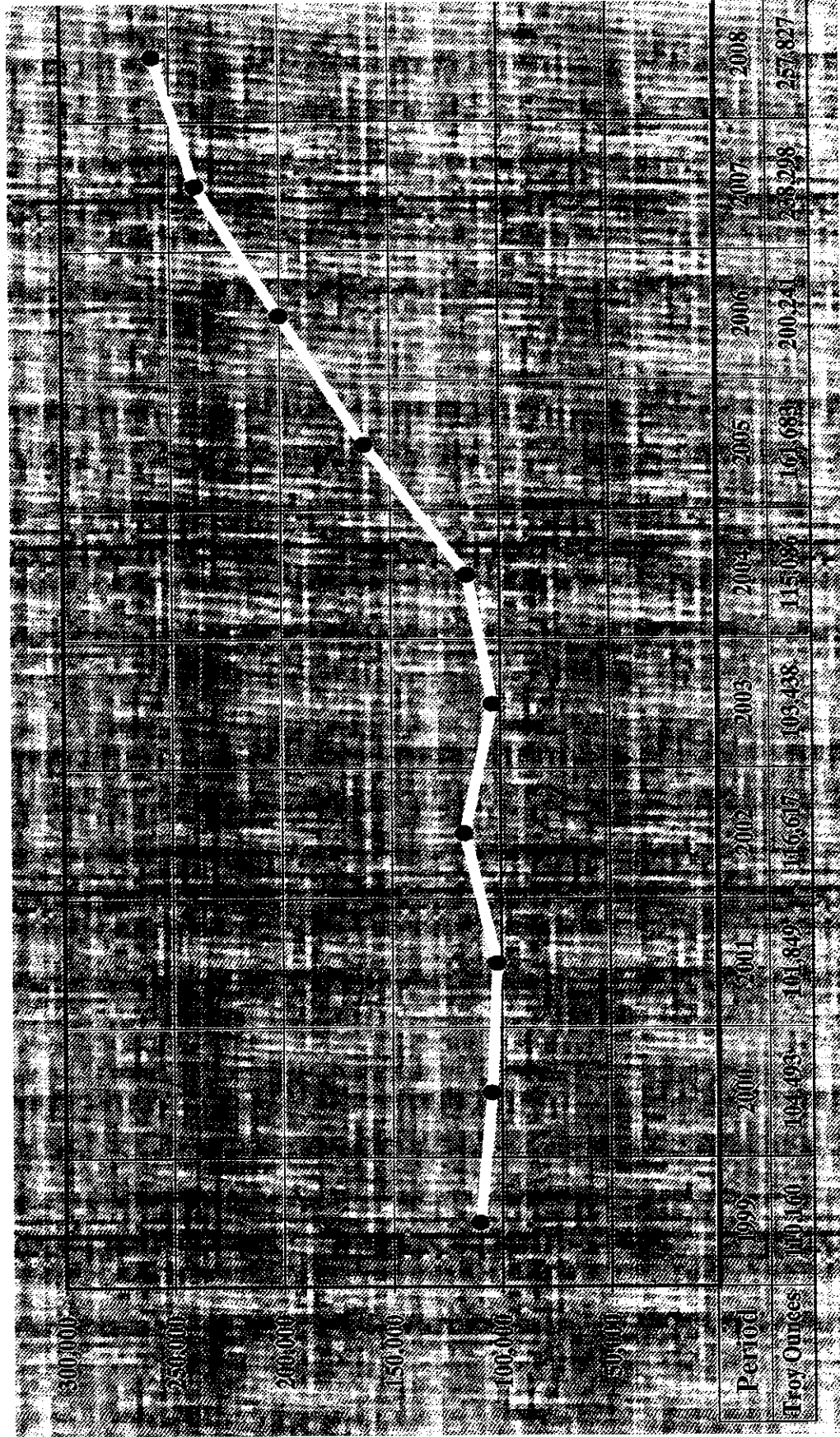
Quantity of Gold Purchased v.s Budget 2008



■ Budget
■ Actual



Gold Purchased (1999-2008)

