



GUYANA GOLD BOARD

ANNUAL REPORT FOR THE 1998 FINANCIAL YEAR

1. INTRODUCTION

For the World Gold Industry, 1998 was a year of amazing contrasts: gold price fell by a further 11.23% (14.5% in the previous year) but world production increased by 3% to 2,555 tons, and although the trading range was tighter by 50% (compared to previous year), volatilities increased by 21.7%.

The local gold industry (except Omai Gold Mines) replicated world events albeit at a much reduced scale. Even as gold price continue to tumble, it was a record year for the production/declaration (purchases).

The positive effects for the industry were as follows:-

1. new finds in the Upper Puruni, North West District,
2. favourable weather, particularly in the 2nd half of 1998,
3. the construction of the Madhia road,
4. depreciation of the Guyana dollar making it cheaper to produce gold in terms of US dollar,
5. greater effort and increased efficiencies.

On the other hand the negative effects were:

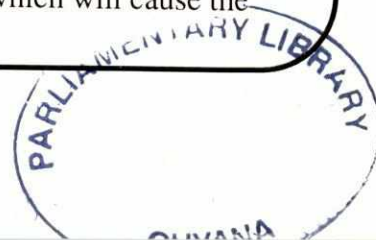
1. falling international gold price,
2. high cost of production,
3. low recovery rates,
4. health problems, particularly from malaria.

2. MANDATE OF THE BOARD

The Guyana gold Board is an entity created by statute, the Guyana Gold Board of 1981. It's raison d'etre is derived from the said Act which lays out specifically (Section 4) the function of the Board, as follows:

- (a) to carry on the business of trading in gold;
- (b) to secure at all times an adequate supply of gold and to ensure it's 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 of Guyana;
- (e) to engage in other related commercial or industrial activities.

Administratively, the Board has interpreted and applied the concept of 'fair price' to mean the price, after taking all costs into consideration, which will cause the





GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT

Board to break-even, that is, neither incurring a profit nor a loss. This is formidable task given the instability of the key variables involved: international gold price, assay factor and exchange rate.

3. PURCHASES

The Board purchased 110,047 ounces of raw gold, a 19.43% increase over purchases in 1997. If dealers' purchases are added, total declaration will amount to 111,668 ounces, an all time record for the Gold Board for its sixteen years of existence.

Despite this achievement, and on the basis of empirical and anecdotal evidence, the Board is of the view that only about 60% of the gold produced is sold through the official channels.

The gold purchased is valued at G\$4.478 billion.

Financing of gold purchases is facilitated by the Ministry of Finance at zero cost. Funds advanced are set off from local and foreign sales. The Board conducts periodic reconciliation exercises with the Accountant General's office to ensure full accountability.

The total number of transactions for the year was 5,483.

A five-year purchase summary is provided below

FIVE YEAR PURCHASES RECORD					
Year	1994	1995	1996	1997	1998
QTY (ozs)	99,081	99,449	110,131	92,142	110,047
VALUE (\$Million)	4,884	4,571	5,225	4,010	4,478

2.1 INTERNATIONAL GOLD PRICE

The Board uses the 2nd London Fix as a basis for setting the gold price. The 2nd London Fix is the price of one ounce of refined gold (99.99%) quoted in US dollars on the London Metal Exchange. There are two fixes each day, the mid morning and afternoon. Of the two, the afternoon fix (the 2nd Fix) is more recognised as the international Standard for trading in gold.

In 1998, gold opened at US\$288.00 and closed at US\$287.45. The average for the year was US\$294.09 and the highest and lowest were US\$313.15 and US\$273.40 respectively.



Average gold price continued to slide downwards. The average price fall between 1997 and 1998 was US\$37.20 (see chart showing gold price movement for 1998). There are a number of reasons which contributed to the fall in price, all of which have a bearing on the demand/supply fundamentals.

Supply Side Factors

- 1) production of gold increased by 3% worldwide,
- 2) cost of production fell by about 15% worldwide,
- 3) above the ground mobilisation of gold through central bank sales,
- 4) significant increase of scrap gold sales particularly from East Asian economies in financial crisis.

