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## **FINANCIAL STATEMENT FOR 1989**

# 1. **GEOLOGICAL SERVICES DIVISION**

## **Introduction**

The year 1989 saw the Geological Services Division continuing its endeavors to promote the development of the country's extensive mineral resources. Three exploration projects were executed: the Flat Rock Pegmatite Project, the Jasper Evaluation Project and the Wariri Platinum Group Elements Project. Several fact-finding missions visited the Commission to investigate the possibility of exploiting several deposits. The Geological Services Division was alert for every opportunity to promote mineral prospects in the country. Within the Division itself the Chemical and Petrological laboratories continually upgraded facilities and staff. The labs conducted a wide range of analyses during the year. Below is set out in a condensed form the major activities of the Division.

### 1.1 **Expeditions**

#### ***Flat Rock Pegmatite Project***

On April 10, field work commenced on the Flat Rock Feldspar drilling expedition. This project, which was partially funded by the IDRC, was aimed at extending the feldspar reserves and to determine the amount of plagioclase and orthoclase in the deposit located at Flat Rock up the Mazaruni river.

Over 1256 feet of drilling from twelve drill holes were done on a regular grid of 400' x 400' covering an area measuring 1500' x 800'. Five of the twelve (12) holes showed significant pegmatite thickness ranging from 6 to 15 feet with a mean of 9.2 feet. Additionally, thirty-four (34) rock samples were taken for petrological study.

The pegmatite was found to be predominantly pink, a result of its higher K-feldspar content over Na-feldspar. It intrudes hornblende-biotite and biotite gneisses.

The estimated reserve of pegmatite equaled 157,544 tons with an average K<sub>2</sub>O content of 4%. Fe<sub>2</sub>O<sub>3</sub> content averaged 0.8%.

#### ***The Jasper Evaluation Project***

The Jasper Evaluation Project, which commenced in May, was conceived to capitalize on the strong demand for jasper by the lapidary industry. The project area centered on the known occurrences of jasper at Kato, Kurukabaru and Orinduik.

Some of the objectives of the project were:

- 1) to map the areas having true jaspers as against fine-grained sandstones;
- 2) to map and assess the various colours and varieties of jasper;
- 3) to differentiate the bedded deposits from the alluvial and colluvial material; and

- 4) to collect stream sediment samples to check on gold and diamond values in the area.

Geologically, the jasper beds belong to the Roraima Formation, which is a series of fluvial sedimentary rocks of various composition.

The exploration techniques employed included mapping, air photo interpretation, and chain and compass survey.

The entire area was calculated to have 4 million tons of jasper, with a possibility of a further 3 million tons.

#### ***Wariri Platinum Group Elements (PGE) Project***

On October 17th, the PGE Project left Georgetown. The aim of the project was to test for the occurrence of the platinum group minerals in an ultrabasic body occurring east of the Wariri mine on the Cuyuni river.

Exploration was conducted on a 75m x 50m grid over an area of 250,000 sq. m and included:-

- a) geochemical soil sampling.

Soil samples were obtained from 10 cm post-holes to a depth of about 40 cm. Ninety-nine (99) samples were collected.

- b) stream sediment sampling.

Eleven (11) stream sediments concentrates were collected from suitable points in the streams draining the ultrabasic body.

- c) rock samples

Seven (7) rock samples were taken from the different rock types in the area for analysis.

To date analytical results are not yet available.

## **1.2 Fact-Finding Visits**

In March, IDRC ceramic consultant, Mr. Hudson paid a ten-day visit to Guyana. His visit was to monitor the Flat Rock Feldspar Project to determine IDRC's technical and financial input. Mr. Hudson, along with personnel from the Geological Services Division, toured the Flat Rock quarry, the Rockstone kaolin deposit and Guymine's East Montgomery mine.

A Brazilian consultant, Dr. Arthur Schultz, spent seven working days (Oct 16 - 24) in Guyana as part of a fact-finding mission under the Brazilian Technical Assistance Program to Guyana.

Dr. Schultz's principal objective was to observe and discuss the programs and facilities of the Commission. The Brazilian consultant made field visits to the White Sand belt on the Linden highway, dredge operations in the Potaro river, the drilling expedition at Flat Rock, and also toured the GGMC Lapidary.

A team from the Ministry of Energy and Mines of Venezuela visited the Commission on April 20th. Their interest was in following up the 1987 initiative to assess the suitability of silica sand and laterite in Guyana for Ferrosilicon manufacture, and in lending technical support to the Geological Services Division.

## **1.3 Symposiums and Conferences**

Senior Geologist I, Sat Narain attended a Symposium on Energy and Mineral Potential of Central America and the Caribbean in San José, Costa Rica, from March 4 to 11.

## **1.4 Mineral Promotion**

Interest was expressed in exploiting the shell beach deposits of Northwest Guyana, and two consultants attached to the Vanceram Tableware project discussed the importance and implications of the IDRC's Ceramic Raw Material project.

Senior Geologist, Kampta Persaud made a 4-day reconnaissance visit to the Marudi Mountain prospect with two geologists from the Brazilian company Paranapanema to obtain ground information on the Marudi Mountain property

Several mining companies, among them Holmer Gold Mines Ltd. of Canada, Placer Consolidated of America, and Golden Star Resources Ltd. expressed interest in the Marudi Mountain Gold prospect, and in placer deposits in the Konawaruk, Kurupung, Mazaruni and Morabisi rivers. Golden Star has applied for options over three Mazaruni properties.

## 1.5 **Petrological Laboratory**

This report covers the Petrological, Mineralogical and Thin Section Laboratories. The facilities in the laboratories and the performance for the year under review, were adequate for the services rendered to the mining community at large, schools, and to the general public. For obvious reasons, with the state of the economy of the country, more emphasis on the exploration and mining for gold and diamond continued from the previous year.