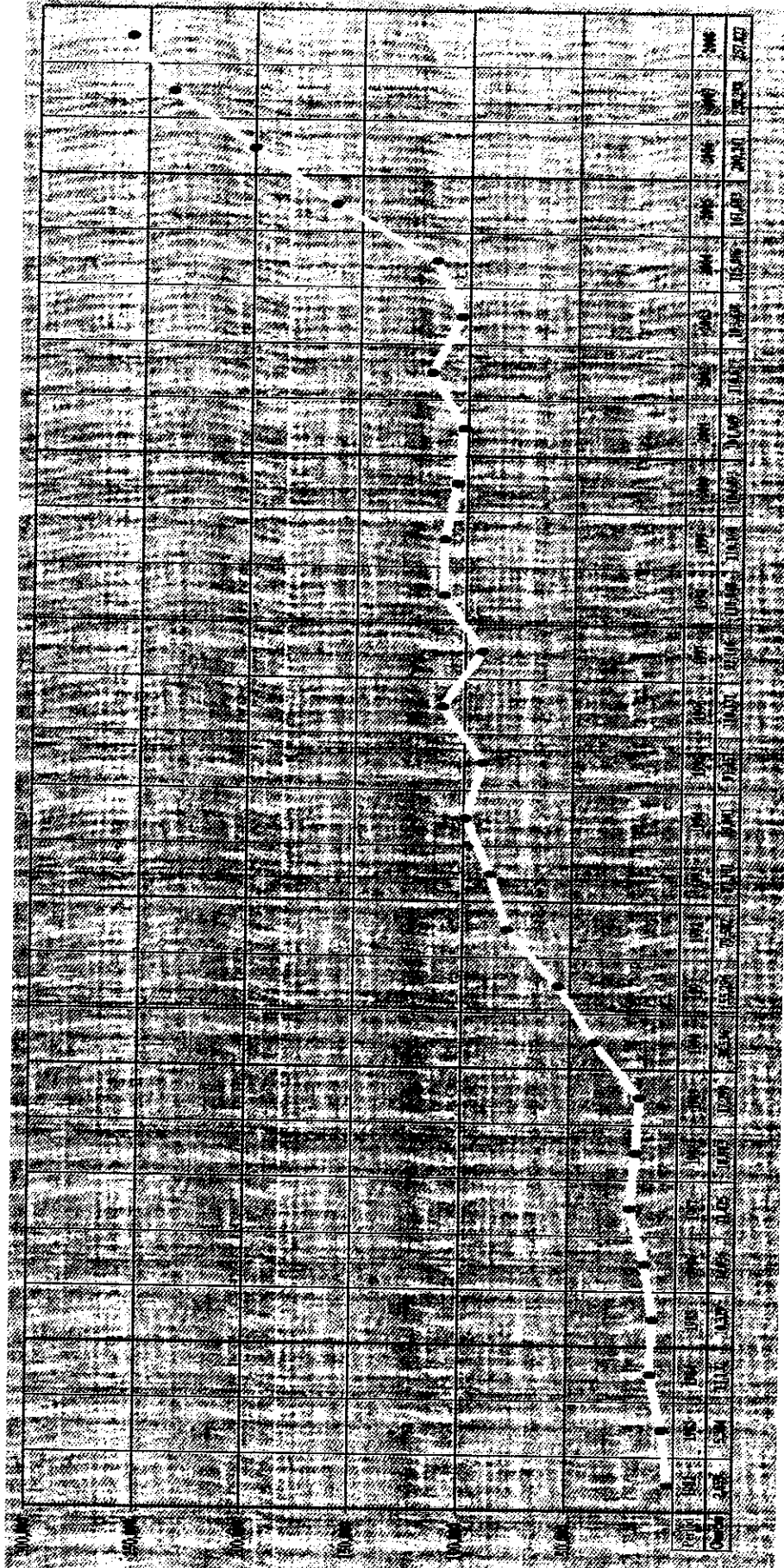


Period (Years)

Quantity (Troy Ounces)



Gold Purchased (1982-2008)

