

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA GOLD BOARD**

**FOR THE YEAR ENDED
31 DECEMBER 2010**

**CONTRACTED AUDITORS: NIZAM ALI & COMPANY
215 'C' CAMP STREET
NTH CUMMINGSBURG
GEORGETOWN**

**AUDITORS: AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA**

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER 2010**

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

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 referred to above present fairly, in all material respects, the financial position of the Guyana Gold Board as at 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Emphasis of matter

Without qualifying my opinion I draw attention to note 3(i) to the financial statements. Management has represented to me that the Board is exempt from Corporation and Property taxes. I am unable to ascertain the necessary authority that gives legal effect to this exemption. The Board has not paid any Corporation or Property taxes since its formation and no provision for such taxes has been made in these financial statements.



GENERAL (ag.)

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REPORT OF CHARTERED ACCOUNTANTS
NIZAM ALI AND COMPANY
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 2010

We have audited the accompanying financial statements of Guyana Gold Board, which comprise the statement of financial position as at December 31, 2010 and the statement of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

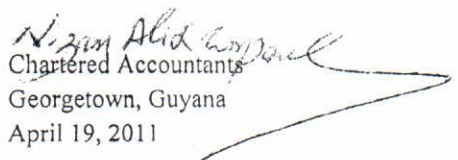
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Guyana Gold Board Act.

Emphasis of matter

Without qualifying our opinion we draw attention to note 3(i) to the financial statements. Management has represented to us that the Board is exempt from Corporation and Property taxes. We are unable to ascertain the relevant authority that gives legal effect to this exemption. The Board has not paid any Corporation or Property taxes since its formation and no provision for such taxes has been made in these financial statements.


Chartered Accountants
Georgetown, Guyana
April 19, 2011

GUYANA GOLD BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

GUYANA GOLD BOARD

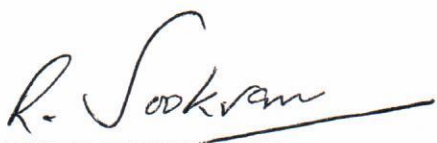
Statement of Financial Position

December 31, 2010

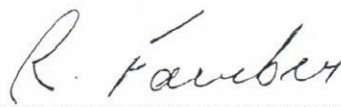
With comparative figures for 2009

(Expressed in Guyana Dollars)

	<u>Notes</u>	<u>2010</u> <u>\$</u>	<u>2009</u> <u>\$</u>
Plant and equipment	8	<u>83,035,531</u>	<u>25,018,329</u>
Current assets			
Inventories	5	4,096,906,241	5,265,604,791
Accounts receivable and prepayments	4	23,843,693	11,916,298
Cash on hand and at bank		<u>1,738,578,532</u>	<u>1,644,444,539</u>
Total current assets		<u>5,859,328,466</u>	<u>6,921,965,628</u>
Total assets		<u><u>5,942,363,997</u></u>	<u><u>6,946,983,957</u></u>
Liabilities and equity			
Liabilities			
Bank overdraft	9	2,516,962	3,097,925
Advance from the Ministry of Finance	6	3,938,864,113	5,654,492,855
Accounts payable	7	<u>633,972,231</u>	<u>294,402,699</u>
Total liabilities		<u>4,575,353,306</u>	<u>5,951,993,479</u>
Equity			
Government contribution	10	108,577,100	108,577,100
Accumulated surplus		<u>1,258,433,591</u>	<u>886,413,378</u>
Total equity		<u>1,367,010,691</u>	<u>994,990,478</u>
Total liabilities and equity		<u><u>5,942,363,997</u></u>	<u><u>6,946,983,957</u></u>



Director



Director

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

GUYANA GOLD BOARD

Statement of Changes in Equity For the year ended December 31, 2010 With comparative figures for 2009 (Expressed in Guyana Dollars)

	Government Contribution \$	Accumulated Surplus \$	Total \$
Balance as at January 01, 2009	108,577,100	668,456,287	777,033,387
Net income	-	217,957,091	217,957,091
Balance as at December 31, 2009	<u>108,577,100</u>	<u>886,413,378</u>	<u>994,990,478</u>
Balance as at January 01, 2010	108,577,100	886,413,378	994,990,478
Net income	-	<u>372,020,213</u>	<u>372,020,213</u>
Balance as at December 31, 2010	<u>108,577,100</u>	<u>1,258,433,591</u>	<u>1,367,010,691</u>

