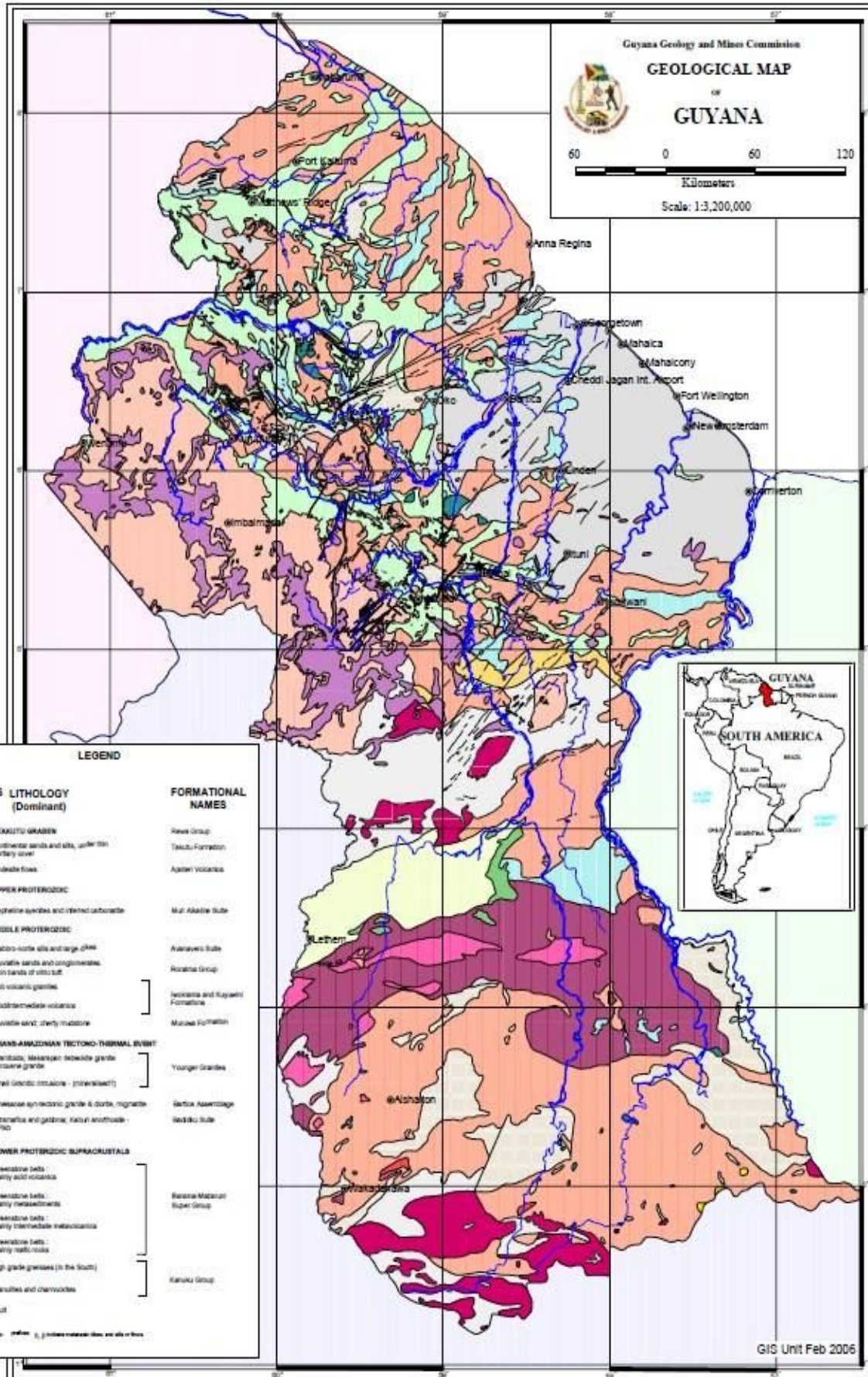


GUYANA GOLD BOARD

Annual Report
2016

MINISTRY OF NATURAL RESOURCES AND THE ENVIRONMENT



MINISTRY OF NATURAL RESOURCES

Table of Contents

Letter of the Transmittal	.....
Corporate Information	.....
Guyana Gold Board	.....
Minister Responsible and Board of Directors	.....
General Manager's Report	.....
Guyana Gold Board Organizational Chart	.....
Financial and Operating Highlights	.....
Quantity of Gold Purchased vs Budget 2015	.....
Gold Purchased (2003 – 2015)	.....
Gold Declaration (2003 – 2015)	.....
Royalties and Taxes Collected (2008 – 2015)	.....
Turnover (2008 – 2015)	.....
Audited Financial Statements of the Guyana Gold Board	.....