Demand Side Factor

- 1) the fall in physical demand for fabrication;

In addition, during 1998 many economists started to pour doubt on gold's role as a financial asset and as a safe haven. For instance, in October 1998 when the Dow Jones Industrial Index dropped 500 points, investors turned to bonds instead of gold.

2.2 The Exchange Rate

Gold price denominated in US dollars is converted using the average of the selling rate of US denominated instruments quoted on the banking cambios less three or four dollars (for raw gold or smelted gold respectively offered for sale).

The rates at the start and close of the year were G\$143.2 and \$164.04 to US\$1.00 respectively. The average for the year was G\$150.45. The depreciation of the Guyana dollar cushioned the negative impact of the continuing descent of the gold price quoted in US Dollars. The depreciation substantially occurred in the last quarter which cyclically is the best productive quarter of any year - it could not have happened at a better time for the gold sector.

2.3 Foreign Currency Retention

Gold producers are allowed to retain in foreign currency (US dollar) up to the full amount of their proceeds of sale of gold. The foreign currency is credited to their respective accounts at designated commercial banks. The Board interfaces with Bank of Guyana to execute the foreign currency payments.

The total foreign currency taken up for the year was US\$5.6 million, a 215% increase over the previous year when US\$2.6 million was taken up. Undoubtedly, there is a direct positive correlation between the increase in demand by the producers and the fall in supply of currency by the cambios and the consequent arbitrage gains.



GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT

2.4 The Assayed Factor

The price quoted in US\$ per ounce is for refined gold but the Board buys raw gold from producers. The Board therefore adjusts the US dollar price to discount for impurities. This involves conducting an assay (test) to determine the purity level. Loring Laboratory provides the assay services for the Board. In addition, the Board uses the Royal Canadian Mint as referee for dispute resolution. Producers are encouraged to run parallel tests and to avail themselves of the dispute resolution mechanism. The cost of assaying is shared equally between the Board and sellers.

In 1998, the Board did 2,457 assays with Loring Laboratory and 89 confirmations (referee assays) with the Mint. Assaying cost for the Board amounted to G\$3.6 million.

Average purity of the gold purchased was 91.33% and the purity range was between 65% and 98%.

3. SALES

The Board markets nearly all of its gold on the international market through Mitsui & Co., one of the largest trading companies in the world. Gold is also sold on demand locally to licensed goldsmiths.

3.1 Foreign Sales

The requirement for gold sale on the international market is having refined gold in a metal account or having a credit facility with Mitsui. To fulfil this requirement, three distinct activities must occur:

- i) smelting the raw gold into dore bars,
- ii) shipping the gold to the refinery,
- iii) refining the gold and transferring (a paper activity) it to a holding account with Mitsui.

3.1.1 Smelting into Dore Bars

Two or three times weekly, in an open-air activity, the raw gold is melted in a furnace and poured into bars. Although security for this operation is provided by the Tactical Service Division of the Police Force, it is still considered a high risk activity.

In October 1998, the pricing formula was amended to make provision for the smelt loss to be taken up by gold producers. This adjustment, which was long overdue, was designed to put the Board on a better break-even keel. The amendment was done after consultation with the Guyana Gold and Diamond Miners Association and the Prime Minister. In 1998, smelt loss averaged 1.80%.

3.1.2 Shipment of Gold Overseas

Brinks Security Service of Canada was used by the Board to convey and deliver the gold to the Mint in Canada. However, from April 1998, the Board changed to Brambles of United States of America. The Brambles Service is superior to the Brinks in terms of cost and risk for the Board. The crucial full distinction was that Brambles Service, at no extra cost to the Board, assumes responsibility at Guyana



Gold Board whereas the Brinks service took effect from Timehri, the Board having to take up the cost and risk of the gold movement from the Board to Timehri.

A total of 15 shipments were made in 1998 at a total cost of \$11.8 million compared with \$7 million in 1997.

3.1.3 Refining of Gold

Gold refining is done with the Royal Canadian Mint which is owned by the Government in Canada. In 1998, 109,182 ounces of raw gold were refined yielding 99,060 ounces of refined gold and 8,416 ounces of silver which is a by-product, averaging about 7%, of the raw gold. Total refining cost for the year was \$14.6 million as against \$10.4 million in 1997.

