

1. EXECUTIVE SUMMARY

This report covers payments made by extractive entities and revenues received by Government Agencies and other material payments and benefits to Government Agencies as stated by Requirement 4.1 of the EITI Standard.

It also includes contextual information about the extractive industries in accordance with EITI Requirements n°2 and 3. This information includes a summary description of the legal framework and fiscal regime, an overview of the extractive industries, the extractive industries' contribution to the economy, production data, the State's shareholding in extractive entities, revenue allocations, licence registers and licence allocations.

1.1. Revenue Generated from the Extractive Industries

The receipts reported by the government between 1 January and 31 December 2017 (FY 2017), after reconciliation are presented below:

Structure of direct revenues of the extractive industries

Total revenues received from the extractive sector amounted to GYD 20,800 million in FY 2017. Guyana Gold Board (GGB) accounted for 33% of the total revenue streams generated by the sector, followed by the Guyana Revenue Authority (GRA) and the Ministry of Finance (MoF) accounting for 32% and 18% respectively of total extractive industry revenues. The breakdown of revenues is set out in the table below:

Table 2: Total extractive revenues

Government Agency	Extractive revenue	
	FY 2017 (GYD million)	% of total payment
Guyana Gold Board (GGB)	6,800	33%
Guyana Revenue Authority (GRA)	6,560	32%
Ministry of Finance (MoF)	3,841	18%
Guyana Geology and Mines Commission (GGMC)	2,615	13%
National Insurance Scheme (NIS)	726	3%
Environmental Protection Agency (EPA)	21	0.1%
Social Contribution (SC)	234	1.1%
Total extractive revenues	20,800	100%

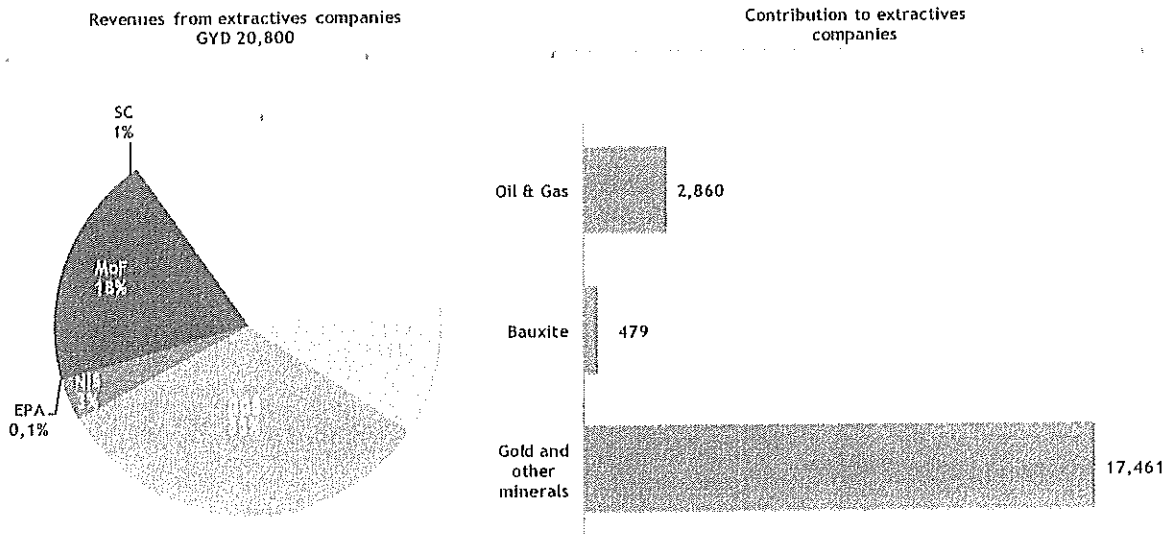
Source: GYEITI Reporting templates

Table 3: Revenues detailed by sector

Product	Extractive revenue	
	FY2017 (GYD million)	% of total payment
Gold and Other minerals	17,461	84%
Oil & Gas	2,860	14%
Bauxite	479	2%
Total extractive revenues	20,800	100%

