

GUYANA GOLD  
BOARD

Annual Report  
2015

MINISTRY OF NATURAL RESOURCES



## Table of Contents

Letter of the Transmittal .....	3
Corporate Information .....	4
Guyana Gold Board .....	5
Minister Responsible and Board of Directors .....	6
General Manager's Report .....	7
Guyana Gold Board Organizational Chart .....	10
Financial and Operating Highlights .....	11
Quantity of Gold Purchased vs Budget 2015 .....	13
Gold Purchased (2003 – 2015) .....	14
Gold Declaration (2003 – 2015) .....	15
Royalties and Taxes Collected (2008 – 2015) .....	16
Turnover (2008 – 2015) .....	17
Audited Financial Statements of the Guyana Gold Board .....	18

# **LETTER OF THE TRANSMITTAL**

**August 08, 2016**

**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, 2015.

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

**Lisaveta V. Ramotar**

**General Manager**

# **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**

**Minister Responsible:**

**The Honourable Robert Persaud, M.P.**  
Minister Natural Resources and the  
Environment

**The Honourable Raphael Trotman, M.P.**

**Board of Directors:**

**Mr. Sasenarine Kowlessar**

**Chairman of the Board of Directors**

**Mr. Jeffrey Thomas**

**Director**

**Mr. Paul Geer**

**Director**

**Mr. Andron Alphonso**

**Director**

**Ms. Patricia Bacchus**

**Director**

**Ms. Pavita Ramkissoon**

**Director**

**Ms. Lisaveta Ramotar**

**General Manager**

**Mr. Rickford Vieira**

**Observer**

**Ms. Andrea Seelochan**

**Observer**

**Mr. Gopnauth Bobby Gossai, Jr.**

**Board Secretary**

# Management Report

## **Introduction**

The Mining Sector, particularly gold mining continues to be an important part of the Guyanese Economy. While it has recorded contributions of almost 10 percent to 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 under review saw total gold declaration opening the year significantly below what was declared in 2014. The first quarter saw gold declarations 30 percent below what was declared as at March-end 2014. This lower than average declaration was the trend for the most part of the year but picked in the last quarter ending the year higher by 16.5 or 63,983 ounces at 451,490. This increase was partly fueled by the then Department of Natural Resources and the Environment's response to reports of gold smuggling by setting up an Anti-Smuggling Task Force chaired by the Minister of Governance, Honourable Raphael Trotman. The task force had a mandate to address loopholes within the gold trading sector and find solutions to the gold smuggling challenges.

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

In September of 2015, the Minister of Governance, Honourable Raphael Trotman, gave his approval for the re-opening of the Bartica branch of the Guyana Gold Board. The Office was closed in April of 2014 after irregularities were discovered at that office. Construction works were done on the Lot 9 First Avenue, Bartica location as well as enhance controls were implemented prior to the re-opening of the office. It is expected that the re-opening of the Bartica operation of the Guyana Gold Board would allow for improved declaration in 2016. The Bartica Office of the Guyana Gold Board was re-opened by the Minister of Governance, Honourable Raphael Trotman,

The CRG is a price taker on the world gold market and as such prices tend to impact decisions of those operating within the sector. The Gold Sector faced a challenging and tumultuous year with gold prices demonstrating extreme volatility. The year opened with gold prices at USD1,219.75 and closed at USD1,199.25 a depreciation of 1.7 percent. However this mild depreciation in the opening and closing period prices masked the fact that gold for several trading periods traded at just over USD 1,300 per ounce per ounce and subsequently saw up and down movement of prices with it falling to a low of USD1,144.50 per ounce. The high market volatility caused disruptions within the local gold mining industry especially among the small and medium scale miners, who responded to what was in general viewed as falling prices by significantly contracting their operations.

### **Purchases – Guyana Gold Board**

In 2015, the Guyana Gold Board continued with its mandate of procuring all gold presented to the organisation. For the period under review, the organisation procured a total of 145,711 ounces of gold which was 20.8 percent or 38,213 ounces below the 183,894 ounces recorded as purchased in 2014. The decline was chiefly due to the entity operating out of one location for the greater part of the year. It is expected, that for the upcoming reporting period purchases by the state entity should rise due to re-opening of a location in Bartica.

