



THE GEOLOGICAL SURVEY & MINES BUREAU (GSMB)

" We Lead the Mineral Industries in Sri Lanka "

ANNUAL REPORT 2011

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“ We Lead the Mineral Industries in Sri Lanka”



The beach sand deposits in Sri Lanka are located at Nayar, Pulmoddai (Ilmenite, Rutile and Zircon), Thirukkivil (Ilmenite), Hambantota (Garnet), Devinuwara (Ilmenite and Garnet), Induruwa, Beruwala (Monazite, Zircon and Garnet), mouth of Kelani River (Ilmenite), North of Negombo (Ilmenite), Kudiramalai Point (Monazite) and South of Mannar (Ilmenite)

Photography : G.A.B.P Chandimal (G.S.M.B)

Designed by : Kaushalya Chathurani

VISION AND MISSION

Vision

To be the premier national geosciences agency that generates and disseminates geoscientific information and regulates mining processing of Sri Lanka's mineral resources in the most sustainable manner.

Mission

The mission of the GSMB is to provide Geoscientific information, advice and services to the policy makers and the community and to promote and manage the mineral resources of the country for economic development while ensuring environmental sustainability. It regulates exploration, extraction, value addition, transportation and trading of minerals.

THE FUNCTIONS OF THE GSMB ARE:

To undertake systematic geological mapping of Sri Lanka and preparation of geological Maps.

To identify and assess the mineral resources of Sri Lanka.

To evaluate the commercial viability of mining for processing and export of such minerals

To regulate the exploration and mining for minerals and processing, trading and export of minerals by issuing licenses.

To undertake geological investigation, seismic activity monitoring, geological research and provide geological consultancy services.

To advice the Minister on measures to be adopted for the promotion of the extraction and production of minerals on a commercial basis.

To undertake projects in regard to engineering geology and provide advice and remedial measures caused in respect of geological hazards and disasters

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CHAIRMAN'S MESSAGE



I assumed duties as Chairman of Geological Survey & Mines Bureau in early 2008. During the year under review GSMB showed good financial results demonstrating solid growth in all our sections. Bureau recorded an impressive surplus of Rs. 618.5 million for this financial year.

Much of the credit for this success must be shared with our work force, which is trustworthy, friendly, talented and efficient.

Bureau has completed 108 years of services to mineral sector and mining related activities. When we look back at the history of the Bureau, It started as the Mineral Survey of Ceylon (MSC) in 1903 headed by Dr. Ananda Kumaraswamy. We are now on the threshold of another quantum leap of the activities. It is up to all employees to face these new challenges and at the same time we must take the best of what we have gained now.

I am honored therefore to present to you the Annual Report and statement of Accounts of our Bureau for the year ended 2011, a year that saw us aggressively leapfrogging into the future in readiness for the extensive development plans being mooted for the country.

Experience gained during this period has identified various strengths weaknesses, opportunities and threats to our existing operations. Now we are better organized to forge ahead to give better results for coming years.

Review of the Performance

The GSMB being a state organization, it has taken utmost care to give quality service to the general public. In this regard human resources development and technology transfer has been considered as

priority areas and was successful in achieving them. Our achievement during the year 2011 is shown in the annual report and we strongly feel that GSMB deserves proper recognition for the effects made in obtaining this high standard. GSMB showed good financial result demonstrate solid growth in all our section. This year Bureau achieved a turnover. Rs.861.8 Million compared to Rs.667.7 In the previous year. This is mainly due to the fact that Bureau vastly improved its performance along with our employees, customers and other related parties.

I am happy to note that in the year under review the GSMB contributed surplus fund to the treasury which shows the financial strength of the Bureau.

In Appreciation

It is my pleasure to thank and appreciate the continued support of our valued customers who have helped us in developing Bureau over last 108 years.

I also take this opportunity to thank all the employees of Bureau past and present, for their commitment and dedication in making our Bureau a very successful one and a technological leader over the last years.