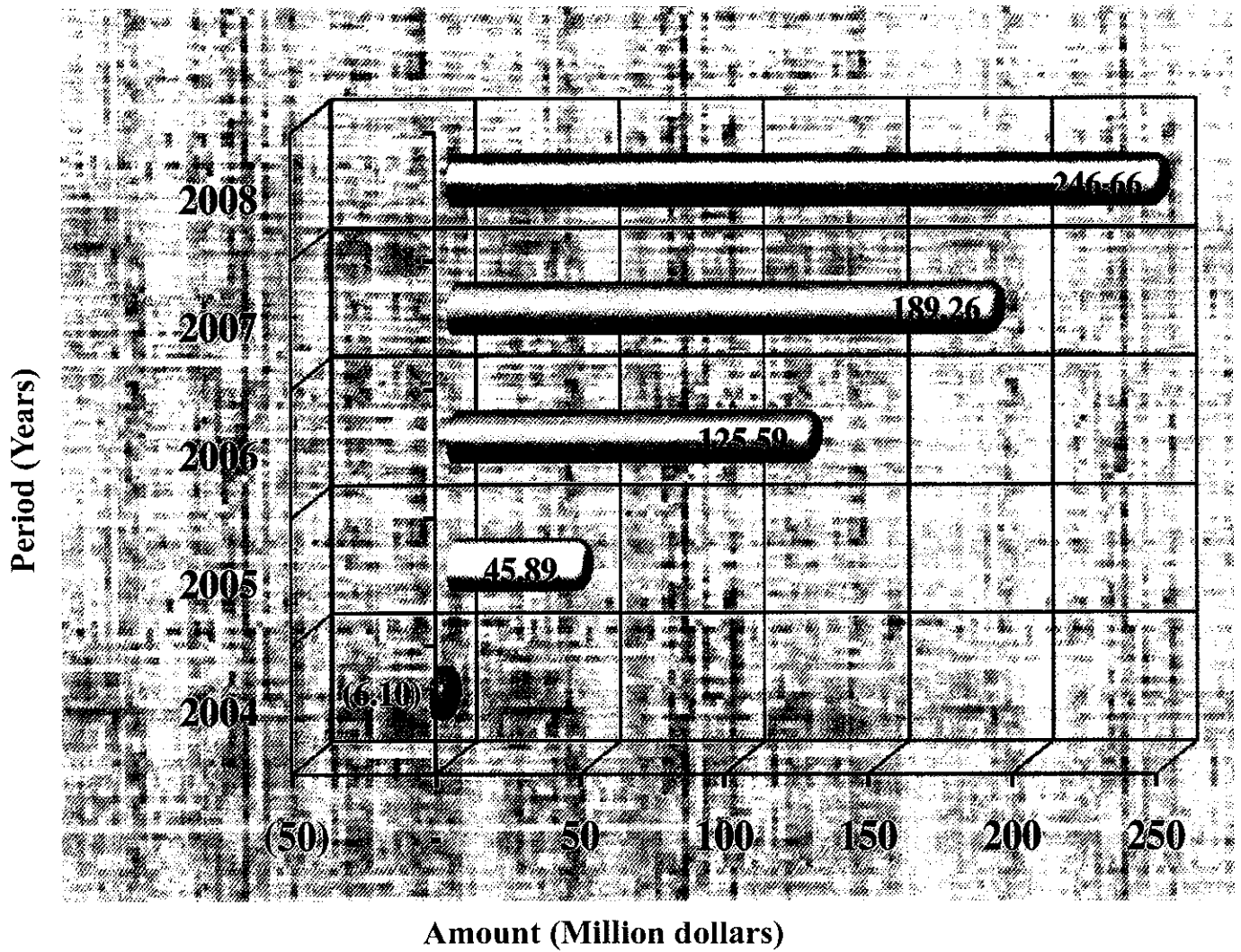


Period (Years)

Quantity (Troy Ounces)



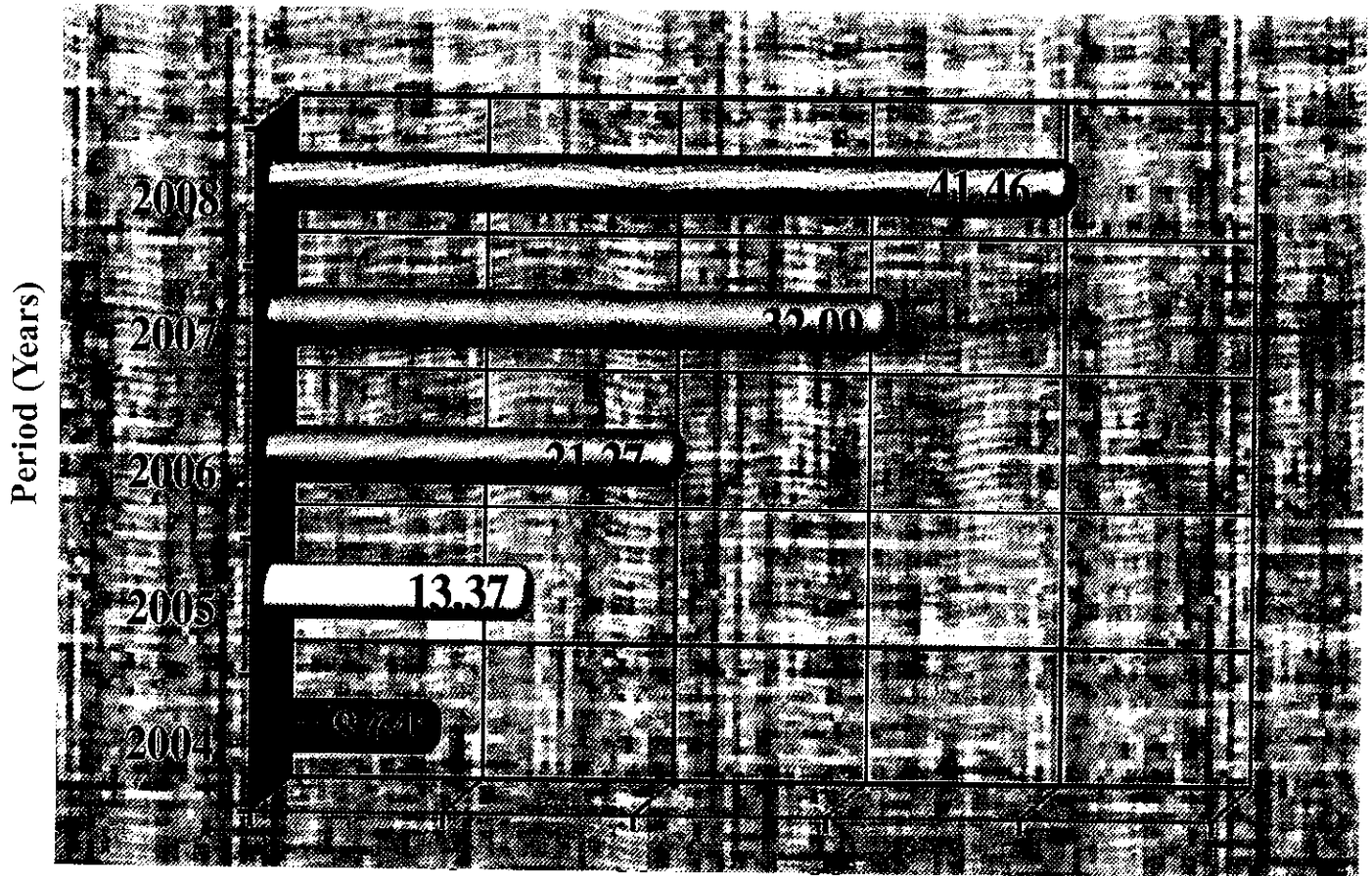
Operating Surplus (2004-2008)