3.1.4 Sales through Mitsui

Gold is sold through Mitsui (USA) Inc. on a round-the-clock trading. Mitsui has branches at all the principal trading centres of the world. Sale is made through placement of orders which are executed on the spot market for immediate or future delivery. The Board has a credit limit of 30,000 ounces of gold which gives it the flexibility to sell gold in transit; i.e. without the gold actually being on account. Gold on account, awaiting sale earns a small lease commission.

Foreign Sales Revenue in 1998 totalled US\$33.3 million from 123,267 ounces of raw gold (111,600 ounces refined).

The foreign currency earned is credited directly to an account in favour of the Bank of Guyana. The Board interfaces with Bank of Guyana to ensure that the receipts are accurate.

Silver sales amounted to G\$6.8 million from 8,416 ounces. Silver is sold to the Mint and the proceeds are used to offset refining charges.

3.5 Local Sales

The Board is the only legal authority to sell gold. Sales to licensed goldsmiths totalled 802.5 ounces at a value of G\$34 million. The Board processed 194 transactions from 26 goldsmiths.

Research indicates that approximately 35,000 ounces of raw gold are consumed annually by the local jewellery market. The gold jewellery industry is largely unregulated and predominantly illegal. This is quite a paradox considering the plethora of laws and regulations governing production and sale of raw gold.

4. ROYALTY AND TAX COLLECTIONS

The Board collects, royalty and withholding tax free of cost on behalf of the Guyana Geology and Mines Commission and the Inland Revenue Department respectively. Producers are required by statute to pay 7% royalty and 2% withholding tax (except for companies) on gross sales to the Board.



GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT

A three-year summary of the collection services is provided.

YEAR	1996 \$ million	1997 \$ million	1998 \$ million
Royalty (7%)	277	200	221
Tax (2%)	97	69	78

5. NET OPERATING RESULT

The Board made a net profit of \$148 million. This was by far the best result of the Board over its sixteen years of operation.

Factors which contributed to this remarkable turnaround were:

- 1) depreciation of the Guyana dollar - arbitrage gains on conversion of US\$ earned;
- 2) sharp price volatilities within a narrow range (see gold price chart above) providing opportunities to sell on rallies;
- 3) increased cost control;

6. GENERAL ADMINISTRATION

6.1 Board of Directors

For the first time in its history, appointment of the Board of Directors for the Board came under the hand of the Minister with the mining portfolio, the Honourable Samuel Hinds. Previously, appointments were done under the Office of the President. The Board has collective responsibility for formulating policy, plans and objectives and to oversee and evaluate their execution.

The composition of the Board in 1998 was as follows:

Mr. Hewley Nelson	- Chairman
Mr. Brian Surce	- Commissioner, GG & MC
Mr. Hardatt Outar	- Representative, Ministry of Finance
Mr. Doorga Persaud	- Representative, GRNA
Miss Sonia Joseph/Mr. D. Sharma	- Representative, Legal Affairs
Mr. Satkumar Hemraj	- General Manager, GGB
Mr. Hilbert Shields	- Representative, GG & DMA
Miss Michelle Thomas	- Secretary

6.2 Management and Staff

Day-to-day operations of the Board are undertaken with a compliment of nineteen persons. Work is divided up into specialised sections: Finance and Accounting, Laboratory and General Administration. The General Manager has day-to-day oversight.



Management and staff have been the driving force behind the 1998 achievements. Cost savings and processing efficiencies are directly attributable to staff commitment. Key performance indicators such as smelt loss percentage, assay payout percentage, debtors levels, daily gold price, daily exchange rate, shipment cost per ounce, total operating cost per ounce are closely monitored against targets and previous achievements.

In 1998, management and staff received a 5% across-the-board increase in salaries, just enough to cover inflation. Many staff expressed their disappointment at what they perceive as a felt inequity between performance and rewards.

6.3 Licensed Gold Dealers

The one-year experimental period authorising private gold dealers to purchase and export gold came to an end on April 30, 1998. Eight dealers were licensed to trade in gold. Total gold purchased by dealers in the one-year period was 9,010 ounces, of which 2,625 ounces related to 1998.

An evaluation exercise was conducted inclusive of an audit of the books and records of dealers and a report with recommendations was prepared and despatched to the Prime Minister. The principal recommendation was for government to extend the authorisation period for a further experimental year. Other recommendations had to do with amending the special regulations to provide more transparency and accountability.