Dr. N P Wijayanada

DIRECTOR GENERAL'S MESSAGE



I believe that the year 2011 had been an eventful year of success in many key performance indicators of Geological Survey and Mines Bureau of Sri Lanka; enhancing people oriented public service, generating massive total income to the state treasury, decentralizing the constant close monitoring of environmental impacts of mining activities, creating awareness of all stake holders, drastic expansion of new licenses issued and completion of geological maps (1:100,000) of the island. All above were in line to make Sri Lanka to be the "Emerging Wonder of Asia" advocated by Mahinda Chinthana.

Our performance during the year 2011 has to be viewed in a scenario of stability prevailed in the macroeconomic environment of the country with the end of the war. The Sri Lankan economy maintained the post-war trajectory and momentum and recorded an economic growth rate of 8.3%. With the boom of the construction industry and the implemented fast track infrastructure development schemes posed a real time challenge for us to cater to increasing demand and I believe that GSMB was quite successful in adapting to change, sometimes making paradigm shifts to get away with administrative "red tape".

It is with great pride that I mention in the year 2011 the bureau was promoted to the rank of "A Grade" Regulatory Institution based on the income generated to State Treasury. Also, we have won a Merit Award in State Services Sector in the National Business Excellence Awards 2011.

In 2011, out of total earning of Rs.961.8 Million, the income after expenditure and tax was Rs. 618.4 Million. I am happy to learn that the bureau has contributed Rs.1 Billion to the States Treasury. This was not possible, if not for the monumental commitment of

our staff in all ranks.

We have further strengthened our staff to enhance people oriented public service. Mines Division which functions as the most important section, functions now with over 150 employees attached to head office and 13 regional offices. The two 2 sub offices commenced in Kantale and Hasalaka as a drive to further penetrating to areas where there is increased demand and the Bureau need to be easily accessible to customers in different regions

We have taken a structured approach to educate all stake holders and also we have initiated awareness programmes in the year 2011. During this period bureau had conducted workshops, awareness programmes and educational programmes. Prime objectives of above programmes were to sort out major disputes, address the concerns related to mining industry, to make aware of the state institutions and to educate the license holders about the rules and regulations stipulated in the Mines and Mineral Act No 33 Of 1992. We have successfully conducted 11 workshops, mainly for Department of Irrigation concerning the Uma Oya Project, and Police Department concerning legal aspects related to mining activities. We always advocated to have an open two way communication on the practical problems with the transport licenses and other related issues. This understanding let us to take opportune decisions. At this juncture, I need to mention that we have conducted successful programmes on degraded river banks such as Maha Oya, Kelani River and Kalu River and on changing the perspectives of river bank rehabilitation, aiming the sand miners and relevant state and private institutions.

Furthermore, in the year 2011, the bureau has

successfully started the first certificate course on Rock Blasting and this is to address a long standing need to enhance the quality of the rock blasting activities. This is a key programme that we ardently wish to continue in the future.

As far as the number of applications received during the year 2011, bureau has received 8,722 of new applications for mining license and this was an increase of 19.2% as against the last year . And the mining division has conducted 130 test blasts and 7,722 numbers of inspections was carried out.

The Management of GSMB has put lot of emphasis on sustainable development and to fulfill the requirement of the constant monitoring of the current environmental impacts regard to the mining activities, the management of the bureau had recruited 60 field assistants during the year 2011.

I am happy to note that Geology Division of the bureau had duly completed Geological Maps covering the entire island in year 2011. Preparation of Geological Maps is one of the key function of the GSMB. Bureau has nearly completed 1:100,000 scale basement mapping. Sheet No. 12 (Aralaganwila-paddirippu) was the only remaining geological map to be completed under 1:100,000 scale basement mapping. During the year 2011, plotter prints of Sheet No 12 were obtained and edited following the instructions of the editorial committee. Based on 1:100,000 scale maps a geological map of the entire island (1:500,000) was compiled, digitized and edited. These two maps are now ready for printing.