LETTER OF THE TRANSMITTAL

June 14, 2017

Honourable Raphael Trotman, M.P

Minister Natural Resources

Ministry of Natural Resources and the Environment

Upper Brickdam,

Georgetown

Guyana

Honourable Minister Trotman,

In accordance with Section 17 of the Guyana Gold Board Act 1981 (Chapter 66:01) the Board of Directors is submitting to you the Annual Report of the Guyana Gold Board along with the Audited Financial Statement for the year ended December 31, 2016.

With the Highest Regards on behalf of the Board of Directors,

Eondrene Thompson

General Manager (ag)

Corporate Information

AUDITORS

Audit Office of Guyana

63 High Street, Kingston

Georgetown, Guyana.

TSD Lall & Co.

77 Brickdam,

Georgetown, Guyana.

LEGAL ADVISORS

Attorney General Chambers

39 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

SUB OFFICE

First Avenue, Bartica

Region 7, Guyana.

Tel. No. : 455-0072

Fax No. : 455-0073

BANKERS

Bank of Guyana

1 Avenue of the Republic, Robbstown

Georgetown, Guyana.

Citizen Bank (Guyana) Limited

16 First Avenue, Bartica

Region 7, Guyana.

Republic Bank (Guyana) Limited

38 Water Street, Robbstown,
Georgetown, Guyana.

GUYANA GOLD BOARD

Establishment (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Section 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 1981 Chap. 66:01 Section 4)

It shall be the functions 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.

MINISTER RESPONSIBLE AND BOARD OF DIRECTORS

The Honourable Raphael Trotman, M.P.
Minister of Natural Resources

Board of Directors:

Ms. Joycelyn Williams	-	Chairperson of the Board of Directors
Mr. John Yates	-	Deputy Chairman
Ms. Theresa Foster	-	Director
Mr. Andron Alphonso	-	Director
Mr. Michael Sommersaul	-	Director
Ms. Lisaveta Ramotar	-	General Manager
Mr. Rickford Vieira	-	Observer
Ms. Andrea Seelochan	-	Observer
Ms. Suzanne Bullen	-	Board Secretary



CHAIRPERSON'S REPORT

On behalf of the Board of Directors of 2016, let me say how honored we were to serve in Guyana's most economically important sector, working along with the Ministry of Natural Resources to shape policy for the industry. The gold industry continued to be a natural blessing to the Guyanese economy in 2016, in defiance of conventional belief of the role of natural resources in developing countries.

Output and declarations continued their upward trend, and confirmed that the sector continued to attract investment and reinvestment, responding to the constructive policies and business environment governing the sector. Medium level gold prices assisted the upward thrust.

The Guyana Gold Board in 2016 benefited from a very constructive and engaging Board of Directors, appointed by the new coalition government. The Board of Directors evinced strong commitment to stronger and more robust regulation of the sector, by studying and re-examining many old, established conventions regarding pricing and buying practices by the Gold Board, and the regulatory framework. Indeed, the Board upheld the strong studied position that the Gold Board is an essential part of the industry in Guyana, to ensure that Guyanese benefit from the God-given endowment of their country with El Dorado.

It is hoped that going forward, the central importance of the Gold Board to small and medium miners, and to the entire economy of Guyana, continues to remain evident and that sustained support is given to its mandate by these stakeholders.

On behalf of the Board of Directors of 2016, we express thanks again for the privilege of serving in this sector.

Management Report



Introduction

The gold mining sector continues to play a pivotal role in Guyana's economic development. It is reported by the Economic Policy Analysis Unit of the Ministry of Finance that Guyana's economic growth for 2016 was "fueled by strong performances in the gold industry". While the gold sector has recorded contributions of approximately 12 percent to the country's GDP, the fact is, that that number does not take into account the countless direct and indirect jobs and economic spill offs that have been created, particularly in communities living outside of the various towns of the Cooperative Republic of Guyana (CRG). As such mining will continue to for some time to be an important part of lives for people of the CRG and as such dramatic movements in prices on the international market tend to have a direct and felt impact on the Guyanese economy.

The year 2016 was a mixed year for gold, the first half may be considered as excellent. Actually the several-month long bull market in gold started in December 2015 when gold price found a bottom at USD1, 049 per ounce, after the Federal Open Market Community (FOMC) historical meeting and the first interest rate hike for almost a decade. Ever since then, the shiny metal made higher highs and higher lows, reaching a peak at USD1,378 at the early July in the aftermath of the British referendum on the withdrawal from the EU.

