



**PROSPECTORS &
DEVELOPERS
ASSOCIATION
OF CANADA**

2018 Annual Convention



Guyana in Focus

**Address to be delivered on March 4, 2018 by Hon. Winston Jordan,
Minister of Finance, Guyana**

Salutation

I am extremely honored to have been invited to address you at this globally recognized convention. This is my first PDAC Convention and I owe my presence to the persistence of my son, Darren, who has been in Canada for the past 11 years. When he suggested I attend, I promptly told him that this is a mining event; I am in finance. But, he told me that I was wrong; that this Convention was more than just mining. How right he was: I am glad that I came, for having arrived here only a few hours ago, I have already interacted with a wide cross section of people. In that regard, this Convention provides a wonderful opportunity for networking; and meeting people of different backgrounds, professions, persuasions and climes. In particular, it would be remiss of me, if I did not recognize the value of this convention for exchanging views on pertinent policy issues and investment opportunities in various destinations in the mining industry. Please allow me to add my Guyanese welcome to all of you attending this Guyana Day. I am always pleased to meet Guyanese in the diaspora – to hear from you - your concerns, hopes and aspirations - and to share with you our Government's vision, plans and programmes in the journey to a Good Life for all of our citizens. Over the next few days, I hope we can sit at the table of brotherhood and sisterhood and break bread in your adopted yard, so to speak. I bring you warmth from the Mudland, where the sun rises in the East in the sugar belt of the Corentyne and sets in the West of our very own Essequibo. Not one cuirass, not a blade of grass! All of Essequibo is we own.

This Annual Convention has become a key event on the Prospectors and Development Association of Canada's calendar. The Association must, therefore, be commended for attracting such a wide cross section of experts, miners, potential investors and the Diaspora, to discuss global developments that impact the scope and sustainability of the mining industry. The United Nations Sustainable Development Goals, which were adopted by the UN General Assembly, acknowledged inter alia, the need for environmentally sustainable economic development. The mining industry has a pivotal role to play in the attainment of these goals, by ensuring that its operations leave a positive footprint on the environment, even as it generate profits, creates employment and promotes economic growth.

Ladies and Gentlemen: I would now offer a brief economic overview of Guyana and contextualize the importance of the mining sector in Guyana's economy.

Economic Overview of Guyana

Guyana is located on the northeast coast of South America, bounded by Suriname on the East, Venezuela on the West, Brazil to the South and the Atlantic to the North. With strong existing and historical links to the Caribbean, Guyana, as the only English speaking country on the South American mainland, acts an important bridge between these two regions. Our country is multi-ethnic and multi-religious, boasting a land mass of 214,970 square kilometres, which is inhabited by a small population of approximately 750,000 people. The country is well endowed with natural resources, including arable lands, mineral deposits, and tropical forests.

In recent years, the economy has achieved relatively stable economic growth, averaging an annual three percent, slightly below the targeted levels, but consistent with the global trends. Our fiscal position has remained strong, with growing current account surpluses while the overall deficit has been kept within sustainable levels. The financial system is robust, with banks and other non-bank financial institutions being sound and adequately capitalized. Public debt levels are prudently managed – under fifty percent of GDP - while annual inflation has hovered around two percent. With foreign reserves that are over three point five months of import cover, and with no exchange controls, our environment makes for hassle-free repatriation of profits and dividends.

Large hydrocarbon reserves, in excess of 3.7 billion barrels of recoverable oil, were discovered, recently, in the country's offshore basin. Production of first oil is expected in the first quarter of 2020, with 120,000 barrels per day being targeted. This could eventually reach 500,000 barrels per day by 2025, and up to 1,000,000 barrels per day by the late 2020s. To put this in perspective, our neighbour, Trinidad and Tobago, has current production of a mere 39,000 barrels per day, while Oman's 2017 production was 1,000,000 barrels per day and it was ranked 19th largest oil producer in the world. And this is only from the Stabroek Block, which is controlled by Exxon and partners. There are other major oil producers who have expressed interest in, or are already exploring on, the shelf. Annual earnings for Guyana from royalties and profit share from petroleum production could rise from over US\$300 million in 2020 to over US\$1 billion by 2025. Perhaps, not since the introduction of plantation sugar in Guyana, has a product have the

capacity to revolutionize the country. From potential to prosperity, these resources, properly utilized, can have the transformative effect about which many past generations of Guyanese could only dream, but which the present and future generations could realize. This is why, to avoid the resource curse, of which we have been repeatedly warned, we are fashioning a constructive and enlightened Sovereign Wealth Fund, to provide for inter-generational equity. The Fund's legislation is expected to reach Parliament in the last quarter of 2018.

We are also developing a Green Development Strategy in collaboration with the UN Environmental Programme. This Strategy seeks to articulate our Government's vision of a green economy, using our new-found wealth. It will emphasise our thrust to diversify the economy away from its dependence on what our President has coined the Six Sisters – gold, bauxite, diamonds, timber, rice and sugar. They have served the economy well through the years; but, now, they have grown tired and are need of retiring and/or re-tooling. Our intent is to focus more on value added and manufactured goods. Further, the Strategy will elaborate on our resolve to move away from fossil fuel generated power to an energy mix comprising hydro, solar, wind, baggase and natural gas. Already, we have committed to 100 percent clean energy by 2025 and are working with the Government of Norway in pursuit of this objective. Finally, the Strategy will lay in bold relief our desire to bridge the developmental divide between the coast and the hinterland through undertaking massive infrastructural, economic and social projects and programmes.