Work Accomplished: The laboratory examined for the year 1989, some eight thousand, four hundred and sixty six (8,466) geological samples (soil, crushed rocks, rocks, trench etc.), together with two bulk samples (6,319 pounds and approximately 552 pounds of soil), prior to being given clearance for shipment overseas for analytical purposes.

## 2. **MINES DIVISION**

### 2.1 **Technical Section**

#### ***Dimension Stone***

Samples of stones taken from Tumatumari dyke were submitted to the University of Guyana Civil Engineering Laboratory for test work to be conducted in accordance with ASTM specifications. Tests were carried out for absorption, bulk density and compressive strength. These tests were completed and the results are being analysed. Also, a detailed geological and petrographic analysis is being finalized.

#### ***Filter Sand***

Test work was carried out by the Civil Engineering Laboratory of the University of Guyana to determine the uniformity coefficient and friability of filter sand samples. The results are to be used as the parameter to compare sand deposits. However, the results obtained displayed relatively low correlation and high deviation from the mean. It was proposed that these non-conformities were the results of sample irregularities and that check tests will be done on additional samples in an effort to obtain more consistent results.

#### ***Surface Investigation Project***

This project which began in July 1988, was primarily to investigate the subsurface conditions encountered at past and current building sites. The preliminary report was submitted in May 1989 of this year and the final report was scheduled to be presented in December, 1989.

### ***Rapid Placer Sampling System***

The C.I.D.C had requested information to facilitate their planning to be in Guyana to demonstrate the rapid sampling system they developed. However, no word was received from them concerning their visit.

### ***Alternative Energy Project***

Two attempts were made to bring this project on stream. The first was with Mr. Joseph O'Lall who was unavailable and the second with Mr. Terrence Fletcher of Terrence Fletcher and Associates Limited. Mr. Fletcher is interested in developing mini and zero head hydro power systems capable of delivering power to small interior communities and as a possible alternative power source for dredges and camp-sites.

### **Drilling *Omai***

The Guyana Geology and Mines Commission drill and equipment was demobilized during January and February as our contract was terminated in December 1988.

A further contract was requested by Placer for drilling services. Drilling commenced at Omai on 3<sup>rd</sup> May 1989 on DDH 78. The overall drilling rate was lower than the rate attained during previous drilling contract. This can be viewed partially as the results of drilling angled holes as compared to the previous vertical holes.

A total of sixty-three (63) feet of NQ drill rods and NQ core barrels were lost in June when the drill rod snapped whilst drilling. Attempts to recover same proved futile.

### ***Flat Rock***

Diamond core drilling commenced on 1<sup>st</sup> June 1989 at Flat Rock. Although mobilization for this project began on 18<sup>th</sup> May 1989 drilling was delayed due to mechanical problem with the Briggs and Stratton pressure pump. A replacement pump was sent to the project site, but this was plagued with similar problems.

Drilling resumed on the 11<sup>th</sup> June with the hole DDH 1 being abandoned at a depth of 59 feet 4 inches after problems were encountered with a sand formation across the hole which led to the loss of thirty (30') feet of AX rods and an AX core barrel.

Drilling continued until November with a total of twelve (12) holes being drilled. Demobilisation was completed on 28<sup>th</sup> November 1989.

## **Lapidary**

A two year supply of Lapidary spares and supplies as well as three (3) new large capacity saws were ordered to facilitate the production of a wider range of lapidary product. During the first quarter of the year, discussions were held with Mr. James Barrow of Guyana Gems concerning a joint venture between the two lapidary operations. Negotiations with a United States firm which is interested in being supplied squared agate slabs were entered into.

Work at the lapidary was severely hampered throughout the year by prolonged power outages.

## **2.2 Mines Inspectorate**

### ***Mining Stations***

The following mining stations were in operation during various times of the year.

- |                                 |                   |
|---------------------------------|-------------------|
| 1. Issano                       | 6. Kuribrong      |
| 2. Bartica                      | 7. Kurupung       |
| 3. 76-Miles Bartica-Potaro Road | 8. Upper Mazaruni |
| 4. Waraputa Landing             | 9. Kamarang       |
| 5. Ya-Ya Landing                | 10. Imbaimadai    |
|                                 | 11. Kaikan        |

Some officers were badly hampered by non-availability of transportation in the timely setting up of stations. Apart from the general monitoring and collection of revenue, all new claims (1988-1989) were to be verified so that claim licences could be issued.

### ***Inspection Tours/Visits***

Inspection tours were carried out in the following areas:-

- |              |                     |
|--------------|---------------------|
| i) Akaiwanna | vi) Chi-Chi         |
| ii) Akaiwong | vii) Marshall Falls |
| iii) Arnik   | viii) Kaburi        |
| iv) Omai     | ix) Tamakay         |
| v) Mahdia    |                     |

The Inspectors investigated complaints, disputes, and illegal mining activities.

### ***Training***

Senior Mines Officer, L. Butters attended the Court Prosecutors Course at the Police Training School.

Senior Mines Officer, L. Butters and Mines Officer T. Reid attended the Occupational Health and Safety Course.

Assistant Mines Officer's D. Loy and A. Sargeant were released to do full time studies at the University of Guyana towards attaining a Diploma in Mining Engineering.

### **Registry**

#### ***Publications***

In 1989, for the first time in ten (10) years the list of Claims in Existence was published on time.

#### ***Statistics***

The various applications for Claim Licences, Goldsmiths Licences, Business and Residential Permissions were received and processed.

