

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

**FOR THE YEAR ENDED
31 DECEMBER 2015**

**CONTRACTED AUDITORS: TSD LAL & COMPANY
77 BRICKDAM
GEORGETOWN**

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

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER 2015**

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Audit Office of Guyana

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315/SO: 13/2/2016

13 December 2016

Ms. Lisaveta Ramotar
General Manager
Guyana Gold Board
Upper Brickdam
Georgetown.

Dear Ms. Ramotar,

AUDIT OF THE FINANCIAL STATEMENTS OF
THE GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER 2014

Please find attached seven (7) copies of the audited financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.


Yours sincerely


N. Harcourt
Audit Manager (ag.)
for Auditor General



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AG: 81/2016

13 December 2016

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD
OF THE GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Chartered Accountants TSD Lal and Company have audited on my behalf the financial statements of Guyana Gold Board, which comprise of the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 21. The audit was conducted in accordance with the Audit Act 2004.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, working 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 give a true and fair view, in all material respects, of the financial position of the Guyana Gold Board as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying my opinion:

- 1) I draw attention to note 3(i) of the financial statements. Management has represented to me that the Guyana Gold Board is exempted from Corporation and Property Taxes. I am unable to ascertain the relevant authority that gives legal effect to this exemption. The Guyana Gold Board has not paid any Corporation or Property Taxes since its formation and no provision for such taxes has been made in the financial statements.
- 2) The financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the liquidation of liabilities in the normal course of business. At 31 December 2015 the Guyana Gold Board made a loss of G\$1,119,601,735 and current liabilities exceeded current assets by G\$1,835,454,013.

Report on Other Legal and Regulatory Requirements

The financial statements did not comply with the requirements of section 17(i) of the Guyana Gold Board Act 1981 which states that the Guyana Gold Board shall not later than six months after the end of the calendar year, (i.e 30 June 2016) submit to the Minister a report containing an account of its transactions throughout the preceding calendar year in such detail as the Minister may direct and a statement of the accounts of the Board audited in accordance with Section 16. This was not done as the audit was not completed as at 30 June 2016.



AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.

**INDEPENDENT AUDITORS' REPORT
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS
OF THE GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER 2015**

Report on the Financial Statements

We have audited the accompanying financial statements of Guyana Gold Board which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 21.

Directors'/Management's Responsibility for the Financial Statements

The Directors/ Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 give a true and fair view of the financial position of Guyana Gold Board as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matters

Without qualifying our opinion:-

- (1) We draw attention to note 3(i) of the financial statements. Management has represented to us that the Guyana Gold Board is exempted from Corporation and Property Taxes. We were unable to ascertain the relevant authority that gives legal effect to this exemption. The Guyana Gold Board has not paid any Corporation or Property taxes since its formation and no provision for such taxes has been made in the financial statements.
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T S O LAL

TSD LAL & CO.
CHARTERED ACCOUNTANTS

Date: November 3, 2016
77 Brickdam,
Stabrock, Georgetown,
Guyana

GUYANA GOLD BOARD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>Notes</u>	<u>2015</u> G\$	<u>2014</u> G\$
Sales	5	23,740,792,843	54,021,110,881
Cost of Sales	6	<u>(24,786,059,981)</u>	<u>(54,206,388,039)</u>
Gross loss		(1,045,267,138)	(185,277,158)
Other income	7	<u>161,505,197</u>	<u>117,129,204</u>
Operating loss		(883,761,941)	(68,147,954)
Administrative expenses	8	<u>(235,839,794)</u>	<u>(332,198,982)</u>
Net loss for the year	9	<u><u>(1,119,601,735)</u></u>	<u><u>(400,346,936)</u></u>
Total comprehensive income for the year		<u><u>(1,119,601,735)</u></u>	<u><u>(400,346,936)</u></u>

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

GUYANA GOLD BOARD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>Government contribution</u> G\$	<u>Accumulated Deficit</u> G\$	<u>Total</u> G\$
Balance at 1 January 2014	108,577,100	(9,035,881,747)	(8,927,304,647)
Changes in equity 2014			
Total comprehensive income for the year	<u>-</u>	<u>(400,346,936)</u>	<u>(400,346,936)</u>
Balance at 31 December 2014	108,577,100	(9,436,228,683)	(9,327,651,583)
Changes in equity 2015			
Total comprehensive income for the year	<u>-</u>	<u>(1,119,601,735)</u>	<u>(1,119,601,735)</u>
Balance at 31 December 2015	<u><u>108,577,100</u></u>	<u><u>(10,555,830,418)</u></u>	<u><u>(10,447,253,318)</u></u>