Period	2004	2005	2006	2007	2008
Profit/(Loss)	(6.10)	45.89	125.59	189.26	246.66



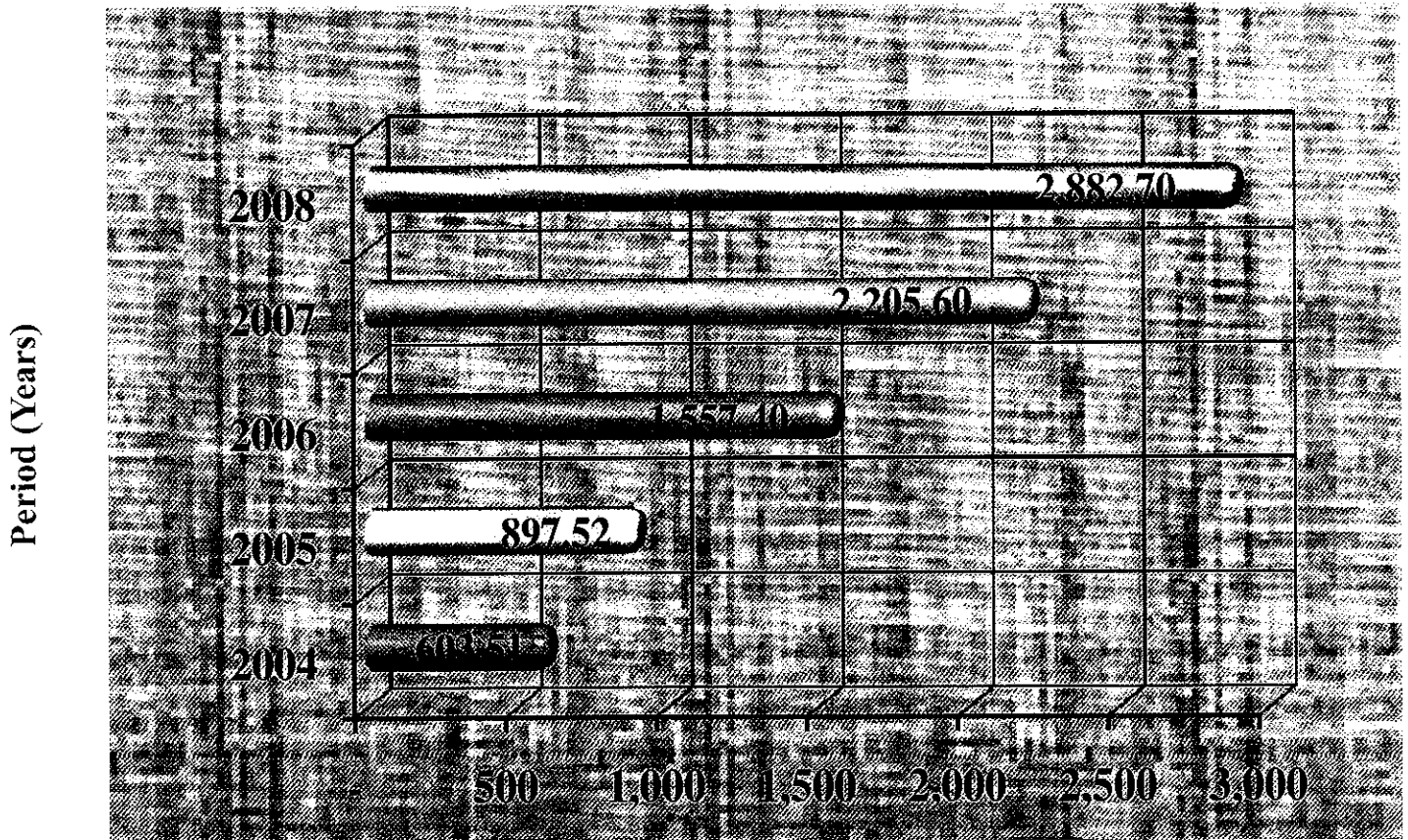
Turnover (2004-2008)



Amount (Billion dollars)

Period	2004	2005	2006	2007	2008
Turnover	8.64	13.37	21.27	32.09	41.46

Royalties and Taxes collected (2004-2008)



Amount (Million dollars)

Period	2004	2005	2006	2007	2008
Royalties and Taxes	603.51	897.52	1,557.40	2,205.60	2,882.70

Section 2



Audit Office of Guyana

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AG: 26/2009

31 March 2009

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

I have audited the accompanying financial statements of Guyana Gold Board which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audit was conducted in accordance with the Audit Act of 2004.