- 1) A total of one hundred and thirty-five (135) Goldsmith Licences were received.
- 2) A total of one hundred and thirty-four (134) Residential Permission were processed.
- 3) A total of two hundred and twelve (212) Business Permission applications were received.
- 4) A total of one hundred and sixty-six (166) Trading Licences application were received.
- 5) One thousand, eight hundred and sixteen (1,816) Small Scale Prospecting Permits were issued for the year.
- 6) Five hundred and forty eight (548) Mining Privileges were issued during the year.
- 7) There were ninety-one (91) complaints made during this year.



No. Of Dredges Registered in 1989 by Suction Sizes:-

Size	3"	4"	5"	6"	8"	10"	12"
Numbers	2	33	5	23	41	21	1
Total							131
Dredges Renewal for 1989							148
Total # of Dredges Licences for 1989							278

**Gold and Diamond Declaration for the year 1989**

<b><u>Gold</u></b>	<b><u>Diamond</u></b>
17,328	7844 cts

**Gold and Diamond Declaration for the 1988**

<b><u>Gold</u></b>	<b><u>Diamond</u></b>
18,805	4177 ct

This was a 7.9% decrease or 1477 ozs in gold production and a 87.8% or 3 667 cts increase in diamond production.

**2.3 Mineral Processing & Research Unit**

The Mineral Processing and Research Unit (The Unit) became formally operational at the start of the year. The Unit operates in the Mines Division of the Commission with Mr. Bayah as Head and Ms. D. Skeete as Research Analyst. The establishment of the Unit is in response to a need for mineral processing technical assistance to the growing minerals industry in Guyana.

***Research Projects***

The Unit initially concentrated its efforts in the areas of activity in the industry - that is, gold and diamonds.

A research project was designed to study the processing of these minerals in the major producing districts of the country with respect to gravels characterization, separation processes, floating plant engineering, pumping requirements for gravels excavation and general mineral processing flow - sheet design.

The Unit also undertook to conduct a review of mineral processing work and research activity that has been undertaken in Guyana.

### ***Fields Visits***

Field visits were undertaken to the Potaro, Cuyuni and Mazaruni rivers. Samples from dredges working river bed gravels for gold were taken.

All operations are similarly organised with large pumping installations (10" and 12" gravel" pumps), sluice boxes with Hungarian riffles and hand jigging of concentrates.

There is an absence of classification and clay washing ahead of processing and a high proportion of values are reportedly lost to tailings. In general mineral processing principles are poorly applied with little attention being paid to the importance of such factors as particle size and shape in separation process design.

### ***Alluvial Operations Sampling***

Initial indications from field work are as follow:

- i) Feed pulp density is very variable ranging from 0% solids to 50%. This is not good for processing control.
- ii) Tonnage varied with pulp density
- iii) Sizing of feed should be performed ahead of sluicing. Sized feed improved selectivity in gravity separation system. In cases assessed, it appeared that ninety-five (95) percent or more of the gold particles are in the five hundred (500) micron size fraction which constitutes only about 10 - 20% of the feed weight.

The samples taken were organised and delivered to the Chemical Laboratory for screen analysis and assay. The Mineralogical/Petrological Laboratory will conduct a heavy mineral analysis on the samples.

### ***Other Work***

A theoretical review of gravity separation processes was conducted to fit the Unit's work in a broad mineral processing framework.

Efforts to get a local manufacturer to fabricate a mercury retort designed by the Unit have so far been unsuccessful. Manufacturers with whom an order for a proto-type was placed, have cited a number of problems for non-delivery.

Possibilities of manufacturing a jig locally are being investigated. A Mineral Processing Seminar was held at the Commission in mid- March for Commission staff and members of the public. The seminar was organised to introduce the Unit and outline the Unit's work plan for 1989

### 3. **ADMINISTRATIVE DIVISION**

During the year 1989, the Administrative division comprised the following Departments:

- (1) Personnel and Industrial Relations Department
- (2) Services Department
- (3) Publication and Information Department

#### 3.1 **Personnel and Industrial Relations Department**

The Personnel and Industrial Relations Department was responsible for staff recruitment, salaries and wages administration, the formulation and enforcement of personnel rules and regulations and training.

##### ***Training***

The Paranapanema School of Mining Scholarships for training of persons to the technician level in Brazil, were advertised in November. It was expected that two (2) persons would proceed to Brazil for training.

An employee from the Geological Services Division, visited Venezuela as part of the technical assistance programme in keeping with the Guyana/Venezuela Aide Memoire on Energy Mining, and participated in a two (2) week programme on Fire Assay Techniques.

Two (2) employees were released full time on contract to pursue the Diploma in Mining Engineering at the University of Guyana.

Four (4) employees were released to pursue training programmes in Accountancy at the University of Guyana and one (1) at the Government Technical Institute.

One (1) employee attended a Count Prosecutors Course at the Police Training School and two (2) employees attended an Occupational Health and Safety course.

An Assistant Draughtsman was accepted to participate in the Technician's Diploma Course which was to be conducted by the International Institute for Aerospace Survey and Earth Science in January, 1990, in the Netherlands.

A University of Guyana student completed a nine (9) months work attachment in the Chemical Laboratory. Four (4) work study students also did stints with the Commission.

### ***Appointments***

An Administrative Manager was appointed with effect from June 1st, 1989, and Mr Satkumar Hemraj, Secretary Accountant in the Guyana Gold Board, was appointed Senior Accountant in Guyana Geology and Mines Commission. There were fifteen (15) other appointments.

### ***Resignations***

There were fourteen (14) resignations.

### ***Dismissals***

There were ten (10) dismissals.

### ***Welfare***

Uniforms were issued to Security Guards.