With the gloomy outlook after the Brexit vote and the uncertainty about the outcome of the U.S presidential election, the future of gold was supposed to be rosy; however, that was furthest from the truth. During the month of August, gold prices moved lower after which with an accelerated decline which began immediately following the US Presidential election on November 08, 2016.

The year's declaration was a significant achievement in a heavy price volatility market environment and all miners, particularly small and medium scale miners must be commended for their work done within the mining sector.

The reopening of the Bartica Office was welcomed by many small and medium scale miners – this was evidenced in the significant improvements in declarations for 2016. Despite the fact that we did not regain some of our medium scale miners.

Purchases – Guyana Gold Board

The year 2016 the mining sector grew by 45.5 percent compared to growth of 9.0 percent in 2015. This growth was mainly fostered by an upsurge in gold declarations by local and foreign mining companies. For the year under review, Guyana Gold Board purchased a total of 214,447 ounces of gold. This represents 47 percent or 68,736 ounces above total purchases for 2015. This increase was primarily due to the reopening of the Bartica office, concessions granted by Government and the Government of Guyana in collaboration with United States strategic approach in curbing gold smuggling

Gold Declaration

The gold sector has broken its production record by a significant margin. Gold declarations for 2016 is in the sum of 712,707 ounces compared to 451,059 in 2015. This represents 261,648 ounces or 58% percent more than what was declared in 2015. Small and medium scale miners declared approximately 47.08 percent more in 2016 than that which was declared in 2015. Additionally our foreign investors, Guyana Goldfields Inc. and Troy Resources Limited, commenced commercial operations in 2015 together declared 190,604 ounces more in 2016 than that which was declared in 2015.

Guyana Gold Fields Inc. proposes to expand its operations, therefore a higher declaration is projected.

Outlook for 2017

The Market

Gold had a strong year in 2016 and we anticipate an even stronger advance in 2017. Year end price action for 2016 has moved gold off the lows, indicating at least on short term basis prices would find a level of support in 2017. While the past is not a guarantee of future correlations it is believed that the trends now being observed deserve consideration when adjusting the gold portfolio for optimization in 2017.

Analysts predicts that gold should top US\$1,300 towards the end of 2017 as the “Trump reflation trade” reverses and subdued real interest rates, coupled with moderating dollar strength, provide ‘positive momentum’ for the gold price.

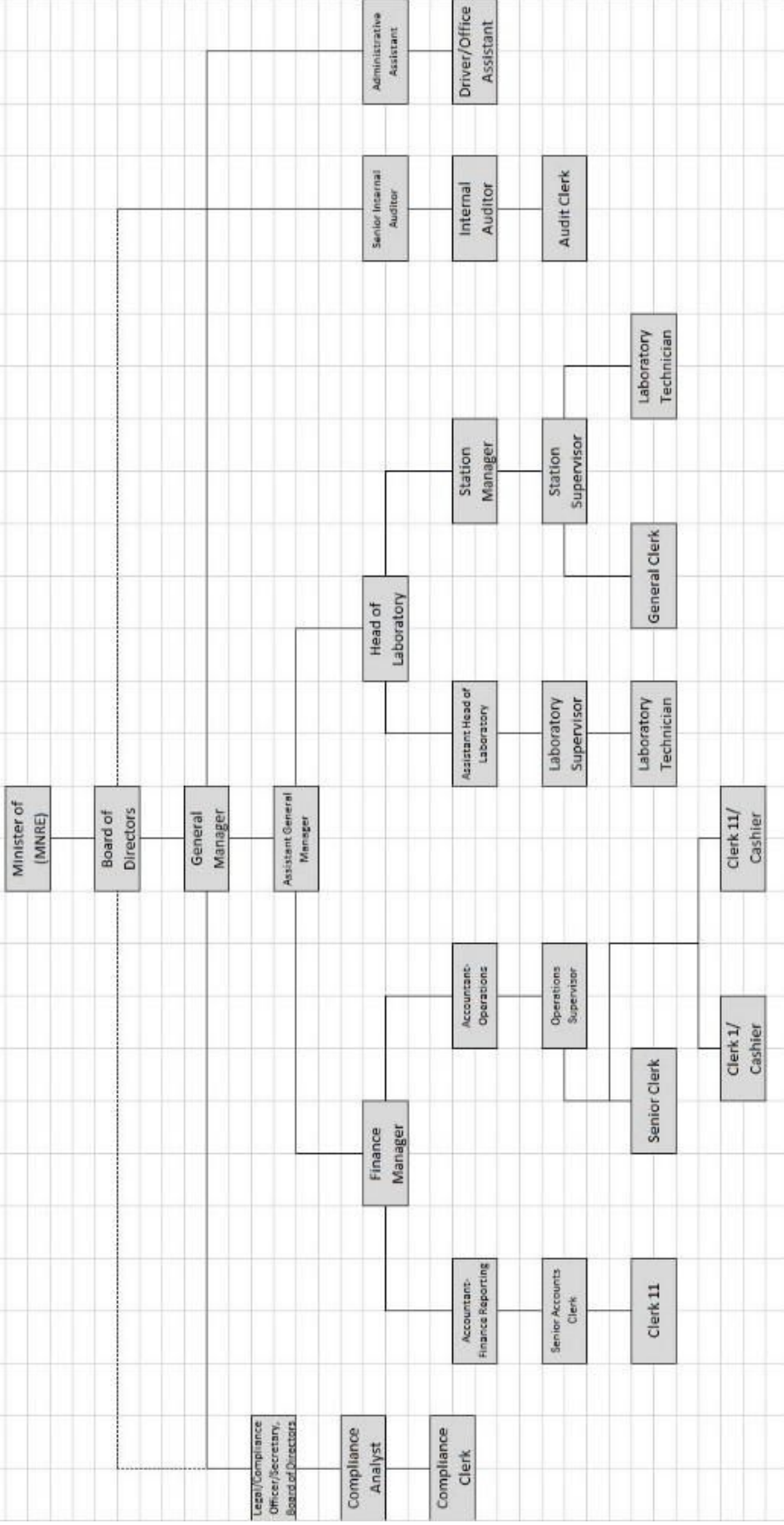
LBMA analysts are bullish on the price of gold for 2017. They predicted an increase of 5.3 percent over the gold price seen for the latter part of 2016. It is also assumed that Fed’s rate hike will have the biggest impact on gold prices – this is proposed to be at least twice in 2017