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

GUYANA GOLD BOARD

Statement of Cash Flows

For the year ended December 31, 2010

With comparative figures for 2009

(Expressed in Guyana Dollars)

	2010 \$	2009 \$
Cash flows from operating activities		
Net income	372,020,213	217,957,091
Adjustment for :		
Gain from disposal of plant and equipment	(1,691,000)	-
Depreciation	5,432,381	2,351,846
Operating income before working capital changes	375,761,594	220,308,937
Decrease (increase) in inventories	1,168,698,550	(1,425,020,171)
(Increase) decrease in accounts receivable and prepayments	(11,927,395)	8,828,134
(Decrease) increase in advance from the Ministry of Finance	(1,715,628,742)	2,215,002,654
Increase (decrease) in accounts payable	339,569,532	(59,248,949)
Net cash from operating activities	156,473,539	959,870,605
Cash flow from investing activity		
Proceeds from disposal of plant and equipment	1,866,000	-
Purchase of plant and equipment	(63,624,583)	(14,248,857)
Cash used in investing activity	(61,758,583)	(14,248,857)
Net increase in cash and cash equivalents	94,714,956	945,621,748
Cash and cash equivalents at beginning of the year	1,641,346,614	695,724,866
Cash and cash equivalents at end of the year	1,736,061,570	1,641,346,614
Cash and cash equivalents comprise:		
Cash in hand and at bank	1,738,578,532	1,644,444,539
Bank overdraft	(2,516,962)	(3,097,925)
	1,736,061,570	1,641,346,614

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

GUYANA GOLD BOARD

Notes to the Financial Statements

December 31, 2010

(Expressed in Guyana Dollars)

1. Incorporation and activities

(a) Incorporation

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

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

* Under regulation 4 of 1997 made under the Gold Board Act 1981, the Board may issue an authorisation to possess, sell or export gold produced in Guyana. the gold held by dealers can either be exported or sold to the Board directly. At December 31, 2010 six such dealers were licenced.

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

2. Amendments to published standards and interpretations

(i) *Effective in the current year*

The following new and revised IFRSs have been applied in the current period. The application of these new and revised IFRSs have no material effect on the financial statements.

Amendments to IFRS 5 *Non - current Assets held for sale and discontinued operations.*

The amendments clarify that all assets and liabilities of a subsidiary should be classified as held for sale when the group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the group will retain a non-controlling interest in the subsidiary after the sale.

Amendments to IAS 1 *Presentation in financial statements*

The amendments clarifies that (i) potential settlement of a liability by issue of equity is not relevant to its classification as current or non- current and (ii) an entity may choose to present an analysis of items of other comprehensive income either in the statement of changes in equity or in the note to the financial statements.

Amendments to IAS 7 *Statement of cash flows*

The amendments to IAS 7 Specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities.

GUYANA GOLD BOARD

Notes to the Financial Statements
December 31, 2010
(Expressed in Guyana Dollars)

2. Amendments to published standards and interpretations, continued

(i) *Effective in the current year, continued*

Amendments to IFRS 7	<i>Financial Instruments disclosures</i> This amendment clarifies the required level of disclosures about credit risk and collateral held and provide relief from previously required disclosures regarding renegotiated loans.
IFRS 3 (revised)	<i>Business combinations</i> This amendment seeks to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share in the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition - date fair value unless another measurement basis is required by another standard.
IAS 27 (revised)	<i>Consolidated and Separate Financial Statements</i> When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the group to derecognise all assets, liabilities and non-controlling interests at the carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in the statement of comprehensive income.
IAS 28 (revised)	<i>Investment in associates</i> This amendment clarifies that where the investor loses significant influence over an associate, that the loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value.
Amendments to IFRS 1	<i>First time adoption of International Financial Reporting standards</i> The amendments provide two exemptions when adopting IFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.
Amendments to IFRS 2	<i>Share-based payment - Group cash settled Share Based Payment Transactions</i> The amendment clarifies the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when other group entity or shareholder has the obligation to settle the award.