1:50,000 Quaternary maps of Kalutara (Sheet 73) and Balapitiya- Ambalangoda (Sheet No. 85/86) were completed and mapping of Chilaw (sheet No. 46) and Battuluoya (Sheet No. 40) were undertaken. Under the soil geochemical mapping programme over 1500 soils samples were collected covering Thimbolketiya (82) and Padaviya (17) 1:50,000 Sheets. In order to improve and accelerate the analytical process, laboratories were upgraded by adding an Inductively Coupled plasma optical Emission spectrometer (ICP- OES). Towards the latter part of the year sample analysis using newly installed ICP-OES was commenced.

There was significant development in monitoring of seismic activity in and around Sri Lanka. Officers were trained to interpret seismic data from three seismic stations (PALK at pailekele, HALK at Hakmana and MALK at Mahakanadarawa) using Seiscomp software. Consequently, Bureau was able to determine the location and magnitude of few local earth tremors.

Bureau also undertook several projects for mineral surveys and core drilling work at the request of both private and government sector organizations and the income generated from these projects exceed Rs.41 Million.

Since the economic environment of the country is fast changing due to rapid economic growth advocated by the visionary leadership of the president, leaving us lot of scope for improvement change and challenge in the time to come. Year 2011 had been an eventful and successful, and we wish to continue to support the engine of growth in the future making a reality of Sri Lanka being the "Emerging Wonder of Asia"

B A Peiris

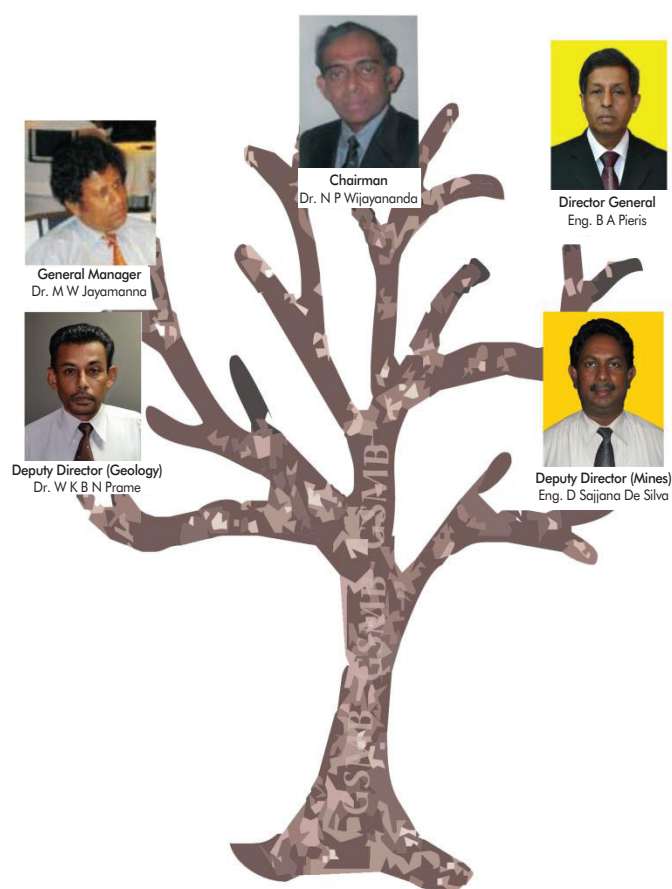
BOARD OF MANAGEMENT

- Chairman : Dr. N P Wijayanada
- Members : Mr. B A Peiris
- : Mrs. T de S A Wijenayake
- : Mr. R S N Adikari
- : Mr. M A Thajudeen
- : Mr. K H W K Narada Sumanarathne
- : Mr. N K P K Nemmawatta