Source: GYEITI Reporting templates

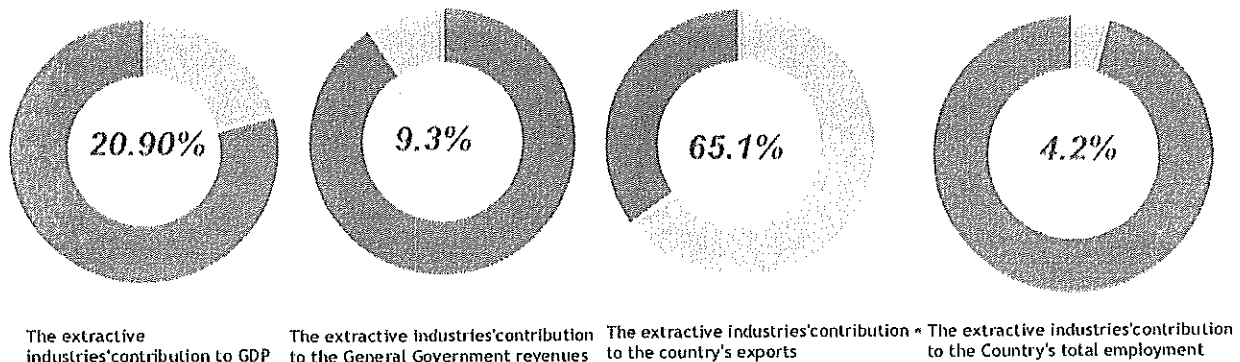
Figure 1: Structure of extractive industries revenues



Contribution to Guyana's economy

Based on the economic data presented in Sections 3.1.16, 3.2.12, 3.3.10 and 3.4.10 of the report, the contribution of the extractive industries can be summarised as follows:

Figure 2: Contribution of the extractive sectors to the economy



According to the Bureau of Statistics (BoS), the Gross Domestic Product (GDP) from the mining sector for FY 2017 amounts to GYD 132,421 million and accounts for 20.90% of total GDP.

The mining and petroleum sectors' contribution to the State's revenue amounted to GYD 20,800 million accounting for 9.3% of the total domestic revenues in the FY 2017.

The value of exports from the mining sector amounted to GYD 193,252 million accounting for 65.1% of the total exports of the country in the FY 2017.

According to the Bureau of Statistics (BoS), there are 11,026 persons employed in the mining sector, while, in the oil and gas sector there are only 51 employees as confirmed by companies included in the reconciliation scope. Employment in the mining and petroleum sector adds up to 11,077 representing 4.2% of total employment during the FY 2017.

1.2. Production

The table below gives details of the production quantities and values during FY 2017 by mineral type:

Table 4: Production data during FY 2017 by mineral type

Mineral	Unit	2016		2017		Difference		%	
		Quantity	Value GYD million	Quantity	Value GYD million	Quantity	Value	Quantity	Value
Gold	Troy Ounce	712,706	186,610	653,753	167,562	(58,953)	(19,048)	(8.3%)	(10.2%)
Diamond	Carat	139,890	4,754	52,161	1,784	(87,729)	(2,970)	(62.7%)	(62.5%)
Bauxite	Metric Tons	1,479,090	26,407	1,459,223	19,974	(19,868)	(6,433)	(1.3%)	(24.4%)
Stone	Metric Tons	412,177	3,297	448,161	4,201	35,983	903	8.7%	27.4%
Sand	Metric Tons	1,687,658	13,164	1,674,490	13,499	(13,168)	335	(0.8%)	2.5%
Total		2,411,221	241,232	2,637,687	267,039	(226,444)	(27,231)	(9.4%)	(11.8%)

Source: Bureau of Statistics of Guyana

Extractive entities and Government Agencies retained in the reconciliation scope were requested to submit production data. Production data submitted by these reporting entities is set out by company in Section 6.3 of this report.