### **Gold Declaration**

For the period January 01, 2015, to December 31, 2015, the total amount of gold declaration was significantly lower for the most part of 2015, but buoyed sufficiently in the last quarter of the year to allow the organisation to end the year with declarations of 451,490 ounces of gold, a 16.5 percent rise over the prior year. The increase came from the small and medium scale miners who recorded a 6.3 percent growth over the prior year. Additionally, the Aurora Mines of Guyana Goldfields Inc. and the other large scale mine, Troy Resources Limited, commenced commercial operation in 2015 with both having their first shipments in the last quarter of the year. The two (2) large scale mining operations declared a total of 39,491 ounces of gold.

For the upcoming period, that is January 1 to December 31, 2016, the target set for gold declaration has been 550,000 with small and medium scale miners expecting to contribute a total of 432,000 ounces to the declaration figure.

## **Outlook for 2016**

### **The Market**

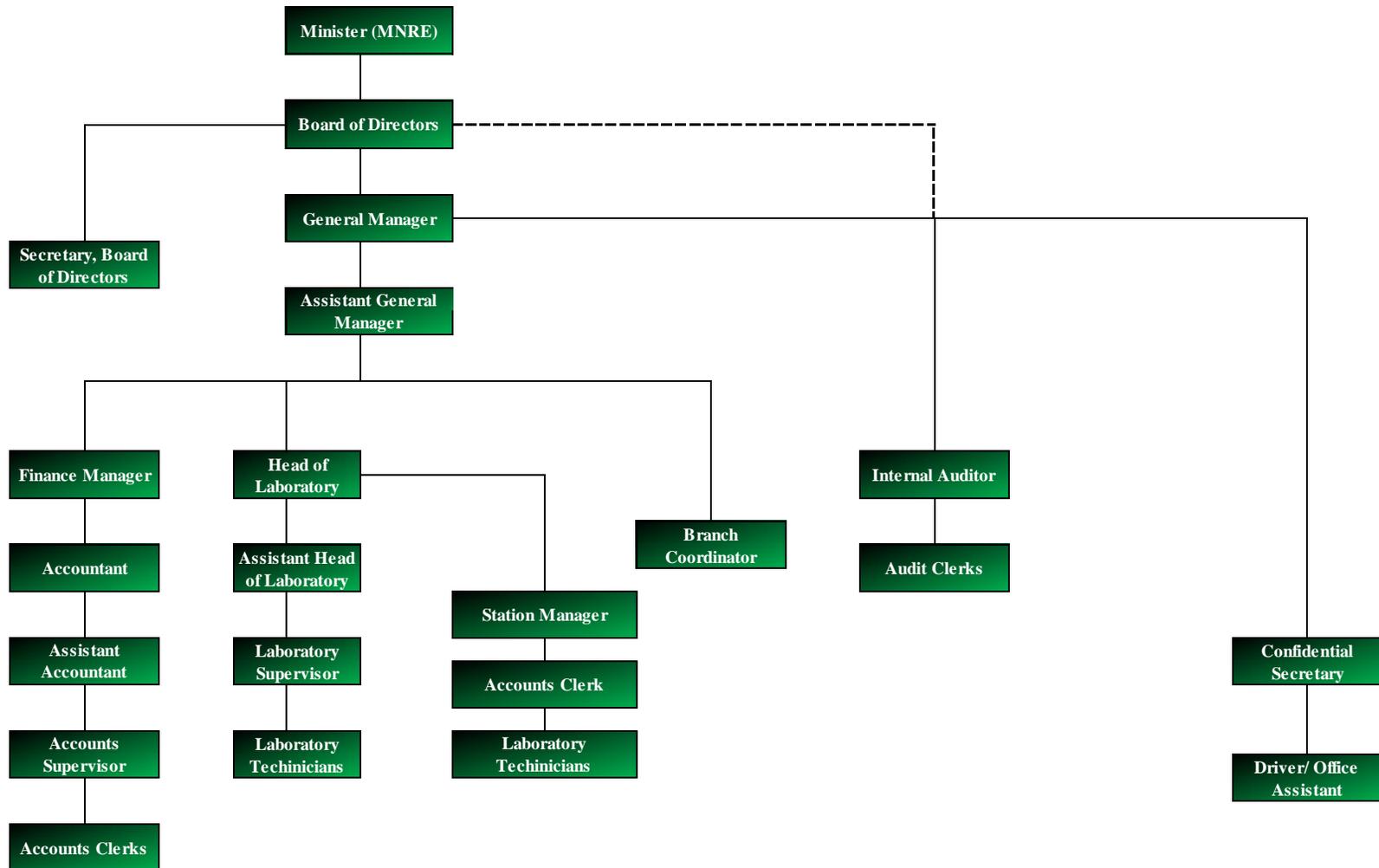
In 2016 the Federal Reserve has indicated that it is projecting to have 4 rates rises during the upcoming year hence raising its target rate to 1 percent to 1.25 percent. The increase in the rates once it comes on consistently would be built into the gold price and should reduce sharp swings. Generally, the market in 2016 is expecting rate hikes and gold is expected to open 2016 somewhat depressed. It must also be remembered that in the last quarter of 2016, the United States will be holding their general elections and that could temper rate changes in the last quarter of the year giving some upside opportunity to gold.