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

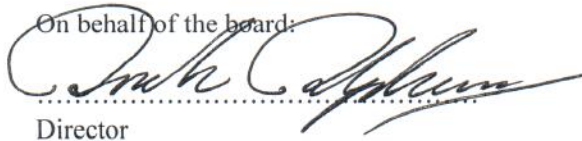
GUYANA GOLD BOARD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	<u>Notes</u>	<u>2015</u> G\$	<u>2014</u> G\$
ASSETS			
Non Current Asset			
Plant and equipment	10	<u>119,831,489</u>	<u>113,242,863</u>
Current assets			
Inventories	11	10,990,144,511	3,010,529,880
Accounts receivable and prepayments	12	53,137,588	51,437,128
Cash on hand and at bank	13	<u>777,072,977</u>	<u>886,072,544</u>
		<u>11,820,355,076</u>	<u>3,948,039,552</u>
TOTAL ASSETS		<u>11,940,186,565</u>	<u>4,061,282,415</u>
EQUITY AND LIABILITIES			
Equity			
Government contribution	14	108,577,100	108,577,100
Accumulated deficit		<u>(10,555,830,418)</u>	<u>(9,436,228,683)</u>
		<u>(10,447,253,318)</u>	<u>(9,327,651,583)</u>
Non current liabilities			
Advance from Ministry of Finance	15	<u>8,731,630,794</u>	<u>8,731,630,794</u>
Current liabilities			
Accounts payable	16	788,240,157	787,341,272
Bank overdraft(unsecured)	17	<u>12,867,568,932</u>	<u>3,869,961,932</u>
		<u>13,655,809,089</u>	<u>4,657,303,204</u>
TOTAL EQUITY AND LIABILITIES		<u>11,940,186,565</u>	<u>4,061,282,415</u>

These financial statements were approved by the board of directors on *November 3 2016*

On behalf of the board:

 Director


 Director

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

GUYANA GOLD BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>2015</u> G\$	<u>2014</u> G\$
Operating activities		
Net loss for the year	(1,119,601,735)	(400,346,936)
Adjustment for:		
Loss on disposal of fixed assets	428,476	241,809
Depreciation	<u>27,622,981</u>	<u>20,867,664</u>
Operating loss before working capital changes	(1,091,550,278)	(379,237,463)
(Increase)/decrease in inventories	(7,979,614,631)	8,857,968,422
(Increase)/decrease in accounts receivable and prepayments	(1,700,460)	8,185,777
(Decrease)/increase in accounts payable	<u>898,885</u>	<u>(73,262,018)</u>
Net cash (used in)/provided by operating activities	<u>(9,071,966,484)</u>	<u>8,413,654,718</u>
Investing activities		
Proceeds from disposal of fixed assets	-	2,371,000
Purchase of plant and equipment	<u>(34,640,083)</u>	<u>(59,004,245)</u>
Net cash used in investing activities	<u>(34,640,083)</u>	<u>(56,633,245)</u>
Net increase/(decrease) in cash and cash equivalents	(9,106,606,567)	8,357,021,473
Cash and cash equivalents at the beginning of the year	<u>(2,983,889,388)</u>	<u>(11,340,910,861)</u>
Cash and cash equivalents at the end of the year	<u><u>(12,090,495,955)</u></u>	<u><u>(2,983,889,388)</u></u>
Cash and cash equivalent comprise of:		
Cash on hand and at bank	777,072,977	886,072,544
Bank overdraft	<u>(12,867,568,932)</u>	<u>(3,869,961,932)</u>
	<u><u>(12,090,495,955)</u></u>	<u><u>(2,983,889,388)</u></u>

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

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

1 Incorporation and activities

The Guyana Gold Board was formed under the Act of Parliament which is referred to as the Guyana Gold Board Act 1981. Its principal activities as defined in section 4 are 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 its equitable distribution in Guyana at fair prices;
- (c) To purchase all gold produced in Guyana;
- (d) To sell all gold in and out of Guyana;
- (e) To engage in other related commercial or industrial activities.

Under regulation 4 of 1997 made under the Guyana Gold Board Act 1981, the Board may issue an authorization 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 31 December 2015 - Thirteen (13) - 2014-Ten (10) such dealers were licensed.

The Guyana Gold Board entered into an agency agreement with Mitsui & Co Precious Metals Inc on 8 July 2002 for the sale of its gold overseas. Under this arrangement the agent informs the Board of offer price. The Board then considers the price offer and advises the agent (Mitsui & Co Precious Metals Inc) whether to sell. Mitsui and Co Precious Metals Inc does not earn any commission from the Board on sale of gold.

2. New and amended standards and interpretations

Effective for the current year end

Effective for annual periods beginning on or after

New and Amended Standards

IAS 19 Employee Benefits	1 February 2015
Annual Improvements 2010-2012 Cycle	1 February 2015
Annual Improvements 2011-2013 Cycle	1 February 2015

The standards and amendments stated above are not relevant to the entity.

Annual Improvements

The annual improvements program of the International Accounting Standards Board deals with amendments and clarifications to IFRS.