### ***Other***

The Commission's 10th Anniversary was celebrated throughout the first week of August.

The Annual Christmas Party was held at the Georgetown Club.

## **3.2 Services Department**

This Department comprises the Carpentry and Maintenance Workshop, the Mechanical Workshop, the Electrical Workshop and was also responsible for Cleaning Services.

### ***Carpentry and Maintenance Workshop***

The Carpentry and Maintenance Workshop was responsible for the repairs and maintenance of the buildings, the construction and repairs of furniture and other furnishings and maintenance of the compound.

The regular functions of the workshop were extended and the following construction work was completed:

- (a) A 30' X 15' extension to the Gold Board Office
- (b) An extension of the Library
- (c) An extension of the Accounts Building

Work also commenced on the enclosure of the bottom flat of the Gold Board building, to accommodate the Canteen.

#### ***Mechanical Workshop***

This workshop was responsible for the day to day repairs and maintenance of the Commission's fleet of vehicles, and all other mechanical equipment.

#### ***Electrical Workshop***

This workshop was responsible for the repairs of electrical and electronic equipment, and installation of electrical equipment.

### **3.3 Publication and Information Department**

This Department comprised the Cartographic Section, the Library and the Printery and Bindery.

#### ***Cartographic Section***

Activities in the Cartographic Section included the compilation of 1° geological atlas sheets for several areas, the compilation of 1° topographic base map sheets, preparation of maps showing Exclusive Permission coverage, checking the descriptions of individual Exclusive Permission areas and diazo printing. The Section also produced a banner, posters and items for a mini-exhibition which was held to commemorate the Commission's Tenth Anniversary.

#### ***Library***

The Library provided information to the Commission and external clientele through books, maps, journals etc. Several books were accessioned. Some revenue was earned through the sale of maps, reports and photocopying services.

#### ***Printery and Bindery***

The Printery and Bindery produced all the books and forms used by the Commission for the execution of its work, and for those which were sold to the mining public.

4. **THE FINANCE DIVISION**

**Income**

The Commission's receipts for 1989 totaled \$22.598M, which, when compared with the budgeted figure of \$39.632M gave an unfavorable variance of \$ .034M. Income for the period under review was 57.02% of the budgeted sum.

Income for December 31st 1989:

	<b>Actual</b>	<b>Budgeted</b>	<b>Variance</b>	<b>%of Total Income</b>
Fines, fees etc.	2,389,125	2,269,422	119,703	10.57
Licences	1, 616,736	2,288,820	(672,084)	7.15
Royalties	10,456,670	28,633,420	(18,176,750)	46.27
Leases & Concessions	3,377,972	1,799,568	1,945,404	16.57
Drilling	1,409,000	1,523,280	(114,190)	6.24
Lapidary	41,713	33,408	8,305	0.19
Canteen Sales	277,909	2,774,474	(31,775)	1.23
Others	<u>2,661,680</u>	<u>2,774,274</u>	<u>(112,794)</u>	<u>11.78</u>
	<b>\$25,597,895</b>	<b>\$39,632,076</b>	<b>\$17,034,181</b>	<b>100</b>
	=====	=====	=====	----

The Commission's income averaged \$41,883M per month over the period January - December, 1989.

**Expenses**

The total expenses for the period under review was \$18.081M, which when compared with the budgeted figure of \$26.792M gave two positive variance of \$8.711M

**EXPENSES TO DECEMBER 31ST 1989**

	<b>ACTUAL \$</b>	<b>BUDGETED \$</b>	<b>VARIANCE \$</b>	<b>% TO TOTAL EXPENSES</b>
Employment Cost	8,805,713	9,737,497	931,784	48.70
Ration	1,339,691	1,964,849	625,128	7.41
Material & Supplies	1,006,116	3,709,199	2,703,083	5.56
Fuel & Lubricants	921,256	1,562,328	641,072	5.10
Transportation	1,316,278	1,462,764	146,486	7.28
Maintenance & repairs	1,946,795	1,775,268	(171,527)	10.77
D.S.C/Public Relations	10,000	30,000	20,000	0.06
Feldspar Mining Contract	-	105,000	105,000	-
Others	1,488,905	2,661,088	1,172,183	8.23
Research & Development	-	221,400	221,400	
Mineral Proc. Research Institution	394,215	673,155	278,940	2.18
Verification of claims	-	1,780,000	1,780,000	-
Office Services & supplies	852,349	1,009,793	157,444	4.71
	\$18,081,318	\$26,792,341	\$8,711,023	100
Surplus/Deficit before depreciation	4,516,577	12,806,327	8,289,750	

### **Creditors**

The Commission's accounts showed creditor balances at December 31, 1989 of \$1.186M. This comprised \$.970M owing to the Auditor General, \$.213M in refundable deposits and \$.003M to Sundry creditors.

### **Debtors**

The debtor balances recorded in the Commission's debtors ledger at 31st December, 1989 totaled \$1,218,204 of which amount \$350,086 were with the Expeditors.

The debtor balances were aged as follows:

<b>3 MONTHS &amp; UNDER \$</b>	<b>OVER 3 MONTHS &amp; UNDER 6 MONTHS \$</b>	<b>OVER 6 MONTHS &amp; UNDER 9 MONTHS \$</b>	<b>OVER 9 MONTHS &amp; UNDER 12 MONTHS \$</b>	<b>OVER 12 MONTHS \$</b>	<b>TOTAL \$</b>
867,823	112,117	19,240	2,911	216,113	1,218,204

### **Cash Position**

The reconciled balance in the Commission's Cash Book was \$3,150,975.48.