To counter the more pessimistic outlook for gold coming out of the United States, analysts foresee more of a boost in gold prices due to the political uncertainties coming out of the European Union and Asia. Devaluation concerns are currently facing the Chinese currency, Renminbi, and that is expected to give some support to gold. The LBMA has forecasted an average gold price of USD1,103 per ounce for 2016 while investment banks have revised down their average gold price from USD1,300 per ounce to USD1,250 per ounce in the upcoming year.

**LISAVETA RAMOTAR**

**GENERAL MANAGER**

# GUYANA GOLD BOARD ORGANISATIONAL CHART



## FINANCIAL AND OPERATING HIGHLIGHTS 2015

### GUYANA GOLD BOARD

#### STATEMENT OF INCOME FOR THE PERIOD ENDING DECEMBER 31, 2015

GYD (000)

	2015	2014	Inc/(Dec)	% Change
Items				
Sales	23,740,793	54,021,111	(30,280,318)	-56%
Cost of Goods Sold	(24,786,060)	(54,206,388)	29,420,328	-54%
Gross Profit	(1,045,267)	(185,277)	(859,990)	464%
Other Income	161,505	117,129	44,376	38%
Operating Profit (Loss)	(883,762)	68,148	(951,910)	-1397%
Administrative Expenses	(235,840)	332,199	(568,039)	-171%
			-	
Net Profit (Loss)	(1,119,602)	400,347	(1,519,949)	-380%

### GUYANA GOLD BOARD

#### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

GYD (000)

	2015	2014	Inc/(Dec)	% Change
Items				
Non Current Assets	119,831	113,243	6,589	6%
Current Assets	11,820,355	3,948,040	7,872,316	199%
Total Assets	11,940,187	4,061,282	7,878,904	194%
Total Equities	(10,447,253)	(9,327,652)	(1,119,602)	12%
Non Current Liabilities	8,731,631	8,731,631	-	0%
Current Liabilities	13,655,809	4,657,303	8,998,506	193%
			-	
Total Equities and Liability	11,940,187	4,061,282	7,878,904	194%

**GUYANA GOLD BOARD**

**PURCHASES FOR 2015 IN TROY OUNCES**

<b>Period</b>	<b>Total Purchases</b>	<b>Budgeted Purchases</b>
January	8,487	23,000
February	9,925	25,000
March	11,813	26,000
April	12,452	25,000
May	10,895	30,000
June	10,926	28,000
July	11,941	30,000
August	11,943	30,000
September	15,504	28,000
October	17,568	30,000
November	11,460	30,000
December	12,798	25,000
<b>Total</b>	<b>145,711</b>	<b>330,000</b>