GUYANA GOLD BOARD

Notes to the Financial Statements December 31, 2010 (Expressed in Guyana Dollars)

2. Amendments to published standards and interpretations, continued

(ii) New Standards and Interpretations, continued

Amendments to IAS 39

Financial Instruments : Recognition and Measurement - Eligible hedged items

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging options.

IFRIC 17

Distribution of non - cash assets to owners

The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to shareholders.

IFRIC 18

Transfers of Assets from Customers

The interpretation addresses the accounting by the recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 *Revenue*.

At the date of authorisation of these financial statements there were new standards and amendments to standards and interpretations which were in issue but not yet effective for the year ended December 31, 2010, and have not been applied in preparing these financial statements.

IFRS 9 - First Phase of replacement of IAS 39 - Financial Instrument:
Recognition and Measurement.

IFRS 1 - First time adoption of IFRS- Amendments introduced giving
additional exemptions to first time adopters of IFRS.

IFRS 2 - Share Based Payments - Amendments introduced pertaining
to cash- settled share based payment transactions.

IAS 24 - Related Party Disclosure - Revised Version introduces
additional related party disclosures.

IAS 32 - Financial Instruments: Presentation - Amendment introduced
regarding the classification of rights issue.

IFRIC 14- The Limit on a Defined Benefit Asset, Minimum Funding Requirements
and their Interaction- Amendments relating to Prepayments of a
minimum funding requirement.

IFRIC 19 - Extinguishing financial liabilities with equity instruments.

The adoption of these standards and interpretations are not expected to have a material impact on the financial statements of the Company.

GUYANA GOLD BOARD

Notes to the Financial Statements

December 31, 2010

(Expressed in Guyana Dollars)

3. Significant accounting policies, continued

(a) Statement of Compliance and basis of preparation

The financial statements are prepared in Guyana Dollars in accordance with International Financial Reporting Standards. They have been prepared under the historical cost convention as modified by the valuation of financial assets available for sale and financial assets at fair value through profit or loss.

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the date of the financial statements and income and expenses during the period. Actual results could differ from these estimates.

The financial statements were authorised for issue by the Board of Directors on April 19, 2011.

(b) Inventories

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

(c) Plant and equipment

Plant and equipment are stated generally at historical cost, except for those measured at fair value, when they are tested for impairment. Historical cost includes expenditure directly attributable to the acquisition of the items.

Plant and equipment is tested for impairment whenever there is objective evidence that the carrying amount of the asset may exceed its recoverable amount. Any resulting impairment loss is recognised immediately in the statement of comprehensive income.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

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

Furniture, fixtures and fittings	10%
Office equipment	12.50%
Motor vehicles	25%
Laboratory and smelting room renovations	25%
Computer software	25%
Work in progress	Nil

The gain or loss arising on disposal or retirement of an item of, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

GUYANA GOLD BOARD

Notes to the Financial Statements

December 31, 2010

(Expressed in Guyana Dollars)

3. Significant accounting policies, continued

(d) Purchases

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

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

(e) Provisions

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

(f) Sales

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

Sales of refined gold are marketed as follows:-

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

During the year the Board entered into no forward nor option transactions.

(g) Revenue recognition

Local Sales

The Board recognises revenue when the customer takes possession of the gold. Price is fixed according to the London Daily Fix, at the time of the sale.

Foreign Sales

The Board recognises revenue when Bank of Guyana acknowledges receipts from Mitsui & Co Precious Metals, Inc. The agent makes payment on sales contract when the gold has been transferred to the agents account.

(h) Cash and cash equivalents

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

(i) Taxation

The Board is exempt from Corporation and Property Taxes.

GUYANA GOLD BOARD

Notes to the Financial Statements

December 31, 2010

(Expressed in Guyana Dollars)

3. Significant accounting policies, continued

(j) Leases

Lease in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. All leasing arrangement to which the Board is a party are considered operating lease.