### **Investments**

The Commission invested a total of \$7.4M in short-term securities during 1989. There were eight (8) fixed deposit accounts in the sum of \$7.3M at the Guyana National Cooperative Bank and \$100,000 in Defense Bonds.

### **Interest Earned**

The Commission earned accrued interest in the sum of \$1.492M at 31st December, 1989.

### **Surplus**

The Commission recorded a surplus of \$4.517M before depreciation. The budgeted figure was \$12.806M



## **Staffing**

The following staff vacancies existed at the end of December, 1989:

Confidential Secretary	1
Accounts Clerk	3
Senior Storekeeper	1
Assistant Storekeeper	1
Stores Clerk 11	2
Expediter	1
Total	9

There were twenty-two serving staff members at December 31, 1989.

## **Final Accounts**

The Accounts Department completed the draft final accounts for 1983 and presented same to its external Auditors, Thomas Stoll and Dias.

## **Stores Accounting System**

The proposed stocktaking exercise of the Commission's Store did not take place as planned.

## **Asset Register**

The value of the Commission's assets could not be verified at 31st December, 1989 with accuracy because of the inadequacy of the information available. A proper accounting record in the form of an accurate Asset Register was not available, and it was discovered that certain assets were totally depreciated and others were not accounted for in the Commission's books of account.

## **Stock Valuation**

Stock values at 31st December, 1989 could not be ascertained because there was no Stores Ledger from which the relevant stock values could have been obtained, nor was the stocktaking exercise undertaken in January and February finalized to obtain this relevant information.

## **Contribution to Central Government**

The following amounts were paid over to the Central Government for the year 1989:

P.A.Y.E.	\$ 696,897.57
N.I.S.	<u>303,776.05</u>
	<u>\$1,000,673.62</u>

## **Stores Services**

The Stores serviced nine (9) Mining Stations, four (4) projects and six (6) expeditions during the period under review, and ensured that seventy-two (72) despatches were securely packed and sent out. However, owing to the state of the economy and existing stores system, stocking of essential items could not be entertained during 1989.

## **Purchasing Section**

The staff in this section, though small in number, performed quite admirably and managed to satisfy the numerous purchasing requests made by the Commission in general. There were a number of difficulties which they had to overcome, and in some instances a lack of transportation to acquire supplies proved to be disturbing.

## **Recommendations**

Considering the volume of cash being handled on a routine basis by the Cashier, Banking Clerk and Expeditors, the payment of a Risk Allowance is recommended.

It is recommended that all vacancies in the Finance Division be filled.



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AG:111/95

20 December 1995

**REPORT OF THE AUDITOR GENERAL  
TO THE MINISTER  
ON THE FINANCIAL STATEMENTS OF  
THE GUYANA GEOLOGY AND MINES COMMISSION  
FOR THE YEAR ENDED 31 DECEMBER 1989**

I have audited the financial statements of the Guyana Geology and Mines Commission for the year ended 31 December 1989 as set out on pages 1 to 13 attached hereto.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the 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 on the financial statements. An audit also includes assessing the accounting principles used and the 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 explained in Note 11, fixed assets have been stated in the accounts at a total cost or valuation of G\$15,907,877. No physical verification to determine the existence and condition of these assets was ever done. As a result, the completeness, accuracy and validity of this balance could not be satisfactorily ascertained.

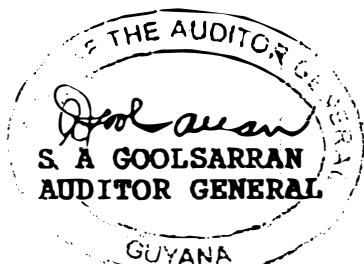
No stock count was carried out at 31 December 1989 and there were no practicable auditing procedures that could have been applied to confirm quantities and values. Further, adequate accounting records in relation to inventories have not been kept. Accordingly, the information and explanations necessary to verify the existence and valuation of inventories stated at G\$1,651,298 in the balance sheet at 31 December 1989, were not obtained.

A difference of \$6,152,982 was noted between the sundry debtors balance of \$9,605,752 and the total of the individual debtors' accounts. In addition, several pages in the sundry debtors control account were missing. Further, no provision has been made for bad debts. As a result, the completeness, accuracy and validity of the balance of \$9,605,752 stated as sundry debtors could not be determined.

The completeness, accuracy and validity of the amount of \$5,025,674 stated as sundry creditors could not be determined as a schedule of creditors was not produced and because several pages in the general ledger sundry creditors control account were missing.

Details of the Gaibank Line of Credit were not provided for audit, and there were no practicable alternative audit checks. As a result, the accuracy of the amount of \$1,153,498 stated as Gaibank Line of Credit at 31 December 1989 could not be satisfactorily verified.

Because of the significance of the matters referred to in the preceding paragraphs, I am unable to express an opinion as to whether the financial statements give a true and fair view of the state of the Commission's affairs at 31 December 1989 and the results of its operations for the year then ended.