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

2 New and revised standards and interpretations-Cont'd

IFRS 7	-Financial Instruments Disclosure
IFRS 9	- Financial Instruments
IFRS 14	- Regulatory deferral accounts
IFRS 15	- Revenue from contracts with customers
IFRS 10/IAS 28	- Amendments-Sale or contribution of assets
IFRS 11	- Amendments- Disclosure initiative
IAS 1	- Amendments—Disclosure initiative
IAS 16/IAS 38	- Clarification of acceptable methods of depreciation and amortization
IAS 16/ IAS 41	- Amendments-Bearer plants
IAS 27	- Amendments-Equity method in separate financial statements
IAS 34	- Interim Financial Reporting

Pronouncements effective in future periods

	Effective for annual periods beginning on or after
New and Amended Standards	
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 11 Joint Arrangements	1 January 2016
IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation And Amortisation	1 January 2016
IAS 16 & IAS 41 Agriculture: Bearer Plants	1 January 2016
IAS 27 Separate Financial Statements	1 January 2016
IFRS 10 & IAS 28 Sale or Contribution of Assets Between Investor and Associate or Joint Venture	1 January 2016
Disclosure Initiative Amendments to IAS 1	1 January 2016
Annual Improvements 2012-2014 Cycle	1 July 2016
IFRS 9 Financial Instruments: Classification and Measurement and additions for financial liability accounting	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018

The Company has not opted for early adoption.

The standards and amendments that are expected to have a material impact on the Company's accounting policies when adopted are explained below.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

2 New and revised standards and interpretations-Cont'd

IFRS 15: Revenue From Contracts With Customers

This Standard provides a single, principles based five-step model to be applied to all contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract

- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to clarify that a depreciation method for the use of an asset that is not appropriate for property, plant and equipment

The application of the amendments may have impact on amounts reported in respect of depreciation. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

Disclosure Initiative (Amendments to IAS 1)

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

- | | |
|--------|--|
| IFRS 5 | - Non-current Assets Held for Sale and Discontinued Operations |
| IFRS 7 | - Financial Instruments: Disclosures |
| IFRS 9 | - Financial Instruments |
| IAS 34 | - Interim Financial Reporting |

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified for revaluation of fixed assets and the accounting policies conform with International Financial Reporting Standards.

(b) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, other than work in progress, over their estimated useful lives using the straight line method as follows:

Furniture, fixtures and fittings	-10%
Office Equipment	-12.50%
Motor Vehicles	-25%
Laboratory and smelting room renovation	-25%
Computer software	-25%

No depreciation is charged in the year of disposal.

The gain or loss arising on the 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 recognized in profit or loss.

(c) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in the marketing, selling and distribution.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies-cont'd

(d) Foreign currency transactions

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

(e) Revenue and expense recognition

Local Sales

The Board recognizes revenue from local sales when the customer takes possession of the gold. Prices are fixed according to the London Daily Fix at the time of the sale. Local sales are made directly to goldsmiths.

Foreign Sales

The Board recognizes revenue when Bank of Guyana acknowledges receipt from Mitsui & Co Precious Metals Inc. Smelted gold is sent to Royal Canadian Mint where it is refined and then marketed through its agent-Mitsui & Co Precious Metals Inc. The agent makes payment on sales contract when gold has been transferred to the agent's account.

Sale of refined gold is marketed as follows:-

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

There were no forward contracts entered into by the Board during the year.

Expenses

Expenses are recognised on an accrual basis.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies-cont'd

(f) Impairment of tangible assets

At each reporting date, the Board reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Board estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(g) Provisions

Provisions are recognised when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that the Board will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(h) Financial instruments

Financial assets and liabilities are recognized on the Board's statement of financial position when the Board becomes a party to the contractual provisions of the instruments.

Accounts receivable and prepayments

Accounts receivable and prepayments are measured at amortised cost.

Accounts payable

Accounts payable are recognized at amortised cost.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies-cont'd

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investments or other purposes. These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

(i) Taxation

The Guyana Gold Board is exempt from Corporation and Property Taxes

(j) Purchases

Purchases of gold are made based on the London daily fix per ounce of gold quoted in United States dollar(US\$). The payment for gold purchased is based on an assumed purity with a payout factor of the average historical result from assaying. An initial payment is made after a deduction of G\$ 4.25 per ounce from the average US\$:G\$ exchange rates obtained from six commercial banks. 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 an additional amount. For results lower than the payout factor, the miners reimburse the Board with the difference from future transactions.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Board's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

4 Critical accounting judgements and key sources of estimation uncertainty-cont'd

Key sources of estimation uncertainty-cont'd

ii) Useful lives of plant and equipment

Management reviews the estimated useful lives of plant and equipment at the end of each year to determine whether the useful lives of plant and equipment should remain the same.

iii) Impairment of financial assets

Management makes judgement at each reporting date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