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

Our responsibility is to express an opinion on these financial statements based on our 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 we 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 appropriateness of accounting policies used and the reasonableness 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 referred to above present fairly, in all material respects, the financial position of the Guyana Gold Board as at 31 December 2008, and the results of its operations for the year then ended in conformity with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Emphasis of matter

Without qualifying my opinion I draw attention to note 2(1) to the financial statements. Management has represented to us that the Board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. Management is in the process of establishing this authority. The Board has not paid any Corporation taxes since its formation and no provision for such taxes has been made in these financial statements.



AUDIT OFFICE
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**REPORT OF CHARTERED ACCOUNTANTS
NIZAM ALI AND COMPANY
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 2008**

We have audited the accompanying financial statements of Guyana Gold Board, which comprise the balance sheet as at December 31, 2008 and the statement of net income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Office of Guyana Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, we consider internal control 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 the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board as of December 31, 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Emphasis of matter

Without qualifying our opinion we draw attention to note 2(j) to the financial statements. Management has represented to us that the Board is exempt from Corporation and Property taxes. We are unable to ascertain the necessary authority that gives legal effect to this exemption. The Board has not paid any Corporation or Property taxes since its formation and no provision for such taxes has been made in these financial statements.

Nizam Ali & Company
Chartered Accountants
Georgetown, Guyana
March 23, 2009



GUYANA GOLD BOARD

Balance Sheet

December 31, 2008

With comparative figures for 2007

(Expressed in Guyana Dollars)

	<u>Notes</u>	2008 \$	2007 \$
Plant and equipment	7	<u>13,121,318</u>	<u>4,568,660</u>
Current assets			
Inventories	4	3,840,584,620	2,300,996,138
Accounts receivable and prepayments	3	20,744,432	20,481,597
Cash on hand and at bank		<u>697,113,341</u>	<u>599,885,290</u>
Total current assets		<u>4,558,442,393</u>	<u>2,921,363,025</u>
Total assets		<u>4,571,563,711</u>	<u>2,925,931,685</u>
Liabilities and equity			
Liabilities			
Bank overdraft		1,388,475	25,405,883
Advance from the Ministry of Finance	5	3,439,490,201	1,972,153,912
Accounts payable	6	<u>353,651,648</u>	<u>397,994,234</u>
Total liabilities		<u>3,794,530,324</u>	<u>2,395,554,029</u>
Equity			
Government contribution	8	108,577,100	108,577,100
Accumulated surplus		<u>668,456,287</u>	<u>421,800,556</u>
Total equity		<u>777,033,387</u>	<u>530,377,656</u>
Total liabilities and equity		<u>4,571,563,711</u>	<u>2,925,931,685</u>

These financial statements were approved by the Board of Directors on March 23, 2009 and signed on its behalf by :

Director

Director

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Net Income
for the year ended December 31, 2008
With comparative figures for 2007
(Expressed in Guyana Dollars)

	<u>Notes</u>	2008 \$	2007 \$
Sales	9	41,464,921,845	32,088,909,177
Cost of sales	10	41,082,787,409	31,776,386,095
Gross profit		382,134,436	312,523,082
Other income	11	70,572,628	52,624,451
Operating income		452,707,064	365,147,553
Administrative expenses	12	206,051,333	175,883,355
Net income for the year	13	246,655,731	189,264,178

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Statement of Changes in Equity
for the year ended December 31, 2008
With comparative figures for 2007
(Expressed in Guyana Dollars)

	Government Contribution \$	Revaluation Reserves \$	Accumulated Surplus \$	Total \$
Balance at January 01, 2007	108,577,100	308,125	232,228,253	341,113,478
Realisation of revaluation reserve through depreciation of related assets	—	(308,125)	308,125	—
Net income	—	—	189,264,178	189,264,178
Balance as at December 31, 2007	108,577,100	—	421,800,556	530,377,656
Balance as at January 01, 2008	108,577,100	—	421,800,556	530,377,656
Net income	—	—	246,655,731	246,655,731
Balance as at December 31, 2008	108,577,100	—	668,456,287	777,033,387

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD
Cash Flow Statement
for the year ended December 31, 2008
With comparative figures for 2007
(Expressed in Guyana Dollars)

	2008	2007
	\$	\$
Cash flows from operating activities		
Net income	264,655,731	189,264,178
Adjustment for:		
Depreciation	2,561,270	1,509,752
Operating income before working capital	249,217,001	190,773,930
(Increase) decrease in inventories	(1,539,588,482)	352,702,762
Increase in accounts receivable and prepayment	(262,835)	(6,568,002)
Increase (decrease) in advance from Ministry of Finance	1,467,336,289	(940,283,319)
Increase (decrease) in accounts payable	(44,342,586)	204,863,912
Net cash (used) in operating activities	132,359,387	(198,510,717)
Cash flow from investing activity		
Purchase of plant and equipment	(11,113,928)	(2,014,629)
Cash used in investing activity	(11,113,928)	(2,014,629)
Net increase (decrease) in cash and cash equivalents	121,245,459	(200,525,346)
Cash and cash equivalents at beginning of the year	574,479,407	775,004,753
Cash and cash equivalents at end of the year	695,724,866	574,479,407
Cash and cash equivalents comprise:		
Cash in hand and at bank	697,113,341	599,885,290
Bank overdraft	(1,388,475)	(25,405,883)
	695,724,866	574,479,407

The accompanying notes form an integral part of these financial statements.