OFFICE OF THE AUDITOR GENERAL  
63, HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

**GUYANA GEOLOGY AND MINES COMMISSION**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 31 DECEMBER, 1989**

<b><u>INCOME</u></b>	<b><u>NOTES</u></b>	<b><u>G\$</u></b>	<b><u>1989</u></b>	<b><u>G\$</u></b>	<b><u>1988</u></b>
ROYALTIES	2	11,449,823		8,794,541	
LICENCES	3	1,662,180		1,383,259	
FEES, FINES ETC.	4	2,428,822		1,230,472	
CONCESSIONS	5	3,864,856		1,240,326	
PROJECT FUNDS	6	5,056,758		336,514	
OTHERS	7	<u>12,974,025</u>		<u>2,117,127</u>	
			37,436,464		15,102,239
 <b><u>EXPENDITURE</u></b>					
EMPLOYMENT COSTS	8	9,199,834		7,623,201	
ADMINISTRATION	9	8,504,127		5,967,643	
TRAVELLING AND TRANSPORT	10	1,828,834		1,037,949	
DEPRECIATION		<u>1,001,626</u>		<u>453,365</u>	
			20,534,421		15,082,158
			<u>16,902,043</u>		<u>20,081</u>

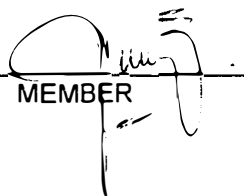
**STATEMENT OF ACCUMULATED SURPLUS (DEFICIT)**

BAL. AT BEGINNING OF YEAR	8,577,056	8,556,975
SURPLUS (DEFICIT):	16,902,043	20,081
BAL. AT END OF YEAR	<u>25,479,099</u>	<u>8,577,056</u>

**GUYANA GEOLOGY AND MINES COMMISSION**  
**BALANCE SHEET AS AT 31 DECEMBER 1989**

	<u>NOTES</u>	<u>G\$</u>	<u>1989</u> <u>G\$</u>	<u>G\$</u>	<u>1988</u> <u>G\$</u>
<u>FIXED ASSETS</u>	11		13,081,212		4,477,056
<u>CURRENT ASSETS</u>					
INVENTORIES	12	1,651,298		511,927	
SUNDRY DEBTORS	13	9,605,752		4,355,363	
CASH ON HAND AND IN BANK	14	5,481,453		6,381,908	
SHORT TERM INVEST.		6,317,994		2,562,989	
LORING LAB. INVESTMENT		8,505		0	
		<u>23,065,002</u>		<u>13,812,187</u>	
<u>CURRENT LIABILITIES:</u>					
SUNDRY CREDITORS	15	5,025,674		4,640,306	
DEFERRED INCOME		84,651		87,502	
ACCRUED EXPENSES	16	1,085,209		780,326	
		<u>6,195,534</u>		<u>5,508,134</u>	
			<u>16,869,468</u>		<u>8,304,053</u>
NET CURRENT ASSETS:			<u>29,950,680</u>		<u>12,781,109</u>
<u>FINANCED BY:</u>					
GOVT. OF GUYANA CAPITAL	17		2,374,825		2,374,825
NON DISTRIBUTABLE CAPITAL RESERVE			943,258		285,500
RESERVE FUND	18		<u>25,479,099</u>		<u>8,577,056</u>
SHAREHOLDERS' FUNDS			28,797,182		11,237,381
GAIBANK LINE OF CREDIT			<u>1,153,498</u>		<u>1,543,728</u>
			<u>29,950,680</u>		<u>12,781,109</u>

  
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 MEMBER

**GUYANA GEOLOGY AND MINES COMMISSION**  
**NOTES ON THE ACCOUNTS**

**ACCOUNTING POLICIES**

**ACCOUNTING CONVENTION**

(a) The accounts have been prepared under the historical cost convention as modified for the valuation of certain fixed assets.

(b) Depreciation

No depreciation is provided on freehold land.

Depreciation on other fixed assets is on the straight line method calculated at the rates specified below which are estimated to write-off the assets over the terms of their useful lives as follows:-

Buildings	-	2%
Scientific, field and mining equipment	-	10% - 20%
Motor vehicles	-	25%
Office furniture, fixtures and fittings	-	5% - 10%

(c) Inventories

These are valued at the lower of cost and net realisable value.

Cost is arrived at using the first-in-first-out method.

**NOTE 2 - ROYALTIES - \$11,449,823**

ROYALTIES:	-	GOLD	9,602,846
	-	BAUXITE	605,232
	-	PRECIOUS STONES	878,417
	-	STONES	307,462
	-	SAND	55,866
			<u>11,449,823</u>

**NOTE 3 - LICENCES - \$1,662,180**

LICENCES	-	OIL EXPLORATION	0
	-	PROSPECTING	81,295
	-	TRADING	176,700
	-	CLAIMS -P/STONES	30,110
	-	CLAIMS GOLD	45,242
	-	RIVER LOCATIONS	236,675
	-	GOLDSMITH	26,900
	-	DUPLICATE LICENCE	60
	-	DREDGE LICENCE	977,580
	-	MINING PRIVELEGES	87,618
			<u>1,662,180</u>

**NOTE 4 - FEES, FINES ETC. - \$2,428,822**

801	FEES	200,968
802	FORFEITURES	610,045
803	TRIBUTES	1,581,317
804	APP.FOR DREDGES	13,960
805	REGISTRATION FEES	1,660
806	TRANSFER OF DREDGES	560
836	DUTY ON TRANSFERS	11,312
		<u>2,428,822</u>

**NOTE 5 - CONCESSIONS - \$3,864,856**

827	MINING CONCESSIONS	123,871
829	CON. DREDGING	0
830	CON. DUPLICATE	0
831	MINING LEASES	14,737
832	EXCLUSIVE PERMISSION	3,726,248
		<u>3,864,856</u>



**NOTE 6 - PROJECT FUNDS - \$5,056,758**

844	DICKMAN HILL PROJECT	0
842	CONTRIBUTION FROM EXTERNAL AGENCY UNDP	5,056,758
845	SUCTION DREDGE	0
846	REFINING OF GOLD	0
850	ECLIPSE FALLS	0
		<hr/>
		5,056,758

