

**LINDEN MINING
ENTERPRISE
LIMITED**

**AUDITED FINANCIAL
STATEMENTS
FOR THE
YEAR ENDED
DECEMBER 31, 2013**



Audit Office of Guyana

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AG: 20/2014

07 April 2014

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF THE LINDEN MINING ENTERPRISE LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

I have audited the accompanying financial statements of Linden Mining Enterprise Limited, which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Linden Mining Enterprise Limited as at 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

Linden Mining Enterprise Limited
(Wholly Owned Subsidiary of National Industrial & Commercial Investments Limited)
Statement of Financial Position
As at December 31, 2013

	Notes	2013 G\$	2012 G\$
ASSETS			
Non - Current Assets			
Property, Plant and Equipment		-	-
Investments in Subsidiaries and Associates		-	-
Deffered Expenditure		-	-
Total Non - Current Assets		-	-
Current Assets			
Cash in Hand and at Bank		-	-
Inventory		-	-
Receivables		-	-
Total Current Assets		-	-
TOTAL ASSETS		-	-
EQUITY & LIABILITY			
Equity & Reserves			
Share Capital	3	3,482,661,000	3,482,661,000
Retained Earnings		(22,499,801,751)	(22,499,801,751)
Capital Reserve	4	1,236,698,243	1,236,698,243
Total Equity & Reserves		(17,780,442,508)	(17,780,442,508)
Non - Current Liabilities			
Long - Term Borrowings	5	17,780,442,508	17,780,442,508
Current Liabilities			
Bank Overdraft		-	-
Payables		-	-
Total Current Liabilities		-	-
TOTAL EQUITY & LIABILITY		-	-

The Financial Statemets were approved by the Board of Directors on the 28th February 2014

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 Director

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 Director

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

Linden Mining Enterprise Limited
(Wholly Owned Subsidiary of National Industrial & Commercial Investments Limited)

Statement of Comprehensive Income
For the Period January 1, 2013 - December 31, 2013

	Notes	2013 G\$	2012 G\$
Revenue		-	-
<i>Cost of Sales / Directs Expenses</i>		-	-
Gross profit		-	-
Other Income		-	-
Income from Associates		-	-
Operating profit		-	-
Expenses			
Administrative		-	-
Distribution		-	-
Financial		-	-
Total		-	-
Loss for the Period		-	-

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

Linden Mining Enterprise Limited
(Wholly Owned Subsidiary of National Industrial & Commercial Investments Limited)
Statement of Changes in Equity
For the Period January 1, 2013 - December 31, 2013

	Stated Capital G\$	Retained Earnings G\$	Capital Reserves G\$	Other Reserves G\$	Total G\$
Balance at January 01, 2012	3,482,661,000	(22,499,801,751)	1,236,698,243	-	(17,780,442,508)
Loss for the Year	-	-	-	-	-
Balance at December 31, 2012	<u>3,482,661,000</u>	<u>(22,499,801,751)</u>	<u>1,236,698,243</u>	<u>-</u>	<u>(17,780,442,508)</u>
Balance at January 01, 2013	3,482,661,000	(22,499,801,751)	1,236,698,243	-	(17,780,442,508)
Loss for the Year	-	-	-	-	-
Balance at December 31, 2013	<u>3,482,661,000</u>	<u>(22,499,801,751)</u>	<u>1,236,698,243</u>	<u>-</u>	<u>(17,780,442,508)</u>

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

Linden Mining Enterprise Limited
(Wholly Owned Subsidiary of National Industrial & Commercial Investments Limited)

Statement of Cash Flows

For the Period January 1, 2013 - December 31, 2013

	2013	2012
	G\$	G\$
Cash flows from Operating Activities		
Loss for the Year	-	-
<i>Adjustments For:</i>		
Depreciation	-	-
Gain / (Loss) on Foreign Currency	-	-
Other Non - Cash Adjustments	-	-
Operating Loss before Changes in Working Capital	-	-
(Increase) / Decrease in Inventories	-	-
(Increase) / Decrease in Receivables	-	-
Increase / (Decrease) in Payables	-	-
Cash Generated from Operations	-	-
<i>Extraordinary Items</i>		
Fixed Assets Transferred - OBMI	-	-
Investment Transfer - NICIL	-	-
Fixed Assets Transfer - NICIL	-	-
Deffered Expenditure	-	-
Capital Reserve Adjustment	-	-
	-	-
Net Inflow / (Outflow) from Operations	-	-
Cash Flow from Investing Activities		
Purchases of Property, Plant and Equipment	-	-
	-	-
Cash used in Invesments	-	-
Cash Flow from Financing Activities		
Loans drawn down and transfer	-	-
Loans Repaid / Offset	-	-
	-	-
Net Cash flows from Financing Activities	-	-
Increase / (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents January 1	-	-
	-	-
Cash and Cash Equivalents December 31	-	-

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

Linden Mining Enterprise Limited
(Wholly Owned Subsidiary of National Industrial & Commercial Investments Limited)
Notes to the Financial Statements
For the Period January 1, 2013 - December 31, 2013

1. Incorporation

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

2. Significant Accounting Policies

a) Accounting Convention

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

b) Fixed Assets

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

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

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

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

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

c) Related Party Transactions

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

d) Inventory

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

e) Deferred Expenditure

Exploration and Drilling Expenditure

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

Development Expenditure

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

Linden Mining Enterprise Limited
(Wholly Owned Subsidiary of National Industrial & Commercial Investments Limited)
Notes to the Financial Statements
For the Period January 1, 2013 - December 31, 2013

Significant Accounting Policies (Cont'd)

g) Translation of Foreign Currency

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

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

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

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

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

3. Share Capital

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

Linden Mining Enterprise Limited
(Wholly Owned Subsidiary of National Industrial & Commercial Investments Limited)
Notes to the Financial Statements
For the Period January 1, 2013 - December 31, 2013

	2013 G\$	2012 G\$
4. Capital Reserve	<u>1,236,698,243</u>	<u>1,236,698,243</u>

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

5. Loans	2013 G\$	2012 G\$
) Ministry of Finance	11,608,608,230	11,608,608,230
) Sysmin	6,171,834,276	6,171,834,276
Total Loans	<u>17,780,442,508</u>	<u>17,780,442,508</u>

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

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

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

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

Linden Mining Enterprise Limited
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Notes to the Financial Statements
For the Period January 1, 2013 - December 31, 2013

6. Taxation

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

7. Pending Litigations

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

8. Going Concern

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

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

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