**GUYANA GOLD BOARD**

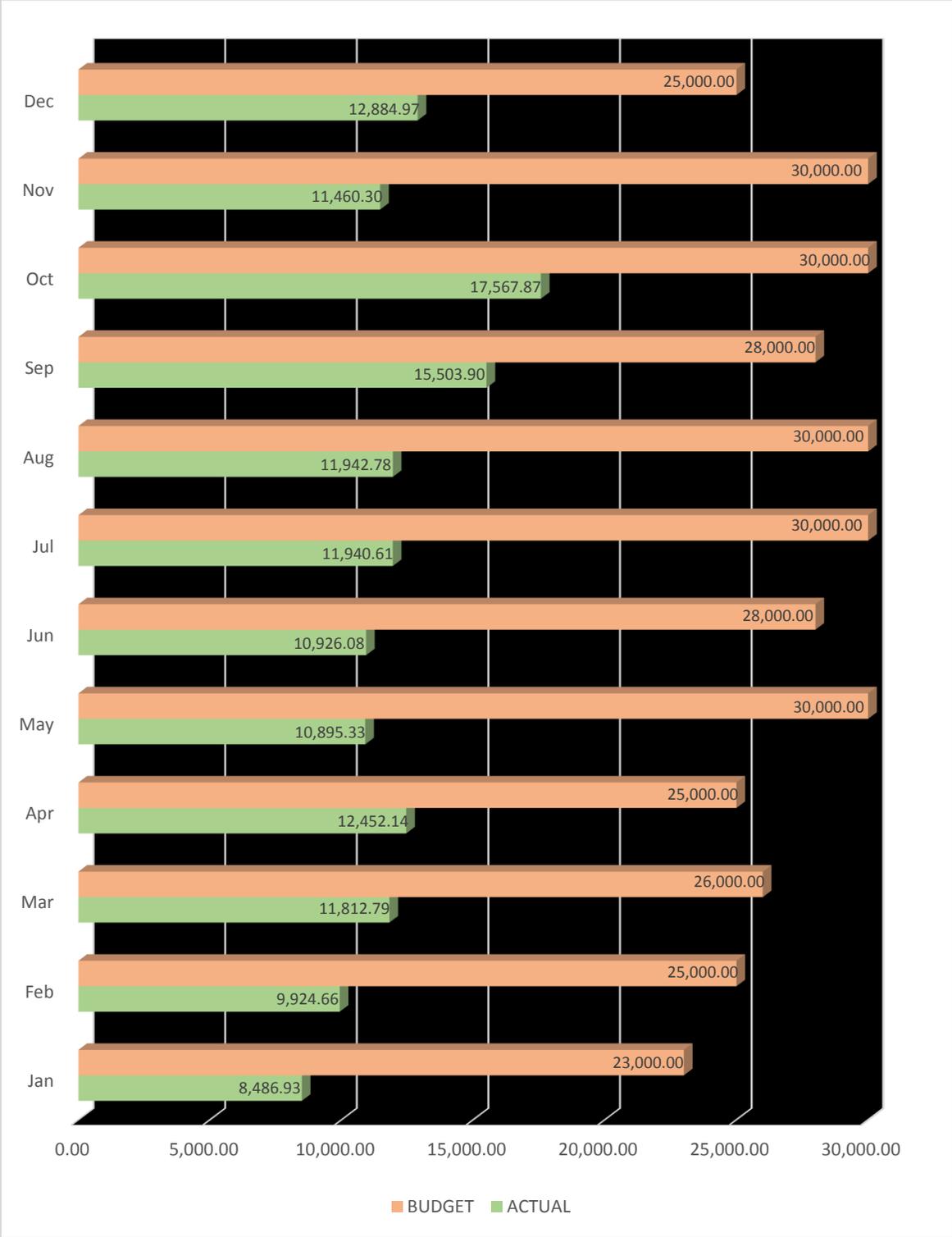
**DECLARATIONS AS AT DECEMBER 31, 2015 IN TROY OUNCES**

<b>Period</b>	<b>Dealers</b>			<b>Guyana Gold Fields</b>	<b>Troy Resources</b>	<b>GGB</b>	<b>Declarations</b>	<b>YTD</b>
	<b>Opening Bal.</b>	<b>Closing Bal.</b>	<b>Exports</b>					
Jan	10,554.15	12,099.71	5,799.35			8,486.93	15,831.84	15,831.84
Feb	12,099.71	7,396.89	19,377.13			9,924.66	24,598.97	40,430.81
Mar	7,396.89	9,832.29	17,355.68			11,812.79	31,603.87	72,034.68
Apr	9,832.29	9,725.71	24,283.53			12,452.14	36,629.09	108,663.77
May	9,725.71	9,467.06	16,577.64			10,895.33	27,214.32	135,878.09
June	9,467.06	8,650.05	19,989.01			10,926.08	30,098.08	165,976.17
July	8,650.05	6,655.24	16,708.27			11,940.61	26,654.07	192,630.24
August	6,655.24	6,481.75	21,196.75			11,942.78	32,966.04	225,596.28
September	6,481.75	5,883.86	36,999.35			15,503.90	51,905.36	277,501.64
October	5,883.86	3,702.49	36,999.31	4,231.07		17,567.87	56,616.88	334,118.52
November	3,702.49	5,276.30	16,600.07	16,472.16		11,460.30	46,106.34	380,224.86
December	5,276.30	12,218.85	32,737.47	16,103.73	2,683.82	12,797.63	71,265.20	451,490.06