GUYANA GOLD BOARD

Notes to the Financial Statements

December 31, 2008

(Expressed in Guyana Dollars)

1. Incorporation and activities

(a) Incorporation

The Guyana Gold Board was formed under an Act of Parliament which is referred to as the Guyana Gold Board Act 1981. Its principal activities as defined in section 4 are:-

- (a) to carry on the business of trading in gold;
- (b) to secure at all times an adequate supply of gold and to ensure its equitable distribution at fair prices;
- (c) to purchase all gold produced in Guyana;
- (d) to sell all gold in Guyana and to sell gold out of Guyana;
- (e) to engage in other related commercial or industrial activities;

The Guyana Gold Board entered into an agency arrangement with Mitsui & Co Precious Metals, Inc, (the agent) on July 8, 2002 for sale of its gold overseas. Under the arrangement the agent informs the Board of offer price. The Board will consider the price offered, and advise the agent whether to sell. The agent do not earn any commission from the Board on sale of gold.

2. Significant accounting policies

(a) Basis of preparation

The preparation of financial statements in conformity with IFRS requires the use of certain judgments, estimates and assumptions concerning the future. The most significant of these arise on the determination of the retirement benefit plan liability and the estimation of the expected useful lives of property, plant and equipment.

In the current year, IFRS 7, 'Financial Instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial instruments-Capital disclosures', introduces new disclosures relating to financial instruments but does not have any impact on the classification and valuation of the company's financial instruments.

The following interpretations to published standards are effective from the current financial year but they are not expected to be relevant to the Board's operations:

- IFRIC 7 Applying the restatement approach under IAS 29, financial reporting in hyperinflationary economies.
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Re-assessment of embedded derivatives.
- IFRIC 10 Interim financial reporting and impairment

The following standard, amendment and interpretations to existing standards have been published but are not mandatory for current financial year and are not relevant to Board's operations:

- IAS 23 Borrowing cost amendment
- IFRS 8 Operating segments
- IFRIC 11 IFRS 2 - Group and treasury share transactions.
- IFRIC 12 Service concession
- IFRIC 13 Customer loyalty programmes
- IFRIC 14 IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interactions.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2008
(Expressed in Guyana Dollars)

2. Significant accounting policies, continued

(b) Plant and equipment and depreciation

Depreciation of plant and equipment, is provided for over the estimated useful lives of the respective assets using the straight-line method. A full year depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.

Furniture, fixtures and fittings	10%
Office equipment	12.50%
Motor vehicles	25%
Laboratory renovations	25%
Computer software	25%

(c) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method of valuation.

(d) Purchases

Purchase of gold are made based on the London daily fix per ounce of gold quoted in US dollars. The payment for gold purchased is based on an assumed purity with a payout factor of the average of the historical assay result. An initial payment is made after a deduction of G\$4.25 per ounce from the average US\$/G\$ exchange rate of six commercial banks. The initial payment made on the payout factor is adjusted when actual assaying results are determined, for results higher than the payout factor the Board pays the miners the additional amount, for results lower than the payout factor the miners reimburse the Board with the difference from future transactions.

(e) Sales

The Board markets its gold locally and overseas. Local sales are made directly to jewellers. For overseas sale, smelted raw gold are sent to Royal Canadian Mint where it is refined and then marketed through the Board's agent, Mitsui & Co Precious Metals, Inc.

Sales of refined gold are marketed as follows:-

- (i) Spot transaction
- (ii) Forward transaction
- (iii) Option transaction

During the year the Board entered into no forward or option transactions. . The Board entered into three short term call option transactions during the year, however, at year end, there were no out-standing option



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2008
(Expressed in Guyana Dollars)

2. Significant accounting policies, continued

(f) Revenue recognition

Local Sales

The Board recognises revenue when the customer takes possession of the gold. Price is fixed according to the London Daily Fix, at the time of the sale.

Foreign Sales

The Board recognises revenue when Bank of Guyana acknowledges receipts from Mitsui & Co Precious Metals, Inc. The agent makes payment on sales contract when the gold has been transferred to the agent's account.

(g) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and deposits held on call with the bank.

(h) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated at the Bank of Guyana current rates of exchange, any exchange adjustments are included in other income.

(i) Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(j) Impairment of long-lived assets

In accordance with best practice, long lived assets, such as plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognised by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(k) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) 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 expenses during the reporting period. Actual results could differ from those estimates.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2008
(Expressed in Guyana Dollars)

2. Significant accounting policies, continued
(l) Taxation

The Board is exempt from Corporation and Property Taxes.