There is the inherent risk that the new US administration will widen the federal budget deficit or inflation will get out of control. In such scenario, perhaps combined with greater trade protectionism and geopolitical tensions, gold could shine; however the expectations of fiscal stimulus may support the US dollar and real interest rates, which will be significant headwinds for gold at least for the first half of 2017.

In terms of production, Government pledges to continue to provide operational concessions and lend support through infrastructural works while putting in place to ensure that declarations for 2017 out-perform that of 2016

EONDRENE THOMPSON
GENERAL MANAGER (Ag.)

**GUYANA GOLD BOARD
ADJUSTED ORGANISATIONAL CHART FOR 2017**



FINANCIAL AND OPERATING HIGHLIGHTS 2016

GUYANA GOLD BOARD

STATEMENT OF INCOME FOR THE PERIOD ENDING DECEMBER 31, 2016

GYD (000)

	2016	2015	Inc/(Dec)	% Change
<u>Items</u>				
Sales	46,858,062	23,740,793	23,117,269	97%
Cost of Goods Sold	(46,804,899)	(24,786,060)	(22,018,839)	89%
Gross Profit	53,164	(1,045,267)	1,098,431	105%
Other Income	45,924	161,505	(115,581)	-72%
Operating Profit (Loss)	99,088	(883,762)	982,850	111%
Administrative Expenses	(293,272)	(235,840)	(57,433)	24%
Net Profit (Loss)	(194,185)	(1,119,602)	(925,417)	-83%

GUYANA GOLD BOARD

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

GYD (000)				
	2016	2015	Inc/(Dec)	% Change
<u>Items</u>				
Non-Current Assets	102,518	119,831	(17,313)	-14%
Current Assets	17,738,174	11,820,355	5,917,819	50%
Total Assets	17,840,692	11,940,187	5,900,505	49%
Total Equities	(10,641,438)	(10,447,253)	194,185	2%
Non-Current Liabilities	8,731,631	8,731,631	-	0%
Current Liabilities	19,750,499	13,655,809	6,094,690	45%
			-	
Total Equities and Liability	17,840,692	11,940,187	5,900,505	49%

GUYANA GOLD BOARD

PURCHASES FOR 2016 IN TROY OUNCES

Period	Total Purchases	Budgeted Purchases
January	10,024	14,000
February	16,811	16,000
March	15,974	18,000
April	14,488	17,000
May	12,803	18,000
June	14,112	25,000
July	12,678	21,000
August	17,223	23,000
September	24,312	22,000
October	25,647	34,000
November	26,016	24,000
December	24,359	20,000
Total	214,447	242,000