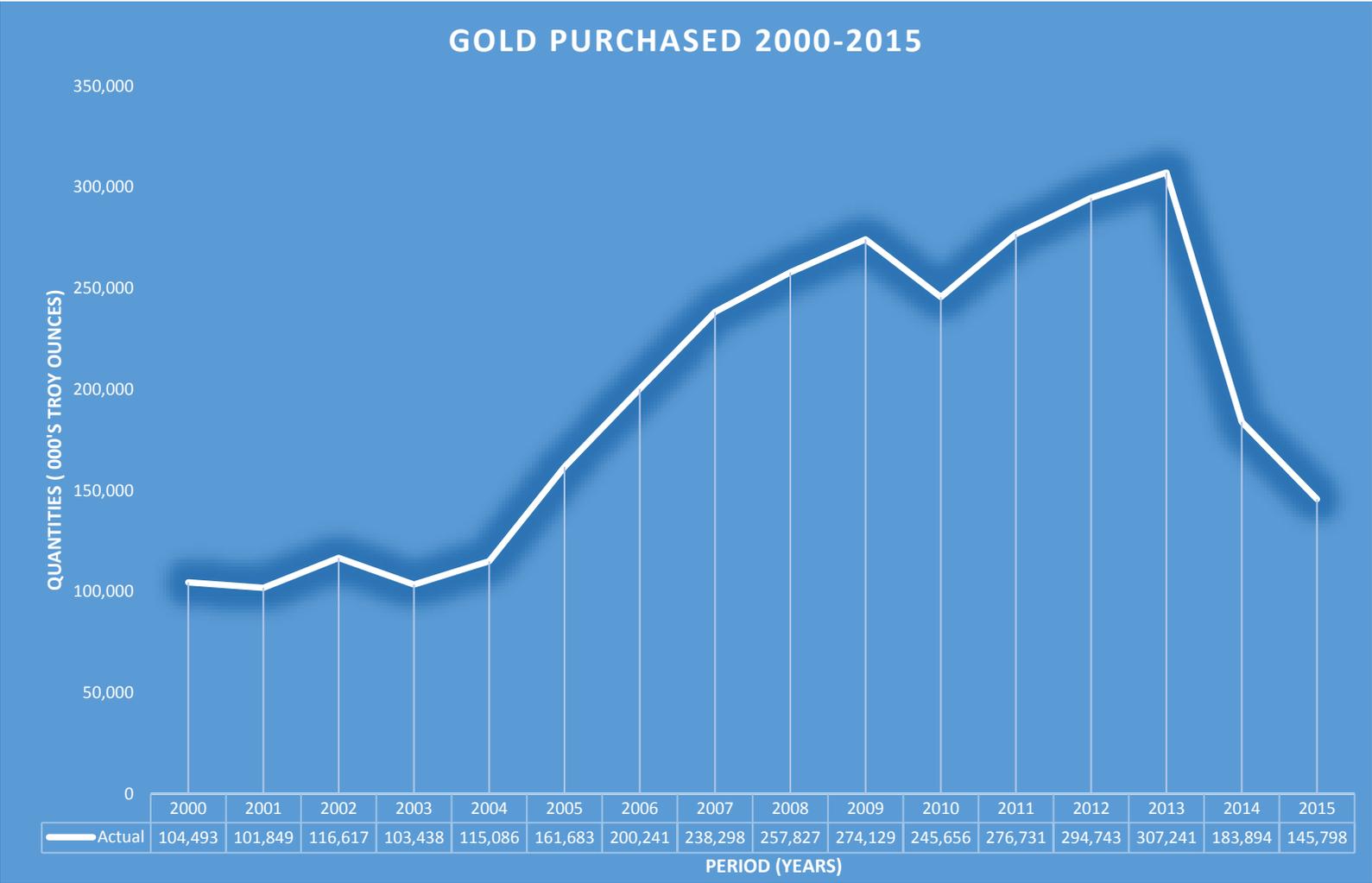
**TOTAL**

**264,623.56    36,806.96    2,683.82    145,711.02    