	2008	2007
	\$	\$
3. Accounts receivable and prepayments		
Trade debtors	13,410,845	14,473,263
Prepayments	7,333,587	6,008,334
	<u>20,744,432</u>	<u>20,481,597</u>
4. Inventories		
Laboratory	1,781,646,591	912,105,010
Bank of Guyana	1,699,986,697	978,981,534
Royal Canadian Mint (Referees)	9,242,874	67,817,430
Guyana Geology and Mines Commission (Samples)	5,587,831	16,352,214
Mitsui (see note)	344,120,627	325,739,950
	<u>3,840,584,620</u>	<u>2,300,996,138</u>
Note		
Under the agency arrangement between Mitsui and the Guyana Gold Board, Mitsui, based on the instruction of the Board may effect certain sales contract for gold without the gold being transferred to the agent's account. Mitsui normally holds a stock of 2,000 troy ounces of gold as security deposit for such transactions, which will be available upon settlement of outstanding contracts.		
5. Advance from the Ministry of Finance	<u>3,439,490,201</u>	<u>1,972,153,912</u>
The Board receives advances from the Ministry of Finance, which is used for the purchase of gold and the payment of the Board's expenditure. The revenue from sales of gold overseas when received are used to reimburse this advance. The balance on this account represents advances not yet reimbursed.		
6. Accounts payable		
Trade creditors	90,991,577	183,441,562
Gold dealers' tax payable	80,873,901	61,383,976
Gold dealers' royalties payable	130,623,538	105,237,000
Accruals	38,056,146	36,404,643
Others	13,106,486	11,527,053
	<u>353,651,648</u>	<u>397,994,234</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2008
(Expressed in Guyana Dollars)

7. Plant and equipment

	Furniture, fixtures & fittings	Office Equipment	Motor Vehicles	Fire Arms	Computer Software	Lab & Smelting Room Renovation	Total
	\$	\$	\$	\$	\$	\$	\$
At Jan 01, 2008	4,515,851	31,182,776	16,568,758	489,016	3,570,895	10,788,045	67,115,341
Additions	1,569,241	8,183,905	—	—	—	1,360,782	11,113,928
At Dec 31, 2008	6,085,092	39,366,681	16,568,758	489,016	3,570,895	12,148,827	78,229,269
Represented by							
Cost	6,085,092	38,901,681	13,888,758	489,016	3,570,895	12,148,827	75,084,269
Valuation	—	465,000	2,680,000	—	—	—	3,145,000
	6,085,092	39,366,681	16,568,758	489,016	3,570,895	12,148,827	78,229,269
Accumulated depreciation							
At Jan 01, 2008	3,572,797	28,207,162	16,043,758	489,016	3,567,051	10,666,897	62,546,681
Charges for the year	292,895	1,697,462	175,000	—	3,844	392,069	2,561,270
At Dec 31, 2008	3,865,692	29,904,624	16,218,758	489,016	3,570,895	11,058,966	65,107,951
Net book values							
At Dec 31, 2008	2,219,400	9,462,057	350,000	—	—	1,089,861	13,121,318
At Dec 31, 2007	943,054	2,975,614	525,000	—	3,844	121,148	4,568,660



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2008
(Expressed in Guyana Dollars)

	2008 \$	2007 \$
8. Government contribution	108,577,100	108,577,100
9. Turnover		
Local sales	47,151,526	93,553,158
Foreign sales	41,417,770,319	31,995,356,019
	<u>41,464,921,845</u>	<u>32,088,909,177</u>
10. Cost of sales		
Opening stocks	2,300,996,138	2,653,698,900
Purchases	42,529,228,652	31,343,270,228
Shipping and refining cost	93,147,239	80,413,105
	<u>44,923,372,029</u>	<u>34,077,382,233</u>
Less closing stocks	(3,840,584,620)	(2,300,996,138)
	<u>41,082,787,409</u>	<u>31,776,386,095</u>
11. Other income		
Silver Sales	43,153,289	41,535,963
Lease Income	1,513,382	768,550
Miscellaneous	284,100	8,919,938
Exporters' licence fee	1,400,000	1,400,000
Option premium	24,221,857	—
	<u>70,572,628</u>	<u>52,624,451</u>



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2008
(Expressed in Guyana Dollars)

12. Administrative expenses	2008	2007
	\$	\$
Insurance	11,174,217	10,796,842
Employment cost	43,615,893	38,995,593
Depreciation	2,561,270	1,509,752
Audit fees	1,425,000	1,425,000
Security	23,032,914	19,795,934
Motor vehicle	1,829,121	1,589,997
Samples test	21,662,812	17,764,000
Legal fees	13,920	235,270
Stationery and supplies	1,387,098	1,476,320
Others	34,210,824	30,528,569
Gold burning	9,917,236	6,432,412
Office maintenance	297,952	551,414
Meals allowance	678,821	967,417
Staff welfare and training	1,595,602	986,584
Telephone, internet & telex	1,239,777	1,040,212
Gifts, donation and hospitality	2,820,185	4,126,465
Stamp expenses	42,338,467	31,080,976
Advertisement	178,964	341,218
Repairs to equipment & furniture	997,782	1,598,010
Books & publications	19,080	11,750
Bank charges	1,068,919	893,093
Health and safety	166,479	155,767
Medical expenses	1,440,000	2,311,760
Directors' fees (see note 14)	2,379,000	1,269,000
	<u>206,051,333</u>	<u>175,883,355</u>
13. Net income for the year	<u>246,665,731</u>	<u>189,264,178</u>