(k) Foreign Currency Translation

- *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Guyana Dollars which is the functional and presentation currency.

- *Transactions and balances*

Transactions in foreign currencies are translated at the rate of exchange ruling at the transaction date. Foreign currency monetary assets and liabilities are translated at the Bank of Guyana rate of exchange ruling at year end, except as otherwise stated. Foreign exchange positions are valued daily at prevailing rates. Resulting translation differences and gains and losses from trading activities are included in the statement of comprehensive income.

GUYANA GOLD BOARD

Notes to the Financial Statements

December 31, 2010

(Expressed in Guyana Dollars)

	2010	2009
	\$	\$
4. Accounts receivable and prepayments		
Trade debtors	16,207,896	4,533,719
Prepayments	7,635,797	7,382,579
	<u>23,843,693</u>	<u>11,916,298</u>

	2010	2009
	\$	\$
5. Inventories		
Laboratory	206,321,349	166,517,510
Bank of Guyana	3,322,762,545	1,997,679,888
Royal Canadian Mint	16,773,583	19,008,858
Guyana Geology & Mines Commission (Samples)	4,766,964	4,034,191
Mitsui (see note)	546,281,800	3,078,364,344
	<u>4,096,906,241</u>	<u>5,265,604,791</u>

Note

Under the agency arrangement between Mitsui and the Guyana Gold Board, Mitsui, based on the instruction of the Board may effect certain sales contract for gold without the gold being transferred to the agent's account. Mitsui normally holds a stock of 2,000 troy ounces of gold as security deposit for such transactions, which will be available upon settlement of outstanding sales contracts.

	2010	2009
	\$	\$
6. Advance from the Ministry of Finance	<u>3,938,864,113</u>	<u>5,654,492,855</u>

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

	2010	2009
	\$	\$
7. Accounts payable		
Trade creditors	123,657,668	30,825,486
Gold dealers' tax payable	167,068,998	91,356,677
Gold dealers' royalties payable	286,584,740	132,860,620
Accruals	20,304,655	25,063,993
Others	36,356,170	14,295,923
	<u>633,972,231</u>	<u>294,402,699</u>

GUYANA GOLD BOARD

Notes to the Financial Statements **December 31, 2010** **(Expressed in Guyana Dollars)**

8. Plant and equipment

	Furniture, Fixtures & Fittings \$	Office Equipment \$	Motor Vehicles \$	Fire Arms \$	Computer Software \$	Lab & Smelting Room Renovation \$	Work In Progress \$	Total \$
At January 01, 2010	6,182,642	40,068,395	16,568,758	489,016	3,570,895	12,155,210	13,443,210	92,478,126
Additions	125,257	1,918,250	11,600,000	-	-	296,090	49,684,986	63,624,583
Disposals	-	-	(8,484,348)	-	-	-	-	(8,484,348)
At December 31, 2010	6,307,899	41,986,645	19,684,410	489,016	3,570,895	12,451,300	63,128,196	147,618,361
Represented by								
Cost	6,307,899	41,521,645	18,004,410	489,016	3,570,895	12,451,300	63,128,196	145,473,361
Valuation	-	465,000	1,680,000	-	-	-	-	2,145,000
	6,307,899	41,986,645	19,684,410	489,016	3,570,895	12,451,300	63,128,196	147,618,361
Accumulated depreciation								
At January 1, 2010	4,040,817	31,512,680	16,393,758	489,016	3,570,895	11,452,631	-	67,459,797
Charges for the year	315,176	1,783,991	2,900,000	-	-	433,214	-	5,432,381
Write back on disposals	-	-	(8,309,348)	-	-	-	-	(8,309,348)
At December 31, 2010	4,355,993	33,296,671	10,984,410	489,016	3,570,895	11,885,845	-	64,582,830
Net book values								
At December 31, 2010	1,951,906	8,689,974	8,700,000	-	-	565,455	63,128,196	83,035,531
At December 31, 2009	2,141,825	8,555,715	175,000	-	-	702,579	13,443,210	25,018,329

GUYANA GOLD BOARD

Notes to the Financial Statements

December 31, 2009

(Expressed in Guyana Dollars)

9. Bank overdraft

The Board do not have an overdraft facility. This amount relates to cheques written in excess of the balance on one of the Board's account. Amounts were subsequently transferred to clear this account.