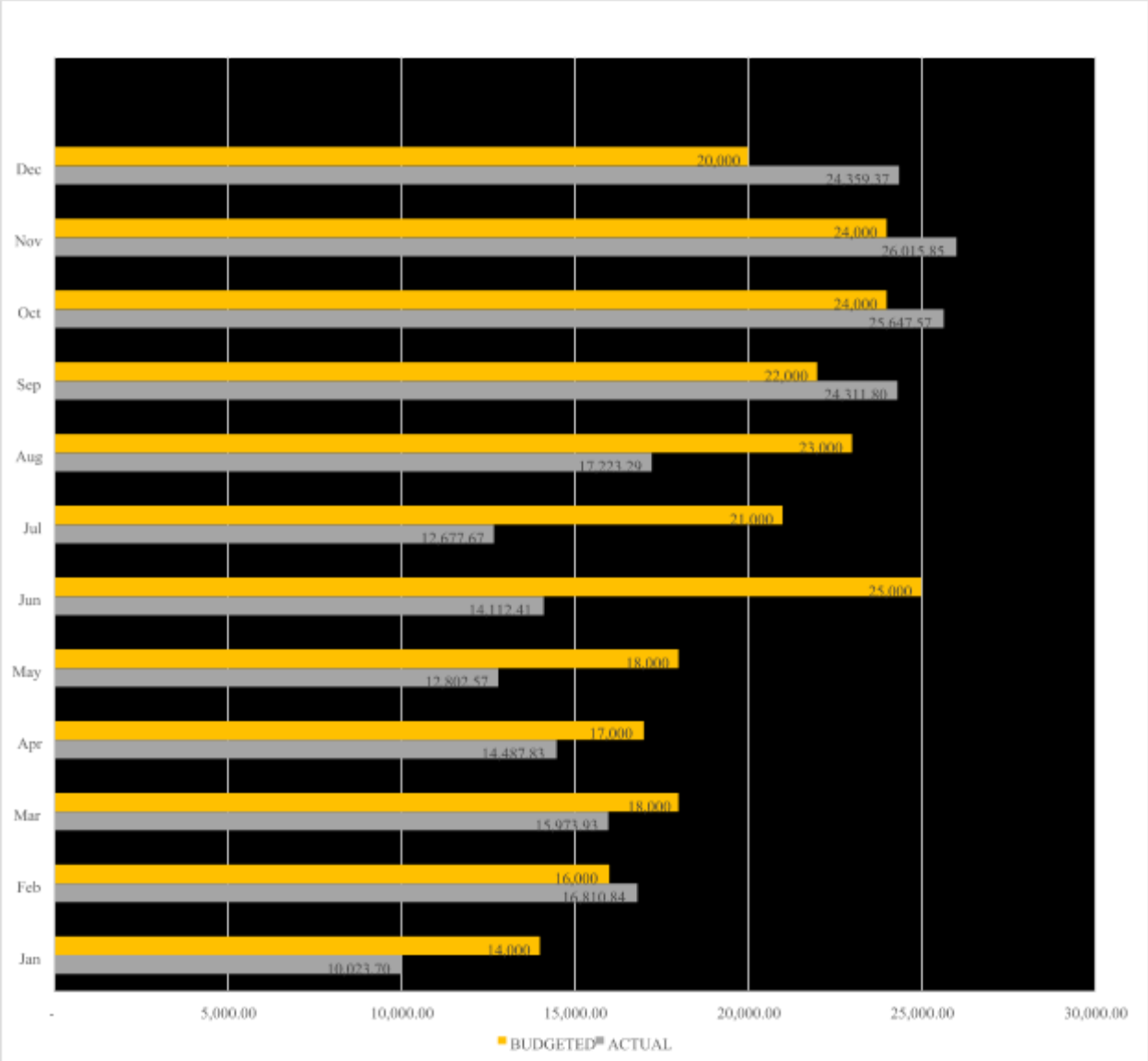
GUYANA GOLD BOARD
DECLARATIONS AS AT DECEMBER 31, 2016 IN TROY OUNCES

Period	Dealers			Guyana Gold Fields	Troy Resources	GGB	Declarations	YTD
	Opening Bal.	Closing Bal.	Exports					
Jan	11,690.80	11,672.50	13,232.03	9,745.70	2,964.01	10,023.70	35,947.14	35,947.14
Feb	11,672.50	8,702.39	21,133.03	15,340.44	8,170.92	16,810.74	58,485.02	94,432.16
Mar	8,702.39	8,386.83	24,998.52	15,472.77	11,380.29	15,973.93	67,509.95	161,942.11
Apr	8,386.83	9,229.80	24,199.35	17,316.75	3,711.85	14,487.83	60,558.75	222,500.86
May	9,229.80	3,421.37	22,992.35	5,379.85	7,297.30	12,802.57	42,663.64	265,164.50
June	3,421.37	10,207.39	20,204.94	13,192.67	3,031.98	14,112.41	57,328.02	322,492.52
July	10,207.39	11,815.94	20,399.74	14,009.01	4,014.99	12,677.67	52,709.96	375,202.48
August	11,815.94	13,210.74	14,427.39	9,084.26	6,594.28	17,223.29	48,724.02	423,926.50
September	13,210.74	10,899.34	18,236.93	12,561.01	6,150.99	24,311.80	58,949.33	482,875.83
October	10,899.34	16,122.43	13,599.61	12,962.86	5,433.46	25,647.57	62,866.59	545,742.42
November	16,122.43	18,256.62	25,019.48	13,761.64	8,493.92	26,015.85	75,425.08	621,167.50
December	18,256.62	34,221.92	27,191.62	21,809.68	2,213.82	24,359.37	91,539.79	712,707.29