After charging the following:

Depreciation	2,561,270	1,509,752
Directors' fee (see note 14)	2,379,000	1,269,000
Auditors' remuneration	1,425,000	1,425,000



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2008
(Expressed in Guyana Dollars)

	2008	2007
	\$	\$
14. Identity of Related Parties		
The Board considers the non-executive directors and key management personnel as related parties		
(i) Transactions with directors		
Directors' Fees		
Rishi Sookram	574,000	294,000
Rene Faeber	410,000	200,000
Harinarine Tiwari	340,000	200,000
Carl Baldie	360,000	190,000
Nareshwar Harnanan	35,000	—
Jeffery Thomas	390,000	190,000
Allison Thorne	30,000	45,000
William Woolford	240,000	150,000
	2,379,000	1,269,000

- (a) Directors emoluments per meeting are as follows; each non-executive director is entitled to a fee of \$10,000 except for Nareshwar Harnanan who receives a fee of \$5,000. The chairman's fee is \$14,000 per meeting.
- (b) CDC Mining & Consultancy is a client of the Guyana Gold Board of which Carl Baldie is a partner. During the year total payments for gold purchased from this client amounted to G\$2,263,561 (2007G\$1,476,865). The rate paid was the same as that paid to non-related clients.
- (ii) Key management personnel

Five (5) individuals are considered as key management personnel. During the year remuneration paid to these individuals amounted to G\$15,867,076 .(2007-G\$12,476,544)

Financial risk management

(i) Liquidity risk

The contractual undiscounted cashflows associated with the Board's financial liabilities of \$3,794,530,324 (2007- \$2,395,554,029) are expected to fall due within 3 months of the balance sheet date. The Board manages its exposure to liquidity risk by projecting expected cashflows.



GUYANA GOLD BOARD
Notes to the Financial Statements
December 31, 2008
(Expressed in Guyana Dollars)

15 Financial risk management, continued

(ii) Credit risk

	2008	2007
Neither Past due nor impaired	932,956	496,575
Past Due but not impaired	12,477,889	13,976,688
	13,410,845	14,473,263

As at the year end, accounts receivable of \$13,410,845 (2007 - \$14,473,263) are fully performing. None of the accounts receivable that are fully performing were renegotiated during the year.

Management considers the credit risk on the balances due from third parties to be minimal given the nature of the items.

(iii) Foreign currency risk

The Board's exposure to foreign exchange risk is limited by the denomination of the underlying transaction in stable foreign currencies.

	2008	2007
Assets		
United States Dollars	428,024,085	217,908,855
Liabilities		
United States Dollars	-	-
Net exposure	428,024,085	217,908,855

At 31 December 2008, if the Guyana Dollar had weakened /strengthened by 1% against the United States Dollar, with all other variables held constant , profit for the year would have been \$4,280,241 (2007 - \$2,179,088) higher/lower.



GUYANA GOLD BOARD
Notes to the Financial Statements
For the year ended December 31, 2008
(Expressed in Guyana Dollars)

15 Financial risk management continued

(iv) Fair value

The following table presents the carrying amounts and estimated fair values of the Board's financial instruments and commodities.

	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents (1)	697,113,341	697,113,341	599,885,290	599,885,290
Accounts receivable (2)	13,410,845	13,410,845	14,473,263	14,473,263
Financial liabilities				
Accounts payable and accrued liabilities (2)	349,220,898	349,220,898	397,994,234	397,994,234
Bank overdraft	1,388,475	1,388,475	25,405,883	25,405,883

(1) Recorded at market value.

(2) Recorded at amortised cost. The fair value of accounts receivable, accounts payable and accrued liabilities is equivalent to the carrying amount given the short maturity period.

(v) Interest rate risk

As at year-end date, the Board's exposure to interest rate risk is as follows:

	Floating interest rate	Non-interest bearing	Total
Financial assets			
Cash and cash equivalents	—	697,113,341	697,113,341
Accounts receivables	—	13,410,845	13,410,845
	—	710,524,186	710,524,186
Financial liabilities			
Accounts Payable and accrued liabilities	—	353,651,648	353,651,648
Bank overdraft	—	1,388,475	1,388,475
	—	355,040,123	355,040,123



GUYANA GOLD BOARD
Notes to the Financial Statements
For the year ended December 31, 2008
(Expressed in Guyana Dollars)

16. Contingent liability

The Board is the plaintiff in certain litigation. Management does not believe that the outcome of these proceedings will have material adverse effect on the Board's result of operations and accordingly no provision for contingencies is necessary.