**NOTE 7 - OTHERS - \$12,974,025**

826	RENTS HOUSING	35,000
827	MINING EQUIPMENT	432,511
828	PROFESSIONAL SERVICES	5,000
834	REGISTRATION CERTIFICATE	982
849	SALE OF SILVER	15,038
837(a)	SALE OF OFFICIAL PUBLICATION	293,069
838	INTEREST ON INVESTMENT	1,631,061
839	DISPOSAL OF ASSETS	440
840(b)	VERIFICATION OF CLAIMS	42,001
847	SALE OF LAPIDARY PRODUCT	41,714
871	DRILLING	3,791,505
873	CANTEEN SALES	256,890
874	SURCHARGE	9,699
876	RECEIVABLES	0
872	DIVIDENDS	0
877	GAIN ON FOREIGN EXCHANGE	4,356,118
		<hr/>
		10,911,028
835	MISCELLANEOUS	2,062,997
		<hr/>
		12,974,025

**NOTE 8 - EMPLOYMENT COSTS - \$9,199,834**

701	SALARIES	5,494,530
702	WAGES	286,593
703(a)	SALARIES OVERTIME	330,624
703(b)	COMMUTED OVERTIME	976
704	WAGES OVERTIME	240,885
705	STATION/BUSH ALLOWANCE	72,639
706	HOUSE ALLOWANCE	35,951
707	DUTY ALLOWANCE	7,150
708	SUBSISTENCE AND TRAVELLING	225,783
709	RISK ALLOWANCE	5,402
710	CASH IN LIEU OF LEAVE	15,732
711	TRAVELLING ALLOWANCE	1,834
712	ENTERTAINMENT ALLOWANCE	8,245
713(a)	TELEPHONE ALLOWANCE	0
714	PENSION SCHEME	193,596
715	N.I.S EMPLOYERS	482,937
716	DIRECTORS EMOLUMENT	15,000
717	LEAVE PASSAGE	511,832
718	RESPONSIBILITY ALLOWANCE	7,736
719	ACTING ALLOWANCE	69,823
720	UNIFORM AND SAFETY GEARS	297,843
721	TRAINING AND EDUCATION	10,500
724	PERSONAL ALLOWANCE	867,718
771	GRATUITY AND SEVERANCE PAY	16,505
		<hr/>
		9,199,834

**NOTE 9 - ADMIN. EXPENSES - \$8,504,127**

514	LOOSE TOOLS & SUNDRY EQUIPMENT	58,066
722	LUNCH AND SNACKS	152,389
723	GROUP PERSONAL INSURANCE	0
726	LUBRICANTS -VEHICLES ETC	892,807
727	MAINTENANCE OF RADIO & COMM. EQUIP	500
728	MAINTENANCE OF ELECTRICAL EQUIP	200,107
729	MAINTENANCE OF VEHICLE	922,708
730	MAINTENANCE OF CRAFT	165,258
732	HIRE OF EQUIPMENT	1,200
733	TELEPHONE, TELEX, CABLES	231,609
734	ELECTRICITY	274,049
735	RENT OF OFFICE EQUIPMENT	40,250
736	MAINTENANCE OF OFFICE EQUIPMENT	93,345
737	PRINTING AND DUPLICATING	39,180
738	MATERIALS AND SUPPLIES-DRAWING OFF.	72,834
739	PROF. AND CONSULTANCY SERVICES	171,830
740	AUDIT FEES	191,829
741	OFFICE STATIONERY	513,316
742	OFFICE PUBLICATION AND NOTICE	88,448
743	POSTAGE	8,116
744	MICRO FILMING	0
745	MAINTENANCE AND REPAIRS TO BLDGS.	324,960
746	MAINTENANCE OF GROUNDS	27,490
747	JANITORY AND CLEANING	61,190
748	CUSTODIAL SERVICE	7,628
749	LEASES, RENTAL AND FARES	86,325
750	RATES AND TAXES	0
751	BURSARIES	10,285
752	NATIONAL EVENTS	35,510
753	COMPENSATION	1,560
754	DRUGS AND MEDICAL SUPPLIES	93,946
755	ASSAY LABORATORY SUPPLIES	0
756	CHEMICAL LABORATORY SUPPLIES	0
757	PET. LABORATORY SUPPLIES	211
758	LAPIDARY LABORATORY SUPPLIES	0

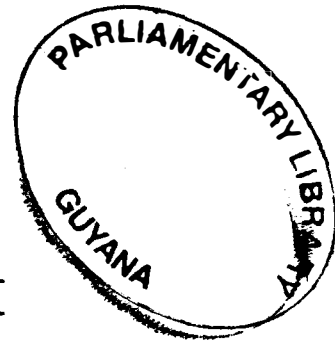
**NOTE 9 CONT'D - ADMIN. EXPENSES - \$8,504,127**

759	INSURANCE OF ASSETS	28,836
760	BANK CHARGES	108,876
761	REVENUE PROTECTION	0
763	RATIONS	1,470,283
764	MISCELLANEOUS-OTHER EXPENSES	604,999
765	ROYALTIES	0
766	JEWELLERY FOR LAPIDARY	0
767	ADVERTISEMENT	30,051
768	PURCHASE OF SILVER & SEMI P/S	0
769	DONATIONS - GIFTS, WREATHS ETC.	97,592
770	MISCELLANEOUS	445,550
772	INCENTIVES	0
773	EXHIBITIONS AND SALES	0
774	ENTERTAINMENT EXPENSE	244,180
775	INTEREST PAID	92,541
776	STORAGE	37,504
777	CUSTOMS AND EXCISE	5,731
778	FREIGHT AND HANDLING	72,524
779	LEGAL EXPENSES	37,946
780	STOCK LOSSES & OBSOLENCE	0
781	AMMUNITION	116,265
782	WELFARE AND SUNDRIES	95,186
783	REVENUE STAMPS	546
784	U.N VOLUNTEERS	0
785	DEVELOPMENT SUPPORT & COMM.	160,000
786	MATERIALS AND SUPPLIES-COMPUTER	61,797
790	CASH LOSS	2,000
791	LOSS ON FOREIGN EXCHANGE	18,754
788	PROMOTIONAL SEMINAR	6,020
		<hr/>
		8,504,127