451,490.06**

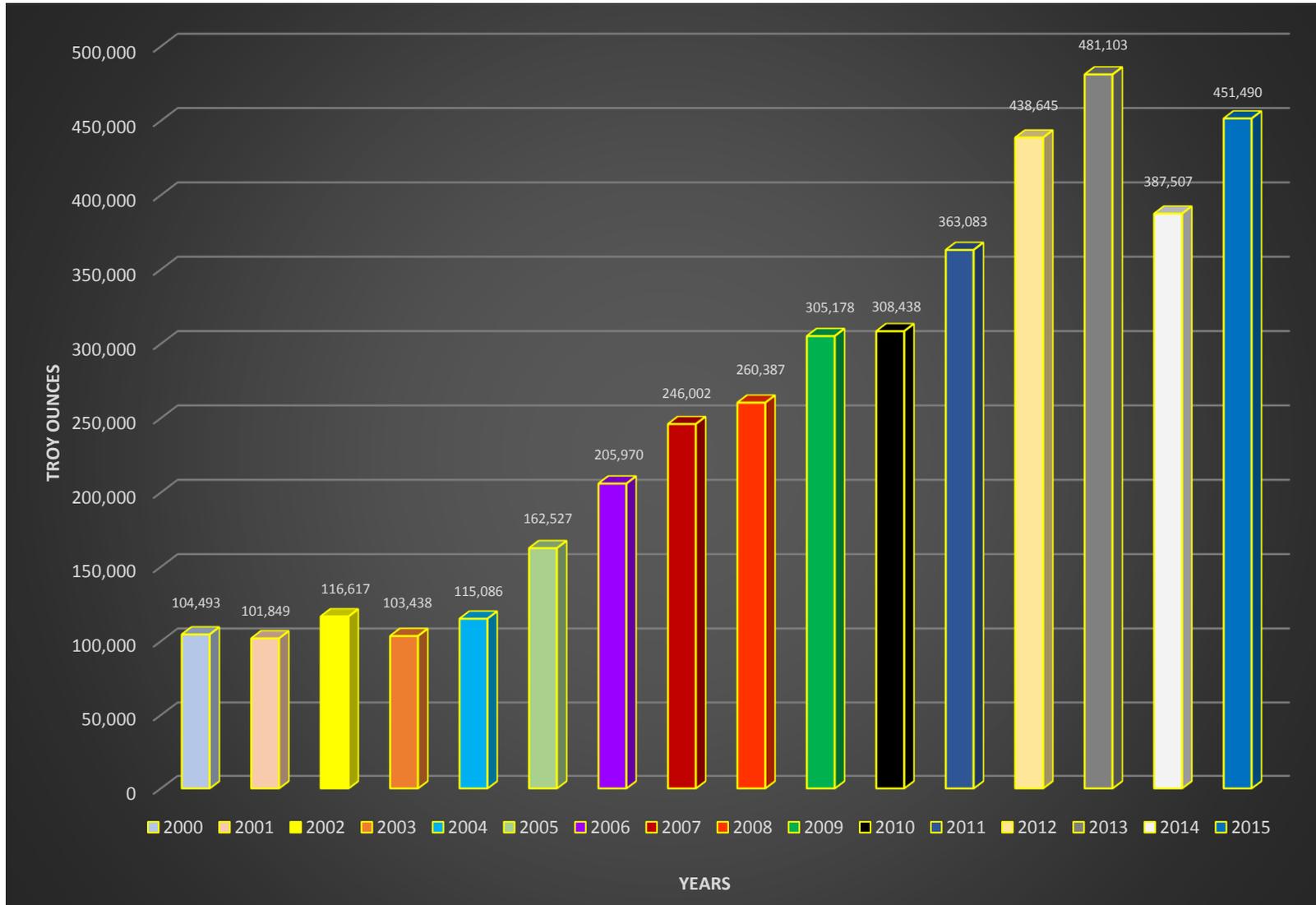
# QUANTITY OF GOLD PURCHASED VS BUDGET 2015