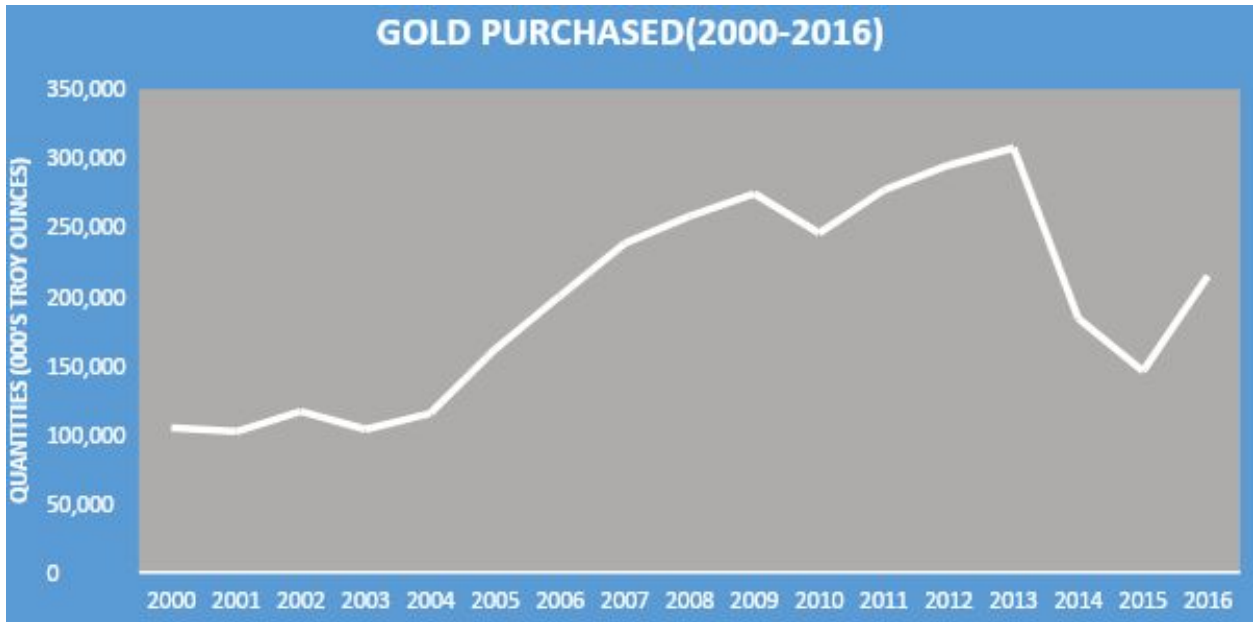
TOTAL

245,634.99 160,636.64 69,457.81 214,446.73 712,707.29

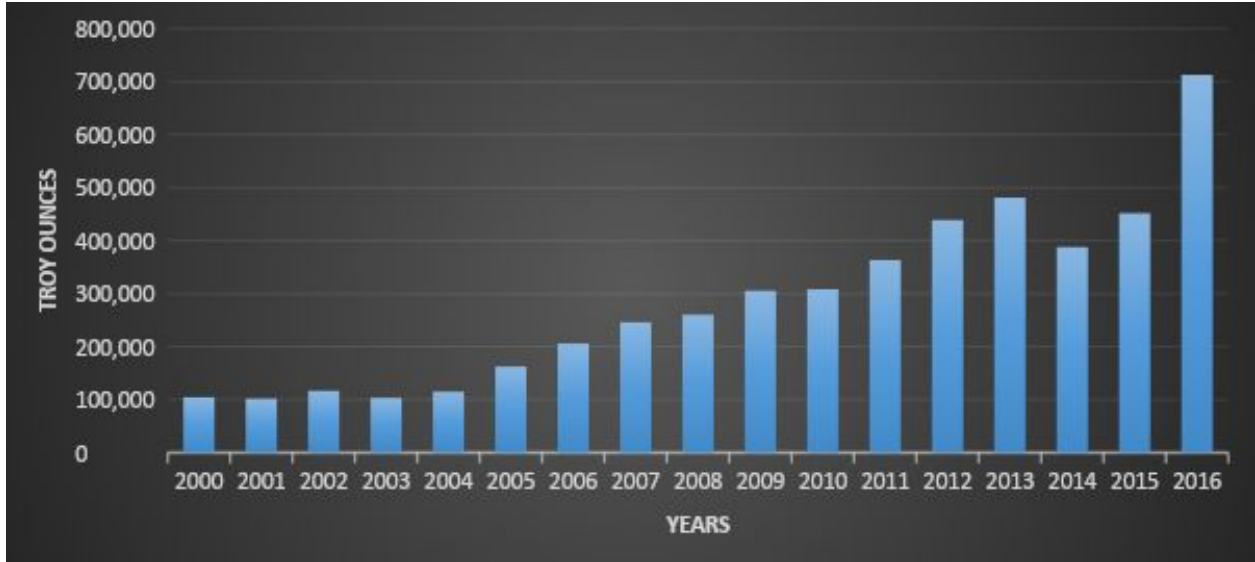