	<u>2014</u> G\$	<u>2013</u> G\$
5 Sales		
Local sales	91,075,489	128,843,448
Foreign sales	<u>23,649,717,354</u>	<u>53,892,267,433</u>
	<u>23,740,792,843</u>	<u>54,021,110,881</u>
6 Cost of sales		
Inventory at 1 January	3,010,529,880	11,868,498,302
Purchases	32,668,619,909	45,271,092,440
Shipping and refining cost	<u>97,054,703</u>	<u>77,327,177</u>
	35,776,204,492	57,216,917,919
Inventory at 31 December	<u>(10,990,144,511)</u>	<u>(3,010,529,880)</u>
	<u>24,786,059,981</u>	<u>54,206,388,039</u>
7 Other income		
Sale of silver	109,733,843	99,490,151
Lease income	6,666,868	4,249,971
Miscellaneous income	5,182,410	3,389,082
Exporter's licence fee(Dealers)	13,000,000	10,000,000
Option premiums	<u>26,922,076</u>	<u>-</u>
	<u>161,505,197</u>	<u>117,129,204</u>
8 Adminstrative expenses		
Insurance	14,311,376	22,850,454
Employment cost	82,381,179	108,029,704
Depreciation	27,622,981	20,867,664
Auditors' remuneration	2,200,000	2,200,000
Security	23,748,777	32,002,418
Motor vehicle	1,668,364	2,729,345
Sample tests	15,174,000	18,931,500
Legal fees	-	17,400
Stationery and supplies	3,078,368	3,491,591
Others	7,554,819	23,372,434
Silver payments	9,602,316	22,766,898
Gold burning	3,154,829	12,573,377
Office maintenance	256,295	6,061,764
Meal allowances	1,153,019	1,704,818
Staff welfare and training	1,335,245	1,205,612
Telephone, internet and telex	1,785,614	1,740,020
Gifts, donations and hospitality	1,876,340	4,436,540
Stamp expenses	4,549,350	4,440,182
Advertisement	512,506	1,823,435
Repairs to equipment and furniture	10,733,038	10,464,244
Bank charges	1,153,092	1,213,617
Health and safety	-	24,238
Entertainment-Others	2,160,771	1,444,048
Medical expenses	1,100,000	1,512,000
Admin Exp-NRE	14,820,087	21,835,168
Repairs & Maintenance-Office	3,505,428	70,911
Directors' fees	<u>402,000</u>	<u>4,389,600</u>
	<u>235,839,794</u>	<u>332,198,982</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

9	Net loss for the year					2014	2013				
	After charging:					G\$	G\$				
	Depreciation					(1,119,601,735)	(400,346,936)				
	Directors fees (see note 18)					27,622,981	20,867,664				
	Auditors' remuneration					402,000	4,389,600				
						2,200,000	2,200,000				
10	Plant and equipment										
	Cost/valuation										
	At 1 January	Furniture, fixtures & fittings G\$	Office equipment G\$	Motor vehicles G\$	Firearms G\$	Computer software G\$	Lab & smelting room G\$	Charity office G\$	Renovation of office space G\$	2015 Total G\$	2014 Total G\$
	Additions	1,124,852	6,663,734	-	-	25,977,630	-	-	873,867	34,640,083	59,004,245
	Disposal	(3,631,095)	(13,623,697)	-	-	(45,375)	-	-	-	(17,300,167)	(11,896,954)
	At 31 December	11,684,107	135,836,190	28,434,410	489,016	29,355,150	13,057,970	7,933,080	18,396,658	245,186,581	227,846,665
	Represented by										
	Cost	11,684,107	135,371,190	26,754,410	489,016	29,355,150	13,057,970	7,933,080	18,396,658	243,041,581	225,701,665
	Valuation	-	465,000	1,680,000	-	-	-	-	-	2,145,000	2,145,000
		11,684,107	135,836,190	28,434,410	489,016	29,355,150	13,057,970	7,933,080	18,396,658	245,186,581	227,846,665
	Accumulated depreciation										
	At 1 January	6,056,796	62,968,875	25,700,035	489,016	3,570,895	12,958,774	1,983,271	876,140	114,603,802	103,020,283
	Charge for the year	1,122,824	15,906,781	2,187,500	-	6,494,408	-	991,636	919,832	27,622,981	20,867,664
	Write back on disposal	(3,303,001)	(13,523,315)	-	-	(45,375)	-	-	-	(16,871,691)	(9,284,145)
	At 31 December	3,876,619	65,352,341	27,887,535	489,016	10,019,928	12,958,774	2,974,907	1,795,972	125,355,092	114,603,802
	Net book values										
	At 31 December 2015	7,807,488	70,483,849	546,875	-	19,335,222	99,196	4,958,173	16,600,686	119,831,489	-
	At 31 December 2014	8,133,554	79,827,278	2,734,375	-	(148,000)	99,196	5,949,809	16,646,651	113,242,863	113,242,863