1.3. Scope of the data collection and reconciliation

Reconciliation scope

Based on the revenue structures collected by Guyana Gold Board (GGB) and the Guyana Geology and Mines Commission (GGMC), MSG agreed to include extractive entities which made payments over the materiality threshold of GYD 75,000,000 to GGB and GGMC. Other criteria have also been considered to select additional extractive entities in order to cover larger spectrum of the private sector.

For the mining sector, the MSG identified twenty-four (24) extractive entities to be included in the reconciliation process for the first GYEITI Report. These extractive entities meet the selection criteria in the 2017 fiscal year as detailed in Section 4.2.1 of this report and they were therefore included in the reconciliation scope.

With regards to the oil and gas sector, MSG agreed to include in the reconciliation process nine (9) oil and gas exploration companies which made payments during 2017 as detailed in Section 4.2.2 of this report.

Reconciled revenues represent 67% of total adjusted extractive revenues as detailed below:

Table 5: Reconciled revenues

Payments from :	Revenues (GYD million)	%
Reconciled revenue from the mining sector (*)	11,239	54%
Reconciled revenue from the Oil & Gas sector (*)	2,638	13%
Total reconciled revenues	13,877	67%

Payments from :	Revenues (GYD million)	%
Unilateral disclosure by Government Agencies (**)	6,689	32%
Unilateral disclosure by companies (***)	234	1%
Total unilateral disclosure	6,923	33%
Total revenues (****)	20,800	100%

(*) Reconciled revenues are detailed by private entity in Section 5.1.1 of this report

(**) Unilateral disclosure from Government Agencies are detailed by company in Section 6.2.1 of this report

(***) Unilateral disclosure from companies are detailed by company in Section 6.2.2 of this report

(****) Detailed in Section 6.1

MSG agreed to request six (6) Government Agencies, namely: GRA, GGMC, GGB, NIS, MoF and EPA to submit reporting templates. These Government Agencies received payments from the extractive entities as detailed in Section 4.1 and 4.3 of this report.

GGB has also been requested to report the amounts that it transferred to GRA and GGMC respectively as detailed in Section 3.6.3 of this report.

Unilateral disclosure for Mining Sector

As agreed by MSG, payments made by extractive entities below the materiality threshold (MT) were included in the EITI Scope through unilateral disclosure in accordance with EITI Requirement 4.1.d. The list of extractive entities which made payments below the materiality threshold are detailed in Section 6.2 of this report.

Based on the above, we have included payments of GYD 6,689 million and GYD 12 million as unilateral disclosure from Government Agencies and mining companies respectively in the report. These unilateral disclosures represent 0.1% of total revenues of the mining sector, which therefore means that 62.6% of total revenue of the mining sector was included in the reconciliation scope:

Table 6: Unilateral disclosure for the mining sector

Payments from	Revenue (GYD million)	%
Mining sector total revenues	17,940	100.0%
Reconciled revenues	11,239	62.6%
Unilateral disclosure by Government Agencies	6,689	37.3%
Unilateral disclosure by mining entities within the reconciliation scope	12	0.1%
Total unilateral disclosure of mining sector revenues	6701	37.4%

Source: GYEITI Reporting Templates

Details on the unilateral disclosure are presented in Section 6.2 of this report.

Unilateral disclosure for Oil and Gas Sector

We have included payments of GYD 2,638 million and GYD 222 million as unilateral disclosure from Government Agencies and petroleum companies respectively in the report. These unilateral disclosures represent 7.8% of total revenues of the mining sector, which therefore means that 92.2% of total revenue of the mining sector was included in the reconciliation scope:

Table 7: Unilateral disclosure for the oil and gas sector

Payments from	Revenue	
	(GYD million)	%
Oil and gas sector total revenues	2,860	100.0%
Reconciled revenues	2,638	92.2%
Unilateral disclosure by Government Agencies	0	0.0%
Unilateral disclosure by oil and gas entities within the reconciliation scope	222	7.8%
Total unilateral disclosure of oil and gas sector revenues	222	7.8%

source: EITI Reporting Templates

Details on the unilateral disclosure are presented in Section 6.2 of this report.