Ladies and gentlemen, I do understand that all eyes and ears are now turned to developments in Guyana's mining sector and its impact on the economy. I will now try to give you a brief overview of Guyana's economy, with particular emphasis on the mining sector. Next, I will touch on the fiscal regime that is in place for mining. Finally, I will indicate some of the ways you, as investors, may enter the Guyanese mining sector.

The importance of Guyana's Mining Sector

The mining sector is economically important to Guyana. As a share of the country's Gross Domestic Product (GDP), mining accounted for approximately fifteen (15) percent at the end of 2017, with gold being the main contributor. Mining is also the major source of Foreign Direct Investment into the country, accounting for approximately twenty-five percent of the total amount. The mining sector is also a significant source of government revenue and provides approximately fifty percent of the foreign exchange needed to support the country's international reserves and Balance of Payments. As an employer, the mining sector has been able to absorb a significant number of persons in its own right, as well as those released from other mining activities, such as bauxite, or other activities such as agriculture.

The impact of mining has had far reaching tentacles into the other sectors of the economy. It allowed for increased transportation, specifically into the hinterland regions, where mining is the dominant activity. Increased mining activities in hinterland regions has resulted in an expansion in the physical and other infrastructure in these regions, in as much as it has provided very important communication links with the coast. For those,

with limited knowledge of the country, most of the population lives on a narrow strip of the coastal belt, which is six (6) feet below sea level, thereby making it susceptible to rising sea and ocean levels and other climatic phenomena. Mining in the hinterland regions thus provides a natural gravitation to higher ground by segments of the population.

Distinguished ladies and gentlemen, Guyana is endowed with a vast and diverse array of high quality metallic and non- metallic minerals. Gold, diamond and bauxite production dominate the mining sector activities, with gold accounting for more than fifty percent of annual output. Though declining from peak performances in the 1970s and 1980s, bauxite production is set to rise with increased production by the two foreign-owned companies as well as the coming on stream of a new entity.

Guyana is also moving to again produce manganese in the North West region of our country, specifically Matthew's Ridge. A foreign investor is scheduled to begin production in the last quarter of this year. I encourage you to come Guyana, and to search, explore and exploit our rich deposits of minerals, rare earth metals, precious and semi precious stones and metals.

Distinguished Ladies and Gentlemen, one of the main reasons why this sector is unable to unleash its full potential is the unavailability of the requisite capital to local investors. To address this challenge, our Government is encouraging local miners to establish linkages with foreign investors and members of the Diaspora to access the necessary financing and technology. Recognizing the importance of the mining sector to the economy, and in an

effort to make the sector more competitive, the Government has been providing fiscal incentives in the form of concessions on machinery, equipment and fuel, and waiver and remission of taxes on motor vehicles, based on the value of gold declaration. Mining Operators are also permitted to hold foreign exchange retention accounts. Larger operators are subjected to an Investment Development Agreement that allows for duty and tax concessions for specified periods in the life of the investment. With our one-stop investment agency, Go-Invest, ably facilitating investors and helping them to cut the red tape and bureaucracy, investors can be guaranteed the safety of their investment and the ease of doing business.

I mentioned, earlier, that Guyana currently exports gold, diamonds, bauxite and, to a lesser extent, silica sands. These are all well-established industries, which are found well-identified areas of the country. Gold is found, primarily, in our greenstone belt, which I understand is a continuation of the Ashanti belt in Africa and runs through French Guiana, Suriname, Guyana and Venezuela. The major gold finds within the region occur within this belt. The Canadian-owned company, Omai Gold Mines, had previously mined for gold in this belt, as, indeed, are other companies - Guyana Goldfields, ETK Sandsprings, Strata Gold and others. I would encourage you to remain and hear what they are doing.

But, no success story comes without challenges. And so, with the contraction of the agricultural and forestry sectors, an increasing number of investors have been gravitating to the mining sector. This has created difficulties in that many of them are new to

mining, have no experience in the sector and put a strain on land allocation and administrative resources. More attention will be paid to providing education and training, particularly on engaging of safe practices, and environmentally-friendly and sustainable mining.

Distinguished Ladies and Gentlemen, our Government is cognizant of the fact, that a strong legal and regulatory framework is a prerequisite for the orderly and safe development of the sector. As such, we will be undertaking revisions of the Mining Act and Regulations. These are expected to be completed and laid in the National Assembly by the end of 2018.

As a country endowed with an abundance of natural resources that are, for the most part, produced for export, Guyana's openness to the rest of the world exposes us to predicate crimes such as money laundering. Hence, maintain confidence and integrity in our financial system, we have, in the context of AML/CFT, put the requisite laws and regulations in place to combat such activities.

So, what can we offer you? Guyana is still under-explored in terms of its abundance of mineral resources. So, if you are interested in exploration you must first apply for Permission for Geological and Geophysical Surveys better known as PGGs. You need to apply to the Minister of Natural Resources for this. To the Guyanese in the Diaspora: if you want to share in the buzz and excitement stemming from our recent oil discoveries; if you want to help us to diversify the economy, so as to ensure our non-dependence on

petroleum revenues; then now is the time. The motherland needs you, your financing and your expertise! Come home to Guyana!

I thank you for your attention!