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

	<u>2015</u>	<u>2014</u>
	G\$	G\$
11 Inventories		
Gold		
Laboratory	253,960,677	164,828,994
Bank of Guyana	1,905,749,197	1,951,913,147
Royal Canadian Mint	4,200,982,229	200,721,094
Guyana Geology and Mines Commission	-	14,866,093
Mitsui & Co Precious Metals Inc.(a)	4,510,230,768	567,793,535
Gold available for sale	8,370,436	11,829,121
Gold refrees in transit	3,731,346	-
Bartica	<u>97,172,117</u>	<u>-</u>
	<u>10,980,196,770</u>	<u>2,911,951,984</u>
Silver		
Royal Canadian Mint	<u>9,947,741</u>	<u>98,577,896</u>
	<u>10,990,144,511</u>	<u>3,010,529,880</u>
<p>(a) Under the agency arrangement between the Guyana Gold Board and Mitsui & Co Precious Metals Inc., the Board may effect certain sales contract for gold without gold being transferred to the agent's account. Mitsui & Co Precious Metals Inc would normally hold stock balance of 2,000 troy ounces of gold as security deposits for such transactions, which will be available upon settlement of outstanding sales contracts.</p>		
<p>(b) The cost of inventory recognised as expenses during the year amounted to G\$ 24,786,059,981 (2014 G\$54,206,388,039) .</p>		
<p>(c) There was no write off of inventories during the year.</p>		
<p>(d) All inventories are expected to be recovered within 12 months.</p>		
12 Accounts receivable and prepayments		
	<u>2015</u>	<u>2014</u>
	G\$	G\$
Trade debtors	19,603,525	27,473,013
Prepayments	<u>33,534,063</u>	<u>23,964,115</u>
	<u>53,137,588</u>	<u>51,437,128</u>
13 Cash on hand and at bank		
Republic Bank (Guyana) Limited	18,159,712	25,996,098
Citizen's Bank Guyana Limited	67,478,903	19,224,190
Bank of Guyana-US\$ account	685,732,930	838,000,722
Petty Cash-Head Office	<u>5,701,432</u>	<u>2,851,534</u>
	<u>777,072,977</u>	<u>886,072,544</u>
14 Government contribution	<u>108,577,100</u>	<u>108,577,100</u>
15 Advances from Ministry of Finance	<u>8,731,630,794</u>	<u>8,731,630,794</u>
<p>The Guyana Gold Board receives advances from Ministry of Finance which are used to purchase gold and finance operational expenditures. Revenue from sale of gold overseas is used to repay this advance. The balance remaining in this account represents advances not yet reimbursed.</p>		
16 Accounts payable		
	<u>2015</u>	<u>2014</u>
	G\$	G\$
Trade creditors	87,441,017	140,474,022
Gold dealers' tax payable	199,371,714	185,243,121
Gold dealers' royalties payable	400,363,597	367,663,323
Accruals	17,815,000	20,528,500
Dealers security deposit	25,733,130	1,800,000
Others	<u>57,515,699</u>	<u>71,632,306</u>
	<u>788,240,157</u>	<u>787,341,272</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

17 Bank overdraft	<u>2015</u>	<u>2014</u>
	G\$	G\$
Bank of Guyana-disbursement account	12,865,994,724	3,863,834,610
Republic Bank-current account	<u>1,574,208</u>	<u>6,127,322</u>
	<u><u>12,867,568,932</u></u>	<u><u>3,869,961,932</u></u>

The Guyana Gold Board does not have an overdraft facility with either Republic Bank Limited or the Bank of Guyana. Funds are deposited to the Disbursement Account and transferred via standing orders to the General Account. The balances shown above are due to timing differences that arose from un-presented cheques drawn that have not yet been issued or presented.

18 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

The Board considers the directors and key management personnel as related parties

	<u>2015</u>	<u>2014</u>
	G\$	G\$
Directors' fees paid during the year:		
Gobind Ganga	-	1,551,600
Saisnarine Kowlessar	84,000	-
Jeffrey Thomas	72,000	432,000
Patricia Bacchus	30,000	210,000
Paul Geer	36,000	270,000
Rickford Vieira	18,000	174,000
Bobby Gossai	72,000	-
Pavita Ramkisson	72,000	258,000
Andron Alphonso	<u>18,000</u>	<u>150,000</u>
	<u><u>402,000</u></u>	<u><u>3,045,600</u></u>

Key management personnel comprised of the Secretary to the board, General Manager(ag), the Finance Manager, the Station Manager-Bartica, the Internal Auditor and the Head of Laboratory. During the year remunerations paid to these individuals amounted to G\$ 29,362,833 (2014 - G\$ 49,848,237)

Mr. Andron Alphonso is a director of the Guyana Gold Board and the Guyana Gold and Diamond Miners Association(GGDMA). There were no gold sold by Mr Andron Alphonso to the Guyana Gold Board during the year (2014 Nil)
Gold sold by Adamantium Holdings (which is owned by the Alphonso family) amounted to G\$ 1,232,940,899 (2014 G\$ 2,158,964,856) . The prices for gold purchased from them are the same as that paid to non-related clients.