	2010 \$	2009 \$
10. Government contribution	<u>108,577,100</u>	<u>108,577,100</u>

11. Turnover

	2009 \$	2008 \$
Local sales	31,010,769	41,049,079
Foreign sales	<u>59,228,693,506</u>	<u>49,666,346,025</u>
	<u>59,259,704,275</u>	<u>49,707,395,104</u>

12. Cost of sales

	2010 \$	2009 \$
Inventories at January, 01	5,265,604,791	3,840,584,620
Purchases	57,426,384,710	50,660,253,927
Shipping and refining cost	<u>104,510,364</u>	<u>108,247,925</u>
	62,796,499,865	54,609,086,472
Inventories at December, 31	<u>(4,096,906,241)</u>	<u>(5,265,604,791)</u>
	<u>58,699,593,624</u>	<u>49,343,481,681</u>

13. Other income

	2010 \$	2009 \$
Silver sales	52,812,051	63,297,637
Lease income	1,423,058	789,195
Miscellaneous	2,563,500	677,250
Exporters' licence fee	1,200,000	1,400,000
Option premium	<u>-</u>	<u>5,399,094</u>
	<u>57,998,609</u>	<u>71,563,176</u>

GUYANA GOLD BOARD

Notes to the Financial Statements

December 31, 2010

(Expressed in Guyana Dollars)

	2010	2009
	\$	\$
14. Administrative expenses		
Insurance	11,537,393	11,246,476
Employment cost	54,735,570	47,176,538
Depreciation	5,432,381	2,351,846
Audit fees	1,575,000	1,575,000
Security	27,175,147	28,414,574
Motor vehicle	1,732,069	2,089,368
Samples test	18,790,900	20,371,500
Legal fees	13,920	13,920
Stationery and supplies	1,844,238	2,064,193
Others	10,562,957	10,998,296
Silver payment	30,032,539	16,411,802
Gold burning	9,012,149	9,768,709
Office maintenance	186,197	121,101
Meals allowance	559,181	539,493
Staff welfare and training	3,045,481	2,718,146
Telephone, internet & telex	1,401,841	1,406,054
Gifts, donation & hospitality	2,135,512	998,998
Stamp expenses	58,026,561	51,286,529
Advertisement	344,684	258,972
Repairs to equipment & furniture	987,809	1,146,891
Books & publications	1,000,000	1,000,000
Bank charges	1,158,373	1,629,246
Health and safety	75,145	306,256
Medical expenses	1,976,000	1,440,600
Directors' fees (see note 16)	2,748,000	2,185,000
	<u>246,089,047</u>	<u>217,519,508</u>

	2010	2009
	\$	\$
15. Net income for the year	<u>372,020,213</u>	<u>217,957,091</u>

After charging the following:

Depreciation	5,432,381	2,351,846
Directors' fees (see note 16)	2,748,000	2,185,000
Auditors' remuneration	1,575,000	1,575,000

GUYANA GOLD BOARD

Notes to the Financial Statements

December 31, 2010

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16. Identity of Related Parties

The Board Considers the non-executive directors and key management personnel as related parties.

	2010	2009
	\$	\$
(i) Transactions with directors		
<i>Directors' Fees</i>		
Rishi Sookram	658,000	420,000
Rene Faerber	500,000	470,000
Harinarine Tiwari	390,000	290,000
Nareshwar Harnanan	180,000	75,000
Jeffrey Thomas	460,000	330,000
William Woolford	320,000	190,000
Norman Mc Lean	240,000	410,000
	<u>2,748,000</u>	<u>2,185,000</u>

(a) Directors emoluments per meeting are as follows; each non-executive director is entitled to a fee of \$ 10,000 except for Nareshwar Harnanan who receives a fee of \$ 5,000. The chairman's fee is \$ 14,000 per meeting.

(ii) Key management personnel

Five (5) individuals are considered as key management personnel. During the year remuneration paid to these individuals amounted to G\$ 20,169,830 (2009-G\$ 17,240,829).