1.4. Completeness and Accuracy of Data

Data submission

Government Agencies

GGMC, GGB, MoF, NIS and EPA submitted their reporting templates to confirm total receipts of GYD 11,177 million accounting for 81% of reconciled revenues.

Due to legal confidentiality constraints, GRA was not able to submit reporting templates for twenty-three (23) extractive entities as detailed in Section 5.3 (b) of this report. GRA's total receipts from these twenty three (23) entities could not be estimated because seventeen (17) extractive entities of these entities also did not submit reporting templates as detailed below.

Extractive entities

Sixteen (16) extractive entities included in the reconciliation scope submitted reporting templates. Receipts reported by Government Agencies and relating to these extractive entities amounted to GYD 9,300 million accounting for 67% of the reconciled revenues.

Seventeen (17) extractive entities included in the reconciliation scope did not submit their reporting templates. Receipts reported by Government Agencies and relating to these extractive entities amounted to GYD 4,577 million accounting for 33% of the reconciled revenues as detailed in Section 5.3.a of this report.

Given the lack of reporting templates from both extractive entities and GRA, the total extractive revenues collected from these seventeen (17) entities could not be determined. The Reconciliation sheets by extractive entity are set out in Annex 10 of this report.

On this basis, we were unable to conclude that this report covers all significant contributions made in the 2017 fiscal year by extractive entity to the revenues of Guyana.

Data Reliability

Government Agencies

GGMC, GGB, NIS and EPA submitted reporting templates signed by an authorised officer. MoF submitted signed reporting templates for Troy Resources Guyana Inc. and Guyana Gold Fields (AGM) only.

MoF did not submit signed reporting templates for thirty-one (31) extractive entities for which the Government Agency did not receive any revenues. GRA submitted ten (10) reporting templates not

signed by an authorised officer. GRA's receipts from these ten (10) extractive entities amount to GYD 2,703 representing 20% of reconciled revenues:

Table 8: Non signed reporting templates for Government Agencies

	Sector	Amount (GYD million)	% per reconciled companies
Esso Exploration and Production Guyana Limited	Oil & Gas	1,893.6	13.65%
Troy Resources Guyana Inc.	Mining	794.8	5.73%
Pure Diamond Inc.	Mining	6.5	0.05%
CGX Resources Inc.	Oil & Gas	6.3	0.05%
Excel Minerals Inc.	Mining	1.5	0.01%
REPSOL EXPLORACION GUYANA, S.A.	Oil & Gas	0.1	0.00%
Total reconciled revenues		13,877.0	100.00%

Source: EITI Reporting templates

All Government Agencies did not submit confirmation from the Auditor General or from their independent auditors that their reporting templates had been prepared as per their respective audited accounts.

GGB submitted its audited financial statements. The Report⁶ of the Auditor General covers revenues collected by GRA and the Ministry of Finance. GGMC, EPA and NIS did not submit their respective audited financial statements. The revenues received by GGMC, GRA, EPA and NIS amount to GYD 1,937 million representing 13.96% of total reconciled revenues.

Extractive entities

Fourteen (14) extractive entities submitted their reporting templates signed by an authorised officer at management level. Two (2) extractive entities submitted their reporting templates not signed by an authorised officer at management level. The revenues reported by Government Agencies in respect of companies which submitted reporting templates not signed by management amounted to GYD 3,631 million representing 26% of the total reconciled revenues. These are set out as follows:

Table 9: Non signed reporting templates for extractive entities

Company	Amount (GYD million)	% of reconciled revenues
El Dorado Trading	2,044	15%
Troy Resources Guyana Inc.	1,586	11%
Total reconciled revenues		13,877

Source: EITI Reporting templates

Status of reporting templates submitted by extractive entities are presented in Annex 5 of this report.