19 Financial risk management

Financial risk management objectives

The Board's management monitors and manages the financial risks relating to the operations of the Board through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), liquidity risk and credit risk .

The Board seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the board of directors.

The Board's management reports at statutory meetings to the Board of Directors on matters relating to risk and management of risk

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

19 Financial risk management -cont'd

(a) Market risk

The Board's activities expose it to the financial risks of changes in foreign currency exchange rates. The Board uses interest rate sensitivity to financial instruments to manage its exposure to foreign currency risk. There has been no change in the Board's exposure to market risks or the manner in which it manages these risks.

(i) Interest rate risk

The Board is exposed to various risks that are associated with the effects of variations in interest rates. This impacts directly on its cash flows.

	Average interest rate	Maturing		
		Within 1 year	Non-interest bearing	Total
		2015		
		Within 1 year	Non-interest bearing	Total
		G\$	G\$	G\$
Assets				
Accounts receivable and prepayments	-	-	53,137,588	53,137,588
Cash on hand and at bank	-	-	777,072,977	777,072,977
		-	830,210,565	830,210,565
Liabilities				
Bank overdraft	18.25	12,867,568,932	-	12,867,568,932
Advance from Ministry of Finance	-	-	8,731,630,794	8,731,630,794
Accounts payable	-	-	788,240,157	788,240,157
		12,867,568,932	9,519,870,951	22,387,439,883
Interest sensitivity gap		<u>(12,867,568,932)</u>		
Maturing 2014				
	Average interest rate	Within 1 year	Non-interest bearing	Total
		G\$	G\$	G\$
Assets				
Accounts receivable and prepayments	-	-	51,437,128	51,437,128
Cash on hand and at bank	-	-	886,072,544	886,072,544
		-	937,509,672	937,509,672
Liabilities				
Bank overdraft	18.25	3,869,961,932	-	3,869,961,932
Advance from Ministry of Finance	-	-	8,731,630,794	8,731,630,794
Accounts payable	-	-	787,341,272	787,341,272
		3,869,961,932	9,518,972,066	13,388,933,998
Interest sensitivity gap		<u>(3,869,961,932)</u>		

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

19 Financial risk management - cont'd

(b) Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The Board manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table shows the distribution of assets and liabilities by maturity:

	Maturing		
	2015		
	On demand	Within 1 year	Total
	G\$	G\$	G\$
Assets			
Accounts receivable and prepayments	-	53,137,588	53,137,588
Cash on hand and at bank	777,072,977	-	777,072,977
	<u>777,072,977</u>	<u>53,137,588</u>	<u>830,210,565</u>
Liabilities			
Bank overdraft	-	12,867,568,932	12,867,568,932
Advance from Ministry of Finance	8,731,630,794	-	8,731,630,794
Accounts payable	-	788,240,157	788,240,157
	<u>8,731,630,794</u>	<u>13,655,809,089</u>	<u>22,387,439,883</u>
Net liabilities	<u>(7,954,557,817)</u>	<u>(13,602,671,501)</u>	<u>(21,557,229,318)</u>
	Maturing		
	2014		
	On demand	Within 1 year	Total
	G\$	G\$	G\$
Assets			
Accounts receivable and prepayments	-	51,437,128	51,437,128
Cash on hand and at bank	886,072,544	-	886,072,544
	<u>886,072,544</u>	<u>51,437,128</u>	<u>937,509,672</u>
Liabilities			
Bank overdraft	-	3,869,961,932	3,869,961,932
Advance from Ministry of Finance	8,731,630,794	-	8,731,630,794
Accounts payable	-	787,341,272	787,341,272
	<u>8,731,630,794</u>	<u>4,657,303,204</u>	<u>13,388,933,998</u>
Net liabilities	<u>(7,845,558,250)</u>	<u>(4,605,866,076)</u>	<u>(12,451,424,326)</u>

(c) Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Board.

The Board faces credit risk in respect of its cash and cash equivalents and its accounts receivables. However, this risk is controlled by close monitoring of these balances by the Board. The maximum credit risk faced by the Board is the balance reflected in the financial statements.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

19 Financial risk management - cont'd
(c) Credit risk cont'd

Cash and cash equivalent are held by Central and Commercial banks. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due.

The related risk is therefore considered very low.

Accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable on a regular basis

The table below shows the company's maximum exposure to credit risk:

	<u>2015</u>	<u>2014</u>
	G\$	G\$
Cash on hand and at bank	777,072,977	886,072,544
Accounts receivable(excluding prepayments)	<u>19,603,525</u>	<u>27,473,013</u>
Total credit risk exposure	<u>796,676,502</u>	<u>913,545,557</u>
The accounts receivable balances are classified as follows:.		
Current	2,955,413	11,365,076
Past due but not impaired	<u>16,648,112</u>	<u>16,107,937</u>
	<u>19,603,525</u>	<u>27,473,013</u>

Ageing of accounts receivable which was past due but not impaired

365+ days	<u>16,648,112</u>	<u>16,107,937</u>
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20 Analysis of financial assets and liabilities by measurement basis

	<u>Loans and receivable</u>	<u>Financial assets and liabilities at amortised cost</u>	<u>Total</u>
	G\$	G\$	G\$
2015			
Assets			
Accounts receivable and prepayments	53,137,588	-	53,137,588
Cash on hand and at bank	<u>-</u>	<u>777,072,977</u>	<u>777,072,977</u>
	<u>53,137,588</u>	<u>777,072,977</u>	<u>830,210,565</u>
Liabilities			
Bank overdraft	-	12,867,568,932	12,867,568,932
Advance from Ministry of Finance	-	8,731,630,794	8,731,630,794
Accounts payable	<u>-</u>	<u>788,240,157</u>	<u>788,240,157</u>
	<u>-</u>	<u>22,387,439,883</u>	<u>22,387,439,883</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

20 Analysis of financial assets and liabilities by measurement basis-cont'd

2014	Loans and receivable G\$	Financial assets and liabilities at amortised cost G\$	Total G\$
Assets			
Accounts receivable and prepayments	51,437,128	-	51,437,128
Cash on hand and at bank	-	886,072,544	886,072,544
	<u>51,437,128</u>	<u>886,072,544</u>	<u>937,509,672</u>
Liabilities			
Bank overdraft	-	3,869,961,932	3,869,961,932
Advance from Ministry of Finance	-	8,731,630,794	8,731,630,794
Accounts payable	-	787,341,272	787,341,272
	<u>-</u>	<u>13,388,933,998</u>	<u>13,388,933,998</u>

21 Fair value of financial instruments

The following assets and liabilities are carried at amortised cost. However, fair values have been stated for disclosure purposes.

	IFRS 13 Levels	2015		IFRS 13 Levels	2014	
		Carrying amount G\$	Fair value G\$		Carrying amount G\$	Fair value G\$
ASSETS						
Fixed assets	2	119,831,489	119,831,489	2	113,242,863	113,242,863
Accounts receivables and prepayments	2	53,137,588	53,137,588	2	51,437,128	51,437,128
Cash on hand and at bank	2	777,072,977	777,072,977	2	886,072,544	886,072,544
		<u>950,042,054</u>	<u>950,042,054</u>		<u>1,050,752,535</u>	<u>1,050,752,535</u>
LIABILITIES						
Advance from Ministry of Finance	2	8,731,630,794	8,731,630,794	2	8,731,630,794	8,731,630,794
Bank overdraft	2	12,867,568,932	12,867,568,932	2	3,869,961,932	3,869,961,932
Accounts payable	2	788,240,157	788,240,157	2	787,341,272	787,341,272
		<u>22,387,439,883</u>	<u>22,387,439,883</u>		<u>13,388,933,998</u>	<u>13,388,933,998</u>

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

(i) Financial instruments where the carrying amounts are equal to fair values:-Due to their short-term maturity, the carrying amounts of certain financial instruments are assumed to approximate their fair values. These include accounts receivables and prepayments, cash on hand and at bank, advance from Ministry of Finance, accounts payables and bank overdraft.

(ii) Fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss. Management determines depreciation rates sufficient to write off the costs of assets over their useful lives.

22 Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on November 03, 2016.

Our Ref: RL/BS/vs/1096

December 08, 2016.

Ms. Lisa Ramotar
General Manager
Guyana Gold Board
Upper Brickdam,
GEORGETOWN.

Dear Madam,

In accordance with our normal practice, we are reporting the results of our study and evaluation of Guyana Gold Board's internal accounting controls and procedures for the year ended 31 December, 2015. The matters discussed in this letter should be read in conjunction with Appendix A, which sets out the context of our study and evaluation. Appendix A further indicates that our study and evaluation is related solely to the audit and is not designed for a separate opinion on the internal accounting control systems. While we cannot, therefore, express an opinion on the system of internal accounting control taken as a whole, our study and evaluation did disclose certain matters that do not constitute material weaknesses.

MATTERS PREVIOUSLY REPORTED

1. PAYABLES

Confirmation from GGMC was still outstanding.

2. FIXED ASSETS

Purchase invoices for major assets were not filed separately.

3. GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the liquidation of liabilities in the normal course of business. At 31 December 2014 the Guyana Gold Board made a loss of G\$400,346,936 and current liabilities exceeded current assets by G\$ 709,263,652.

December 08, 2016.

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MATTERS PREVIOUSLY REPORTED-CONT'D

4. INVESTIGATION OF TAINTED METALS

During the latter part of 2013, management discovered that there were tainted metals at a particular location.

In 2014, a local accounting firm and the Guyana Police Force were employed to carry out investigations. The results or outcome of the investigation by the Guyana Police Force revealed that the samples and other chemical reactions submitted were predominantly silver.