17. Financial risk management

(i) Liquidity risk

The contractual undiscounted cashflows associated with the Board's financial liabilities of \$4,575,353,306 (2009-\$5,951,993,479) are expected to fall due within 3 months of the statement of financial position date. The Board manages its exposure to liquidity risk by projecting expected cash flows.

GUYANA GOLD BOARD

Notes to the Financial Statements

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(Expressed in Guyana Dollars)

17. Financial risk management, continued

(ii) Credit risk

	2010	2009
	\$	\$
Neither past due nor impaired	11,130,237	1,231,164
Past due but not impaired	5,077,659	3,302,555
	<u>16,207,896</u>	<u>4,533,719</u>

As at the year end, accounts receivable of \$16,207,896 (2009- \$4,533,719) are fully performing. None of the accounts receivable that are fully performing were renegotiated during the year.

Management considers the credit risk on the balances due from third parties to be minimal given the nature of the items.

(iii) Foreign currency risk

The Board's exposure to foreign exchange risk is limited by the denomination of the underlying transaction in the stable foreign currencies.

	2010	2009
Assets		
United States Dollars	740,323,317	619,788,335
Liabilities		
United States Dollars	-	-
Net exposure	<u>740,323,317</u>	<u>619,788,335</u>

At 31 December 2010, if the Guyana Dollar had weakened/ strengthened by 1% against the United States Dollar, with all other variables held constant, profits for the year would have been \$7,403,233 (2009- \$6,197,883) higher/lower.

GUYANA GOLD BOARD

Notes to the Financial Statements

December 31, 2010

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17. Financial risk management, continued

(iv) Fair value

The following table presents the carrying amounts and estimated fair values of the Board's financial instruments and commodities.

		2010		2009	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets					
Cash and cash equivalents	(1)	1,738,578,532	1,738,578,532	1,644,444,539	1,644,444,539
Accounts receivable	(2)	16,207,896	16,207,896	4,533,719	4,533,719
Financial liabilities					
Accounts payable and accrued liabilities	(2)	633,972,231	633,972,231	294,402,699	294,402,699
Ministry of Finance	(2)	3,938,864,113	3,938,864,113	5,654,492,855	5,654,492,855
Bank Overdraft	(1)	2,516,962	2,516,962	3,097,925	3,097,925

(1) Recorded at market value.

(2) Recorded at amortised cost. The fair value of accounts receivables, accounts payable and accrued liabilities is equivalent to the carrying amount given the short maturity period.

(v) Interest rate risk

As at year-end date, the Board's exposure to interest rate risk is as follows:

	2010		Total
	Floating interest rate	Non-interest bearing	
		\$	\$
Financial assets			
Cash and cash equivalents	-	1,738,578,532	1,738,578,532
Accounts receivables	-	16,207,896	16,207,896
	-	1,754,786,428	1,754,786,428
Financial liabilities			
Accounts payable and accrued liabilities	-	633,972,231	633,972,231
Ministry of Finance	-	3,938,864,113	3,938,864,113
Bank Overdraft	-	2,516,962	2,516,962
	-	4,575,353,306	4,575,353,306

GUYANA GOLD BOARD

Notes to the Financial Statements
December 31, 2010
(Expressed in Guyana Dollars)

17. Financial risk management, continued

(v) Interest rate risk, continued

	2009		
	Floating interest rate	Non-interest bearing	Total
		\$	\$
Financial assets			
Cash and cash equivalents	-	1,644,444,539	1,644,444,539
Accounts receivables	-	4,533,719	4,533,719
	-	1,648,978,258	1,648,978,258
Financial liabilities			
Accounts payable and accrued liabilities	-	294,402,699	294,402,699
Ministry of Finance	-	5,654,492,855	5,654,492,855
Bank Overdraft	-	3,097,925	3,097,925
	-	5,951,993,479	5,951,993,479

18. Commitment and Contingent liability

(a) Legal proceedings

The Board is the plaintiff in certain litigation. Management does not believe that the outcome of these proceedings will have material adverse effect on the Board's result of operations and accordingly no provision for contingencies is necessary.