**NOTE 10 - TRANSPORT AND TRAVELLING - \$1,828,834**

725 OVERSEAS CONFERENCE & VISITS  
731 ROAD, AIR AND OTHER TRANSPORTATION

396,297  
1,432,537  
1,828,834

**NOTE 11 - FIXED ASSETS**

	LAND & BUILDINGS	MOTOR VEHICLES	OFF. FUR. FIX. AND FITTINGS	SCIENTIFIC FIELD AND MINING EQUIP.	TOTAL
	G\$	G\$	G\$	G\$	G\$
COST/VALU. At 1 Jan., 1989	1,505,385	568,926	785,854	3,545,657	6,405,822
Additions in 1989	438,577	1,229,875	1,728,773	6,225,330	9,622,555
Disposals at 31 Dec.,	0	-120,500	0	0	-120,500
	<u>1,943,962</u>	<u>1,678,301</u>	<u>2,514,627</u>	<u>9,770,987</u>	<u>15,907,877</u>
<b>DEPRECIATION:</b>					
at 1 January, 1989	152,260	348,767	304,337	1,123,402	1,928,766
Charged for the Year	21,765	243,280	121,395	615,186	1,001,626
Written back on disposal: At 31 December, 1989	0	-103,727	0	0	-103,727
	<u>174,025</u>	<u>488,320</u>	<u>425,732</u>	<u>1,738,588</u>	<u>2,826,665</u>
<b>NET BOOK VALUES:</b>					
At 31 December 1989	<u>1,769,937</u>	<u>1,189,981</u>	<u>2,088,895</u>	<u>8,032,399</u>	<u>13,081,212</u>

**NOTE 12 - INVENTORIES - \$1,651,298**

603	STOCK OF DRILLS	0
608	STOCK OF GOLD	1,018
609	STOCK OF DIAMONDS	1,685
610	STOCK OF SILVER	0
	STORES CONTROL ACCOUNT	1,648,595
		<u>1,651,298</u>

**NOTE 13 - SUNDRY DEBTORS - \$9,605,752**

601	SUNDRY DEBTORS CONTROL	9,798,655
602	DEPOSITS LODGED	2,880
613(a)	ACCOUNTS RECEIVABLE	(200,503)
613(b)	PREPAYMENTS	4,720
		<u>9,605,752</u>

**NOTE 14 - CASH ON HAND AND BANK - \$5,481,435**

605	BANK BALANCE (CASH)	5,375,410
606	PETTY CASH IMPREST	(35,346)
607(a)	SUB IMPREST A/C 212006199	(3,387)
	SUB IMPREST A/C 212007000	30,759
	SUB IMPREST A/C 212007001	14,295
	SUB IMPREST A/C 212005758	7,276
	SUB IMPREST A/C 203005024	22,000
	SUB IMPREST A/C 212006198	29,900
	SUB IMPREST A/C 203005125	(1,309)
	SUB IMPREST A/C 212007044	29,647
	SUB IMPREST A/C 212007039	5,000
607(b)	STAMP IMPREST	(4,126)
607(b)	STAMP IMPREST (CASHIER)	1,500
607(c)	ICE IMPREST	(5,883)
614	CANTEEN IMPREST	100
615	IDRC BANK ACCOUNT	0
620	HINTERLAND RD. PROJECT	15,617
		<u>5,481,453</u>

**NOTE 15 - SUNDRY CREDITORS - \$5,025,674**

401	SUNDRY CREDITORS CONTROL	3,774,688
	PROVISION FOR AUDITING	648,336
432	REFUNDABLE DEPOSIT	602,650
		<u>5,025,674</u>

NOTE 16 - ACCRUED EXPENSES - \$10,085,209

402	ACCRUED SALARIES	(99,120)
403	ACCRUED WAGES	15,026
404	OTHER ACCRUED EXPENSES	574,058
405(b)	PAYE	4,819
405(a)	N.D.S.	(6,612)
406(a)	SALARIES PAYABLE	245,707
407	N.I.S. PAYABLE	141,045
408	WAGE PAYABLE	443
409	LIFE INSURANCE	15,782
410(a)	DEPENDANTS FUND PAYABLE	3,000
410(b)	DEPENDANTS FUND MORTGAGE	(413)
411	PENSION FUND PAYABLE	150,808
412	UNION DUES	5,030
413	P.S.U. CREDIT UNION	20,167
414	RENT DUE AND PAYABLE	(149)
416	MORTGAGE FINANCE PAYABLE	3,543
417	MAGISTRATE COURT	0
418	DIRECTORS FEE	100
419	MISCELLANEOUS	2,736
420	GNCB TRUST MORTGAGE	(467)
421	ACTING ALLOWANCE	0
423	RISK ALLOWANCE	(450)
424	ACCRUED LEAVE PASSAGE	0
425	DUTY ALLOWANCE PAYABLE	0
426	RESPONSIBLE ALLOWANCE	0
427	SUB. & TRAVELLING	(18,030)
428	HOUSE ALLOWANCE	(1,798)
429	PERSONAL ALLOWANCE	0
430	SPORTS CLUB	376
431(a)	D.I.A. PAYABLE	(8,826)
431(b)	H.I.A. PAYABLE	800
433	WITHHOLDING TAX	37,634
		<hr/>
		1,085,209