7. THE YEAR AHEAD

Environmental scanning and operational review will inform the policies and plans to be pursued in 1999. The focus will be in the following areas:

- i) increase in efficiencies - laboratory and finance,
- ii) monitoring gold price and US dollar exchange rates to optimise on these,
- iii) amending regulations relating to gold dealership and carrying out administrative and regulatory requirements,
- iv) system review and internal control with the appointment of an Internal Auditor.

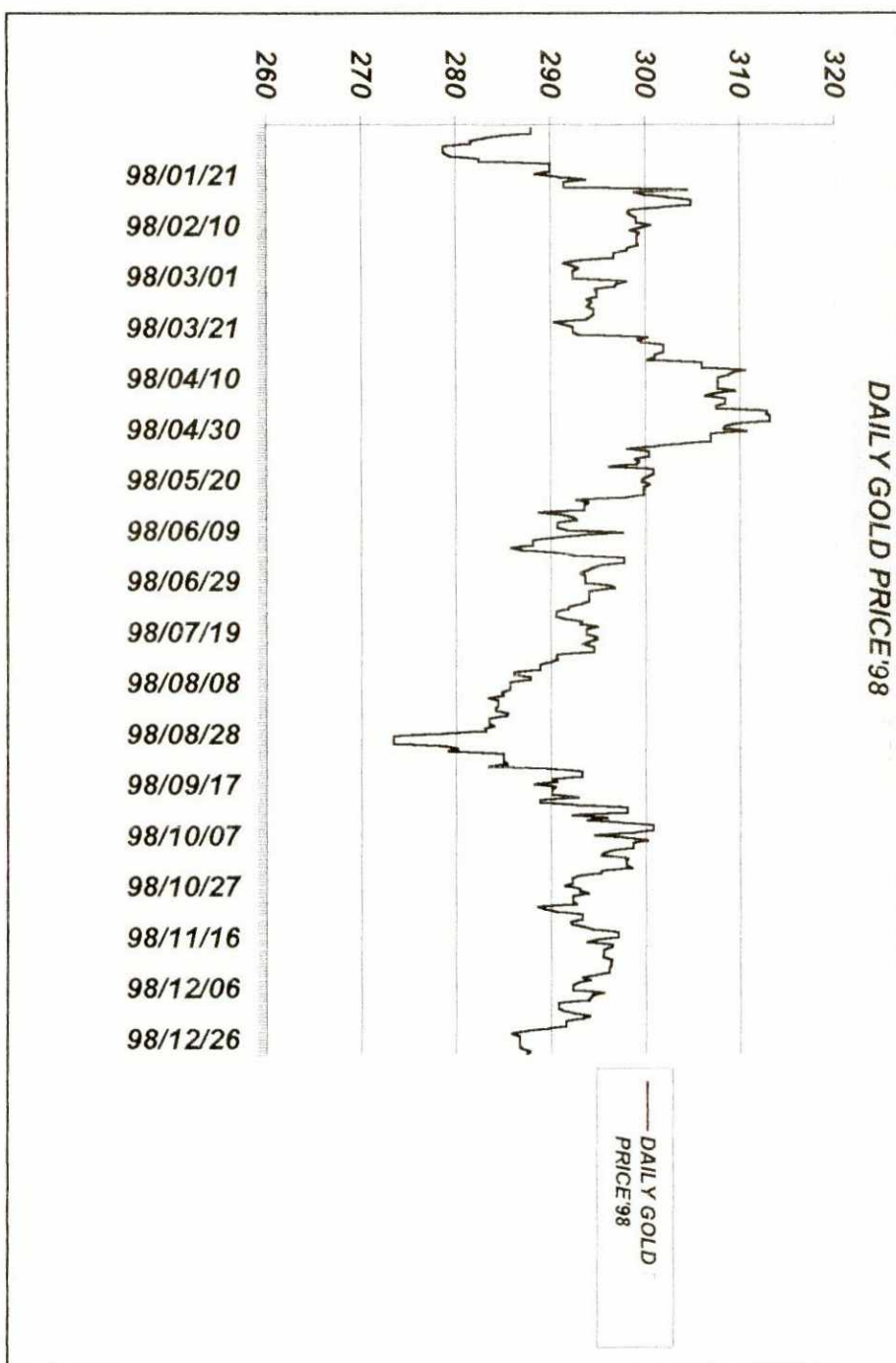
FIVE YEAR FINANCIAL HIGHLIGHTS

\$Million					
	1994	1995	1996	1997	1998
Turnover	4,575	3,389	4,761	5,368	5,228
Cost of Sales	4,596	3,377	4,736	5,386	5,047
Gross Profit/ (Loss)	(21)	12	25	(18)	181
Operating Cost	27	27	39	47	49
Other Income	9	6	14	14	16
Net profit/(Loss)	(39)	(9)	(0.6)	(51)	148
Royalty & Tax Collected	318	290	374	289	299



GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT



GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT



FINANCIAL STATEMENTS AS AT DECEMBER 31, 1998

CONTENTS

	PAGE No.
Report of the Auditor General to the Members	
Report of Ram & McRae to the Auditor General	
Balance Sheet	12
Profit and Loss Account	13
Cash Flow Statement	14
Notes to the Financial Statements	15-20



GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT

Office of the Auditor General of Guyana

Tel. No. 592-2-57592
Fax No. 592-2-67257

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

AG:116/99

15th July, 1999

**REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
THE GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 1998**

Chartered Accountants, Ram & McRae, have audited on my behalf the financial statements of the Guyana Gold Board for the year ended 31 December, 1998 as set out on pages 1 to 9. 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. 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, 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. I concur with the opinion as attached hereto, of Chartered Accountants, Ram & McRae.


S A GOOLSARRAN
AUDITOR GENERAL

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



**REPORT OF CHARTERED ACCOUNTANTS RAM & McRAE
TO THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
THE GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 1998**