QUANTITY OF GOLD PURCHASED VS BUDGET 2016



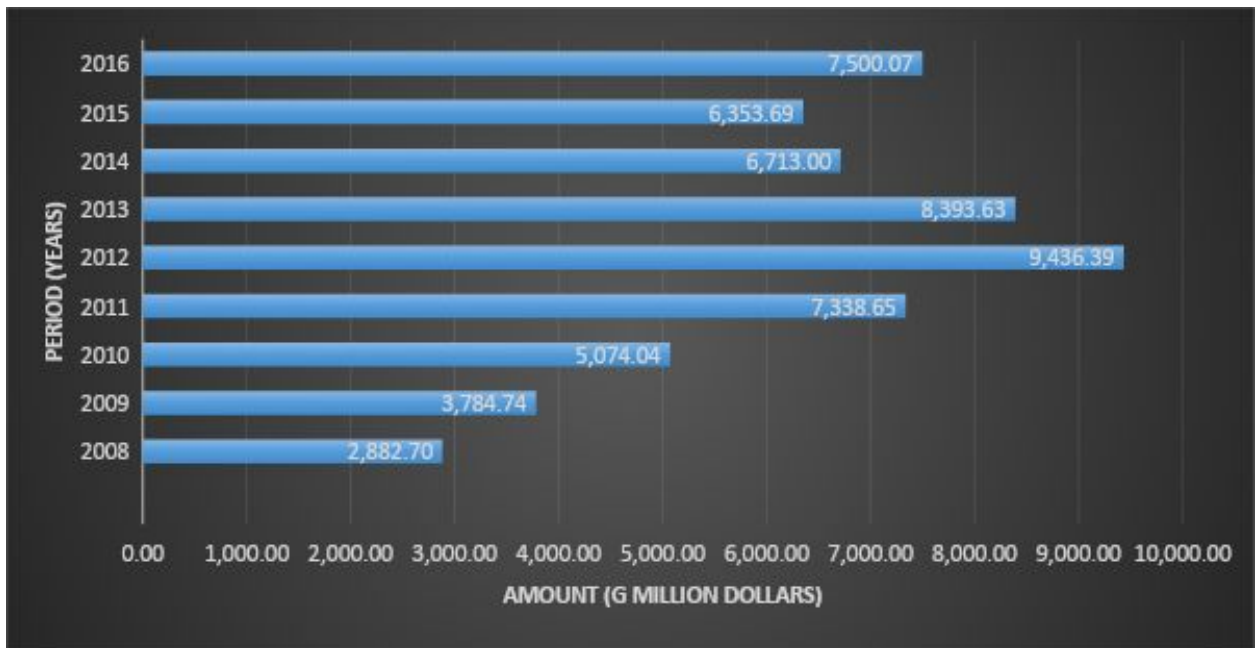
GOLD PURCHASED (2000 – 2016)