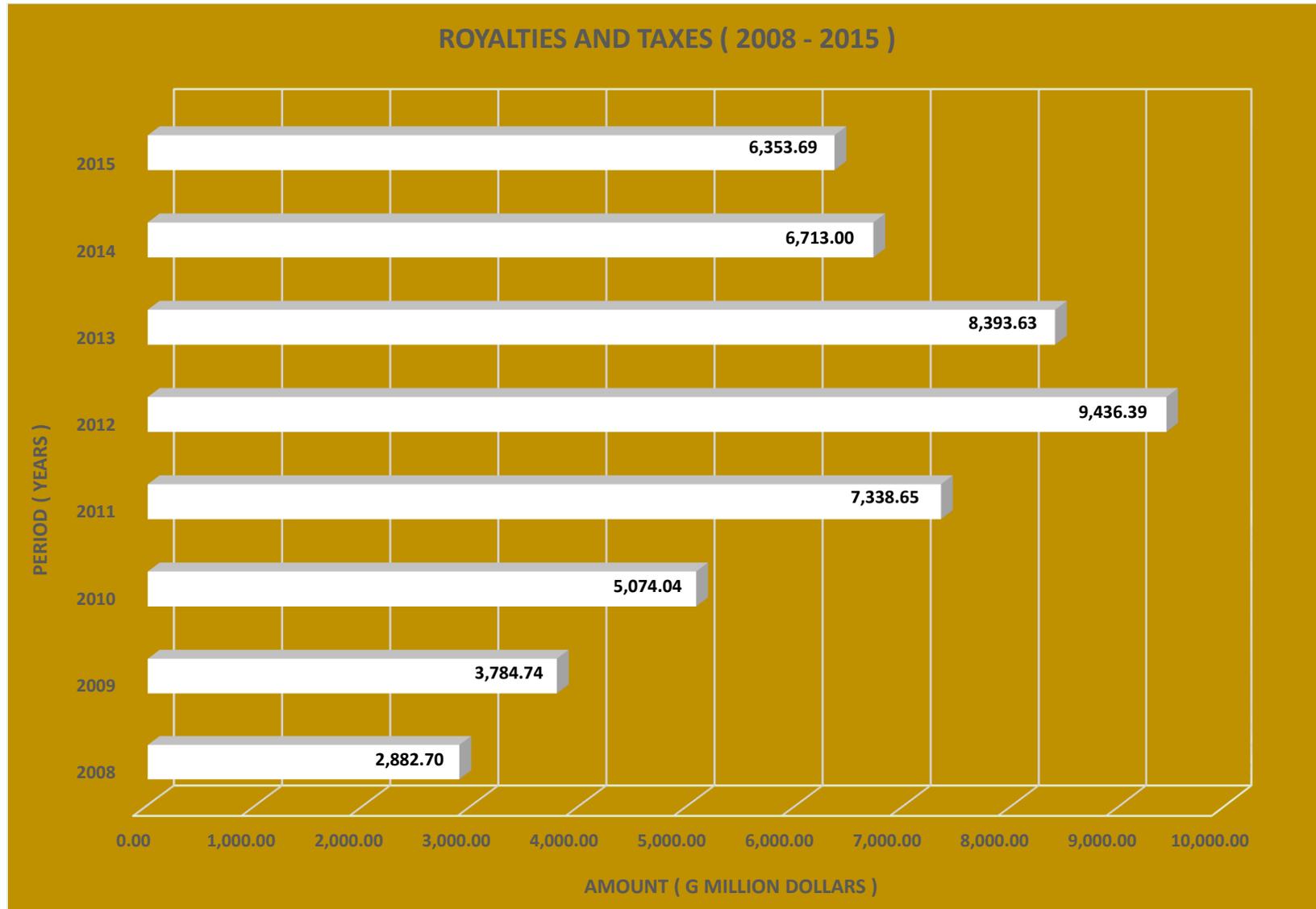
# GOLD PURCHASED (2000 – 2015)



# GOLD DECLARATION (2003 – 2015)



## ROYALTIES AND TAXES (2008 – 2015)



## TURNOVER (2008 – 2015)