We have audited the balance sheet of the Guyana Gold Board as at December 31, 1998 and the related profit and loss account, and statement of 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 and other generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free from material misstatements. 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 statement on pages 12 to 20 give a true and fair view of the Board's affairs as at December 31, 1998 and of its profit and cash flows for the year then ended and comply with the Guyana Gold Board Act.

Ram & McRae

.....
RAM & McRAE
CHARTERED ACCOUNTANTS
PROFESSIONAL SERVICES FIRM
157 'C' WATERLOO STREET
GEORGETOWN

July 15, 1999



GUYANA GOLD BOARD


THE 1998 ANNUAL REPORT

Balance Sheet As at December 31, 1998

	Notes	1998 G\$	1997 G\$
Current assets			
Stocks	2(c)	808,032,755	1,343,773,583
Debtors and prepayments	3	9,101,616	13,013,600
Cash and bank		43,446,616	89,714,132
Total current assets		860,580,987	1,446,501,315
Current liabilities			
Advance from Ministry of Finance	4	857,291,162	1,588,275,000
Creditors and accruals	5	37,563,161	31,009,862
Total current liabilities		894,854,323	1,619,266,862
Net current liabilities		(34,273,336)	(172,765,547)
Tangible fixed assets	6	18,080,221	8,646,322
Net liabilities		(16,193,115)	(164,119,225)
Represented by:			
Government contribution		18,190,000	18,190,000
Accumulated deficit		(34,383,115)	(182,309,225)
Shareholder's equity		(16,193,115)	(164,119,225)

The notes on pages 12 to 20 form an integral part of these financial statements.


 Director


 Director

GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT



Profit and Loss Account For the year ended December 31, 1998

	Notes	1998 G\$	1997 G\$
Turnover	2(g)	5,228,088,204	5,367,675,502
Cost of sales	7	5,046,729,052	5,385,919,515
Gross profit/(loss)		181,359,152	(18,244,013)
Expenses			
Administrative expenses	8	45,573,636	43,331,653
Stamp expenses		3,608,126	3,658,343
Total expenses		49,181,762	46,989,996
Operating profit /(loss)		132,177,389	(65,234,009)
Other income	9	15,748,722	13,771,503
Net profit/ (loss)		147,926,110	(51,462,506)
Accumulated deficit at January 1		(182,309,225)	(130,846,719)
Accumulated deficit at December 31		(34,383,115)	(182,309,225)

The notes on pages 12 to 20 form an integral part of these financial statements.



GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT

Statement of Cash Flows For the year ended December 31, 1998

	1998 G\$	1997 G\$
Cash flows from operating activities		
Net profit/ (loss) before taxation	147,926,110	(51,462,506)
Adjustment for:		
Loss on disposal	113,070	-
Depreciation	3,081,398	2,653,134
Operating profit/(loss) before working capital	151,120,578	(48,809,372)
(Increase)/decrease in stock	535,740,828	1,358,138,114
Decrease in debtors and prepayments	3,911,984	190,887
Decrease in advances	(730,965,838)	(1,279,791,266)
Increase in creditors and accruals	6,553,299	2,421,869
Net cash flow used by operating activities	(33,639,149)	32,150,232
Cash flows from investing activities		
Acquisition of fixed assets	(12,628,367)	(1,944,364)
Net cash used in investing activities	(12,628,367)	(1,944,364)
Net increase (decrease) in cash and cash equivalents	(46,267,516)	30,205,868
Cash and cash equivalents at beginning of period	89,714,132	59,508,264
Cash and cash equivalents at end of period	43,446,616	89,714,132
Net change	(46,267,516)	30,205,868

The notes on pages 12 to 20 form an integral part of these financial statements.



**Notes to the Financial Statement
For the year ended December 31, 1998**

1. Incorporation and principal activities

The Guyana Gold Board was formed under an Act of Parliament in 1981. Its principal activities are to carry on business of trading in gold subject to the Act and to secure at all times an adequate supply of gold to ensure equitable distribution in Guyana at fair prices, and to seek overseas markets for gold purchased locally.

2. Statement of accounting policies

(a) Basis of accounting

These financial statements are prepared under the historical cost convention and no account has been taken of the effects of inflation.

(b) Tangible fixed assets

Tangible fixed assets are stated at historical cost. Depreciation is calculated at rates sufficient to write off the cost of assets over their estimated useful lives on a pro-rata basis.

The following rates are used:-

(i) Furniture, fixtures & fittings	-	10%
(ii) Office Equipment	-	12.5%
(iii) Motor Vehicles	-	25%

(c) 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.

(d) Income and expenditure

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



GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT

Notes to the Financial Statement For the year ended December 31, 1998

(e) Foreign currency transactions - purchases and sales

Purchases of gold are based on the Daily World Market Second London Fix per ounce of gold quoted in US\$. Sales of refined gold can be marketed as follows:-

- | | |
|--------------------|--|
| (i) Spot and Defer | (iii) Fixed Forward with a call option |
| (ii) Fixed Forward | (iv) Flat Forward |

Buying

The purchase of gold is based on an assumed purity with a payout factor of the average of the historical assay results of the individual dealers and a 3 points (intergers) and a 4 points (intergers) for smelted gold (which became effective on October 1, 1998) 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 miner the additional amount. For results lower than the payout factor the miner reimburses the Board the difference.

Selling

The selling price conversion is based on the average selling price for US drafts of five banking cambios.

(f) Sales

Local

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

Foreign

During the year burnt raw gold was refined by the Royal Canadian Mint and then marketed through the agent Mitsui. Sales are recognised at the time when the refined gold is sold by the agent.



(g) Turnover

Turnover is composed of sales of burnt raw gold locally, and refined gold overseas as follows:

	1998 G\$	1997 G\$
Local sales	34,046,346	34,001,817
Foreign sales	5,194,041,858	5,333,673,685
Total	5,228,088,204	5,367,675,502

3. Debtors and prepayments are made up as follows:-

Provision for bad debts	(1,951,853)	(2,261,838)
Sundry debtors	6,741,082	5,441,707
Staff loans & advances	610,371	700,000
Gold dealers - royalties	103,776	-
Gold dealers - taxes	10,940	-
DOCOL - Security deposit	44,000	44,000
Prepayment	731,190	1,915,000
Debtors (assay)	2,812,110	7,174,731
Total	9,101,616	13,013,600

4. Advance from Ministry of Finance is made up as follows:

Foreign currency holding account	161,543,825	163,754,149
Advance for working capital	1,210,000,000	1,210,000,000
Balancing owing to Ministry of Finance	3,836,342	3,836,342
Advance to purchase gold still uncleared	(518,089,005)	210,666,509
Total	857,291,162	1,588,257,000



GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT

5. Creditors and accruals are made up as follows:

	1998 G\$	1997 G\$
Trade creditors	11,031,175	4,841,618
Miners tax payable	7,905,637	4,053,885
Gold dealers tax payable	-	140,636
Royalty payable	14,155,895	18,550,780
Gold dealers royalty payable	-	351,589
Tributes payable	12,878	319,892
Accruals	4,457,576	2,751,462
Total	37,563,161	31,009,862

6. Fixed assets

Cost	Furniture, Fixtures & Fittings G\$	Lab & Office Equipment G\$	Motor Vehicle G\$	Fire Arm G\$	Total G\$
At January 1,	1,898,981	7,363,258	20,030,842	461,516	29,754,597
Additions	395,470	4,148,488	8,084,409	-	12,628,367
Disposals	(110,372)	(1,086,974)	(324)	(70,000)	(1,267,670)
Adjustments	(75,565)	(352,533)	-	-	(428,098)
At December 31,	2,108,514	10,072,239	28,114,927	391,516	40,687,196
Depreciation					
At January 1,	581,856	2,901,430	17,447,423	177,566	21,108,275
Charges for the year	209,985	985,833	1,787,701	97,879	3,081,398
Written back	(67,910)	(770,676)	-	(70,000)	(908,586)
Adjustments	(99,893)	(367,940)	(201,905)	(4,374)	(674,112)
At December 31	723,931	3,116,587	19,235,124	205,445	22,606,975
Net Book Value					
At December 31,	1,384,583	6,955,652	8,879,803	186,071	18,080,221
At January 1,	1,317,125	4,461,828	2,583,419	283,950	8,646,322

GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT



	1998 G\$	1997 G\$
7. Cost of sales		
Cost of sales is arrived at as follows:		
Opening stock	1,343,773,583	2,701,911,697
Add: Purchases	4,432,785,593	4,010,286,876
Stock adjustment	168,952	41,264
Shipping cost	11,802,868	7,031,118
Refinery charges	14,630,472	10,422,143
Smelt and refining loss	51,600,339	-
Cost of goods available for sale	5,854,761,807	6,729,693,098
Less: Closing stock	808,032,755	1,343,773,583
Cost of sales	5,046,729,052	5,385,919,515

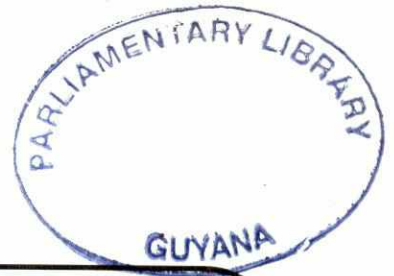
8. Administrative expenses

Insurance	2,602,889	4,504,151
Employment cost	20,592,078	20,748,553
Depreciation	2,407,286	2,653,134
Audit fees	1,320,000	1,030,000
Advertisement and subscription	221,829	46,136
Security	3,905,196	2,696,367
Motor vehicle expenses	1,703,246	2,141,769
Sample test	3,586,869	1,513,282
Directors' fees	387,000	339,000
Legal and professional fees	344,650	45,600
Stationery and printing	1,431,430	660,093
Bad debts	355,180	2,261,838
Other	169,459	221,089
Office supplies	243,334	235,176
Gold burning expenses	1,570,099	856,012
Maintenance	911,583	875,691
Assets written off	1,079,947	-
Meal allowance	484,725	587,132
Overseas trips	568,604	763,088
Staff welfare and training	598,845	508,784
Telephone and telex charges	523,083	160,649
Bank charges	330,022	127,745
Gifts, donations and hospitality	109,254	356,364
Duty and consumption tax	127,028	-
Total	45,573,636	43,331,653



GUYANA GOLD BOARD

THE 1998 ANNUAL REPORT



	1998 G\$	1997 G\$
9. Other income		
GGMC salary subsidy	6,175,629	6,145,343
Silver sales	6,796,813	3,730,489
Lease income	2,210,324	2,010,312
Gold overage	446,584	41,268
Exporters' license fee	-	1,600,000
Miscellaneous	43,916	244,091
Interest on staff loan	75,456	-
Total	15,748,722	13,771,503