Six (6) extractive entities submitted reporting templates without their audited financial statements nor a confirmation of the external auditor that these have prepared based on audited financial statements. The revenues reported by Government Agencies in respect of extractive entities which submitted reporting templates not certified by an external auditor amounted to GYD 4,326 million representing 31% of the total reconciled revenues. These are as follows:

⁶ <http://www.audit.org.gy/pubs/AnnualReport2017v1.pdf>

Table 10: List of extractive entities

Company	Amount (GYD million)	% of reconciled revenues
Mohamed's Enterprise	2,047	15%
El Dorado Trading	2,044	15%
BOSAI Minerals Group (Guyana) Inc.	193	1%
GBTI Property Holdings Inc.	41	0%
Mid-Atlantic Oil & Gas Inc.	1	0%
Ratio Guyana Limited	0	0%
Total reconciled revenues	13,877	100.00%

Source: EITI Reporting Templates

Given the significance of the matters stated above, we were unable to conclude that the financial data submitted by reporting entities and included in this report were subject to audits which have been performed in accordance with international standards.

1.5. Reconciliation of Cash Flows

The purpose of reconciling payment flows was to identify any potential discrepancies in the declarations and to clarify them. The discrepancies initially identified were analysed and adjusted whenever the relevant supporting documents were made available by the reporting parties.

In accordance with the data collected from extractive entities and Government Agencies, revenues generated from the extractive industries amounted to GYD 20,800 million. The revenues included in the reconciliation scope amount to GYD 13,877 million and represent 67% of the total extractive revenues during the 2017 fiscal year. The revenues included in the reconciliation scope are detailed by Government Agency in the table below:

Table 11: Reconciled revenues detailed by Government Agency

	Declared Government revenue (GYD million)	% of total payment
Guyana Gold Board (GGB)	5,396	26%
Ministry of Finance (MoF)	3,841	18%
Guyana Revenue Authority (GRA)	2,703	13%
Guyana Geology and Mines Commission (GGMC)	1,198	6%
National Insurance Scheme (NIS)	715	3%
Environmental Protection Agency (EPA)	24	0%
Total	20,800	100%

(*) Unilateral disclosure of revenue streams are detailed in Section 6.2 of this report

Cash flow reconciliation

After adjustments and reconciliation work, a net difference of GYD 3,805 million remained unreconciled and which represents (27%) of Government revenues of GYD 13,877 million included in the reconciliation scope, as detailed below:

Table 12: Cash flow reconciliation

In GYD million

Sector	Extractive entity (GYD million) (a)	Govt (GYD million) (b)	Unreconciled Difference (c) = (a) - (b)	% (d) = (c)/(b)
Ministry of Finance (MoF)	612	3,841	(3,229)	(84%)
Guyana Revenue Authority (GRA)	3,407	2,703	705	26%
Guyana Gold Board (GGB)	4,928	5,396	(468)	(9%)
Guyana Geology and Mines Commission (GGMC)	748	1,198	(450)	(38%)
National Insurance Scheme (NIS)	348	715	(367)	(51%)
Environmental Protection Agency (EPA)	28	24	4	15%
Reconciled Government revenues	10,072	13,877	(3,805)	(27%)

Source: EITI Reporting Templates

Details of the reconciliation exercise and adjustments made by company and by tax are set out in the Section 5 of this report, while individual tax templates by company showing the reconciled amounts are presented in Annex 10 of this report.


1.6. Recommendations

Relevant recommendations and additional measures to be implemented in order to improve the EITI process in Guyana are summarised as follows:

Table 13: List of recommendations

N°	Recommendations
1	Mainstreaming the creation of an open data for EITI
2	Reporting at project level
3	Accuracy of export data
4	Public disclosure of a register of licences
5	Public disclosure of mineral agreements
6	Allocation of licences and permits
7	Accuracy of production data
8	Legislative reforms in the oil and gas sector
9	Organisational structure of GGMC
10	Data quality and assurance
11	Enhancing the industry participation
12	Accuracy and comprehensiveness of data included in the reporting templates
13	Use of unique identification number for all government Agencies
14	Waiving legal confidentiality restrictions

These recommendations are detailed in Section 7 of this report.


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