MATTERS NOW REPORTING

1. FIXED ASSETS

Comment

Some additions to the fixed assets register did not have identification numbers.

Implication

There may be duplicated assets on the fixed assets register.

Recommendation

Management should ensure that the fixed assets register is updated with asset identification numbers for all assets.

2. INVENTORY

Comments

2.1 Confirmation from RCM was still outstanding.

2.2 The agreement between GGB and GGDMA for reducing the average exchange rate of the six commercial banks by G\$4.25 was still outstanding.

Implications

2.1

&

2.2 Inventory balance may not be fairly stated.

December 08, 2016.

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MATTERS NOW REPORTING-CONT'D

INVENTORY-CONT'D

Recommendations

- 2.1 Management should follow up this confirmation for audit verification.
- 2.2 Management should ensure that this agreement is provided to us.

3. CASH AND BANK

Comment

Confirmation from RBL was still outstanding.

Implication

Cash and bank may be misstated.

Recommendation

Management should follow up this confirmation for audit verification.

4. PAYABLES

Comments

- 4.1 Confirmation from GGMC was still outstanding.
- 4.2 The following trade payables balances in relation to gold and silver were coming forward from previous year. See appendix 1.

Implications

- 4.1
&
- 4.2 Payables may be misstated.

Recommendations

- 4.1 Management should follow up this confirmation for audit verification.

December 08, 2016.

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MATTERS NOW REPORTING-CONT'D

PAYABLES-CONT'D

4.2 Management must investigate these balances with a view of having them cleared.

5. GOING CONCERN

Comment

The financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the liquidation of liabilities in the normal course of business. At 31 December 2015 the Guyana Gold Board made a loss of G\$1,119,601,735 and current liabilities exceeded current assets by G\$ 1,835,454,013.

Implication

The Guyana Gold Board may not continue to exist in the foreseeable future.

Recommendation

Management must implement stringent measures in the operations of the Guyana Gold Board to ensure that the institution is profitable.

6. INTERNAL AUDIT

Comments

- 6.1 Sales instructions to Mitsui & Co Precious Metals were not recorded in a log book, the sales proceeds are taken into account by way of journals.
- 6.2 There was no payroll procedures manual.
- 6.3 The scale used for weighing gold showed a difference of 0.4 gram to 1 gram.
- 6.4 The surveillance recording from the surveillance system is of very poor quality thus making playback difficult.

Implications

6.1

To

- 6.4 Internal controls may not be operating efficiently.

Ms. Lisa Ramotar
General Manager
Guyana Gold Board.

December 08, 2016.

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MATTERS NOW REPORTING-CONT'D

INTERNAL AUDIT-CONT'D

Recommendations

- 6.1 A log book to record instructions issued to Mitsui & Co Precious Metals should be implemented.
- 6.2 A payroll procedures manual should be implemented for internal control and governance purposes.
- 6.3 Management should ensure that the scales are regularly calibrated and checked by Guyana National Bureau of Standards.
- 6.4 A higher quality surveillance system should be installed.

Since we have not received a reply to our draft letter, we assume that you are in agreement with the comments and recommendations.

This information contained in this letter is intended solely for the use of Management and the Board of Directors and should not be used for any purpose.

We wish to thank management and staff for the co-operation extended to us during the course of the audit.

Yours faithfully,



Ramesh Lal
Managing Partner – TSD LAL & CO.

Cc: Ms. N. Harcourt
Audit Manager (ag)
Audit Office of Guyana

Our study and evaluation of the system of internal accounting control was made as part of our examination of the financial statements of Guyana Gold Board for the year ended 31 December, 2015 on which we reported in our auditors' report dated November 03, 2016.

During our examination we studied and evaluated Guyana Gold Board's system of internal accounting controls, to the extent we considered necessary in order to meet requirements of International Standards on Auditing. These standards require a study and evaluation of internal accounting control only for the purpose of determining the nature, timing and extent of the auditing procedures necessary for expressing an opinion on Guyana Gold Board's financial statements. Our study and evaluation is therefore, more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and would not necessarily disclose all material weaknesses in the system.

We understand that management of the Company is responsible for establishing and maintaining a system of internal accounting control and is required to assess, using estimates and judgements, the expected benefit and related costs of control procedures. In our audit we remain alert to situations where improvements should be considered or where controls may no longer be cost effective. Consequently, we make recommendations related to the objectives of a system which is designed to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorised use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

APPENDIX 1

Trade Payables – Gold assay

Year	Amount G\$
2006	1,000,551
2007	4,903,248
2008	3,122,319
2009	3,390,681
2010	4,841,352
2011	4,479,177
2012	11,226,518
2013	20,814,735
2014	11,204,443

Trade Payables – Silver assay

Year	Amount G\$
2006	623,115
2007	681,417
2008	521,000
2009	3,758,518
2011	4,560,784
2012	8,612,208
2013	4,153,977
2014	5,095,286