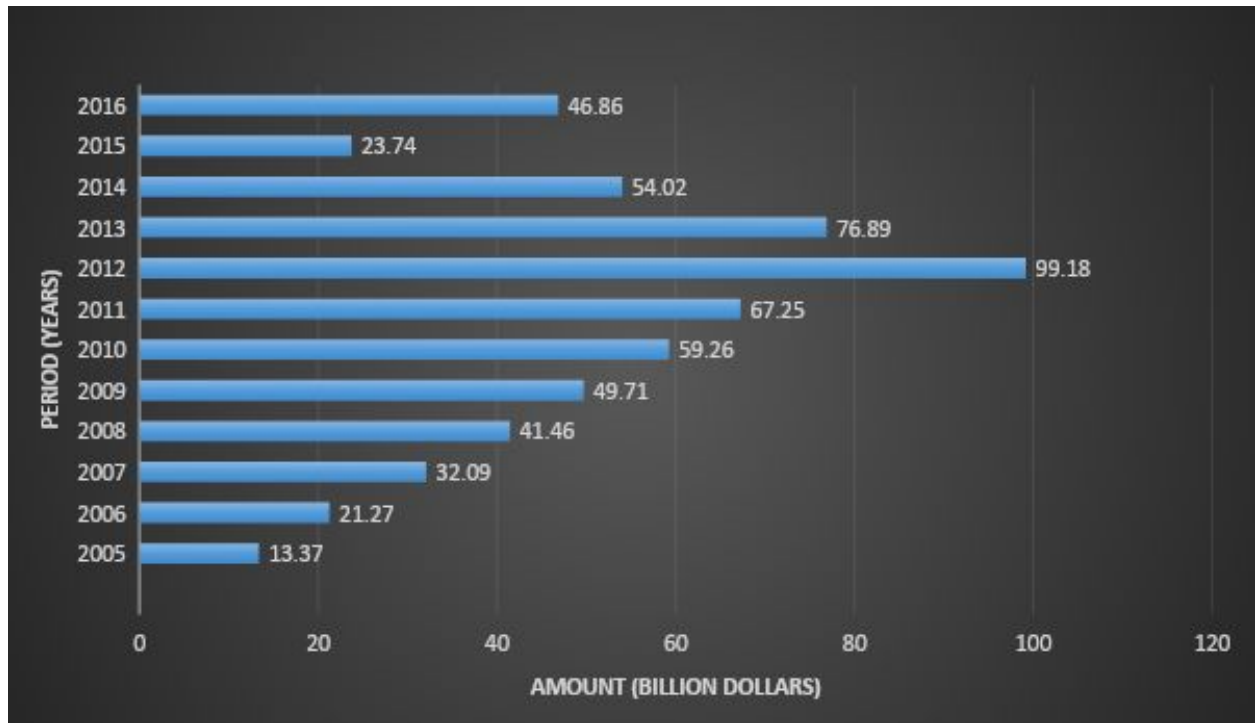
GOLD DECLARATION (2003 – 2016)



ROYALTIES AND TAXES (2008 – 2016)



TURNOVER (2008 – 2016)



On behalf of the Board of Directors of 2016, let me say how honored we were to serve in Guyana’s most economically important sector, working along with the Ministry of Natural Resources to shape policy for the industry. The gold industry continued to be a natural blessing to the Guyanese economy in 2016, in defiance of conventional belief of the role of natural resources in developing countries.

Output and declarations continued their upward trend, and confirmed that the sector continued to attract investment and reinvestment, responding to the constructive policies and business environment governing the sector. Medium level gold prices assisted the upward thrust.

The Guyana Gold Board in 2016 benefited from a very constructive and engaging Board of Directors, appointed by the new coalition government. The Board of Directors evinced strong commitment to stronger and more robust regulation of the sector, by studying and re-examining many old, established conventions regarding pricing and buying practices by the Gold Board, and the regulatory framework. Indeed, the Board upheld the strong studied position that the Gold Board is an

essential part of the industry in Guyana, to ensure that Guyanese benefit from the God- given endowment of their country with el dorado.

It is hoped that going forward, the central importance of the Gold Board to small and medium miners, and to the entire economy of Guyana, continues to remain evident and that sustained support is given to its mandate by these stakeholders.

On behalf of the Board of Directors of 2016, we express thanks again for the privilege of serving in this sector.