

GUYANA

By Bernard Crawford

Although Guyana achieved some successes in 2003, in many ways it was significantly challenged in attempting to fulfill the expectations of its people. One continuing major difficulty was the inability to bring about a substantial national consensus for peace and stability. Without this, the significant economic potential of the country will be difficult to realise.

By the close of 2003, in an effort to stimulate private investment and boost the economy of the country, a new investment law was put forward and expected to be enacted during the first quarter of 2004. In the same vein, the Guyana government was also in the process of establishing an investment promotion council.

Owing mainly to a shortfall in sugar and gold production, and in spite of the appreciation of the euro against the US dollar and the national currency, Guyana economy contracted by 0.6% in 2003 as compared with an increase of 1.1% in 2002. Of the traditional main pillars of the national economy, sugar declined (by 8.7%) as did bauxite output and manufacturing, marginally. Rice (which had declined by 11% in 2002) made a substantial recovery, with output increasing by 23%. Forestry (which had declined by 8% in 2002) improved by 2% overall, although log production declined by 22%.

Per capita GDP increased from US\$797 to US\$840. The Guyana dollar depreciated against the US dollar by 1.3% compared with 1.2% in 2002. The inflation rate (as measured by the government) was 4.9%, down from 6.1% in 2002.

Revenues from mining and quarrying as a whole declined by 8.7% in 2003, despite a 66% increase in the extraction of gem quality diamonds, still mainly attributable to more advanced technology introduced from Brazil. The government appears to be committed to ensuring that no 'conflict diamonds' are able to intrude into declarations of Guyana diamond production.

Cambior Inc's subsidiary, Omai Gold Mines, processed 5.7 Mt of ore at an average grade of 1.61 g/t au in 2003, and produced 271,000 oz of gold at an operating cost of US\$220/oz. The production represented about 70% of Guyana's total declared output. Soft ore at the open-pit CIP operation is now depleted and plant capacity was reduced as planned, from 21,000 t to 15,500 t/d. The mine is expected to produce 234,000 oz this year and reserves are expected to be fully depleted in late 2005. To date, Omai has yielded a total of 3.2 Moz of gold, with a peak production of 354,300 oz in 2001.

Cambior was scheduled to spend about US\$1 million on exploration during 2004 in an effort to discover additional reserves in and around the Omai mine, and on the Omai river and quartz hill properties adjacent to the Omai concession.

Elsewhere, reconnaissance efforts by Vancouver-based Vanessa Ventures Ltd at its Marudi mountain property were satisfactory to the point where the company was about to apply for an operating licence. Its Maple creek operation also continued to yield good results although there were some challenges in relation to interpretation of data.

It was reported in June 2003 that Guyana Goldfields Inc had carried out successful drilling operations at Peters mine, which is known to have deep as well as surface gold mineralisation. The results were said to be significant, demonstrating widespread gold mineralisation between surface and previously discovered high-grade gold at depth. Migrate (of South Africa) continued its reconnaissance programme, including the methodical and systematic geological surveillance of the southern part of Guyana. The operations of North American resources (Naril) continued to produce at the anticipated rate

In addition to the foregoing, the Guyana government expressed its intention to redraft existing general mining legislation to take account of international best practices and to offer incentives similar to those offered by other countries with which Guyana must compete for investment.

On the basis of that and other initiatives, the government has committed itself to ensure the revitalisation of the country's bauxite sector. Meanwhile, in August 2003, Cambior assumed management of one of the two bauxite production operations in Guyana, namely those of state-owned Linden Mining enterprise (Linmine), as a (third) step towards Cambior's anticipated 70:30 JV with the government.

The other bauxite operation, that of Aroaima Mining Co, currently still wholly state-owned, continued to face great challenges, including very significant worldwide fuel price increases as well as depressed market prices for bauxite. The company could, however, take advantage of the more recent improvement in demand and some favourable movement in realised prices. It was announced, in 2003, that by the end of the year the impending corporate merger of Aroaima Mining Co and Berbice Mining enterprise would be achieved.

In addition, a reputable overseas company has been investigating the extensive lateritic bauxite deposits in the pakaraimas area of Guyana. Results have been encouraging, suggesting deposits of over 100 Mt at relatively shallow depth that could yield 35% extractable alumina.

Guyana mineral production

	2001	2002	2003
Bauxite ('000 t)			
-metallurgical	1,682	1,534	1,300
-calcined refractory	91	62	76
-other	238	105	293
Total	2,011	1,701	1,669
Gold (oz)	456,090	436,671	397,190
Diamonds (ct)	179,463	248,437	412,537