Secretary to the Board /Legal Officer

: Mrs. M S K Fernando

Senior Management



Staff Members - Geology Division



Dr. W K B N Prame

Asst. Director (Geology) - Mr. K T U S De Silva

Geologists

- Mr. C H E R Siriwardena
- Mrs. D P R Weerakoon
- Mr. M M J P Ajith Prema
- Mr. A S Jayakody
- Mr. A M M Rathnayake
- Mr. P N Ranasinghe
- Dr. W I S Fernando
- Mr. D M S Dissanayake
- Mr. S T Kalubandara
- Miss. D T D S Wijesundara
- Miss. C N B Wijeratne
- Mr. A M D U Abeysinghe
- Mr. A A C Priyantha
- Mr. H A D N Sanjeewa
- Mr. M M T N B Munasinghe
- Miss D S M C Fernando
- Miss. N Ilanagakone

Geophysicists

- Mr. S N De Silva
- Miss. S N B Thaldena
- Mr. S W M Seneviratne

Chief Chemist - Mrs. Y P S Siriwardana

Chemists

- Mrs. V R Wanasinghe
- Mrs. H A P Jayalath
- Mrs. R K M Suranganee

Librarian - Ms. P N Amarasuriya

Senior Technical Officer - Mr. K S J Fernando

Technical Officers

- Mr. B D Sirisena
- Mr. M A R Manchanayake
- Mr. M D Pathmasiri
- Mr. M B M Silva
- Mr. C D Gunamuni
- Mr. A J M D Kumara
- Mr. T Deshapriya

Mr. M N Priyashantha
Mr. P P C L B Paliyadeniya
Mr. T M A Christy

IT Staff

- Mr. D M K Dassanayake
Mr. K A R P Wickramasinghe
Mr. P G B P Tilakaratne

Research Assistants

- Mr. M B U H De Silva
Mr. W H D C Ruckmal

Draftsmen

- Mrs. N S K Karunadhipathi .
Mr. P Priyanga

Cartographer

- Mrs. G D T D Nandadasa

Staff Members - Mines Division



Eng. D. Sajjana de Silva

Chief Mining Engineer - Eng. L A Fernando

Mining Engineers-

Eng. Dammika Prasad
Eng. W G S Kokila
Eng. Asanka Rupawansa
Eng. I M T N Illankoon
Eng. U H T Priyantha
Eng. K V Jagath
Eng. N W C P Lanka
Eng. T M W Bandara
Eng. K A S Dharmasiri
Eng. A P Wimalasena
Eng. D Mayooran
Eng. H K M Gunasekara
Eng. C K Karunananda
Eng. Thanuja Dayarathne
Eng. T S Kumara
Eng. H A C K W Bandara
Eng. M R M Farees
Eng. K Logagoury
Eng. W Wimalarathne
Eng. H P Siriwardhane
Eng. S A I J Rodrigo

Eng. U N Dilanthi
Eng. W A A C Wanniarachchi
Eng. G Jeyarupan
Eng. Hasitha Adhikari

Librarian

- Ms. P N Amarasuriya

Asst. Registrars

- Mr. T Dahanayake
Ms. D D R S Maduwantha
Mr. A M Samarasekara
Ms. V Ganegama
Mr. P R D De Silva
Ms. W M P S Weerasundara
Ms. E M G N S Ekanayake
Ms. M T D Wanigasinghe
Ms. H M A G Karunarathne
Mr. Neel Vithanage
Ms. S Tharsini
Ms. Gayathri Perera
Ms. Anoma Wijerathne

Staff Members – Finance and Administration



Mr. M W Jayamanna

Finance Manger - Ms. R P D Paththamperuma

Administrative Officer - Mr. G M W Perera

Staff Members Internal Audit

Internal Auditor - Mr. T L Chandrasena

ABOUT THE BUREAU

GSMB: We lead the Mineral Industries in Sri Lanka

An institute dealing with earth sciences particularly geology and mineral resources is an indispensable and vital necessary for a country. Such an organization would possess a wealth of knowledge on the country's geology, structure and most importantly, the country's mineral wealth. The proper meaningful and utilization of mineral resources will have a direct link with the economic well being of that country. Such institutes are considered as national geological surveys and they are entrusted with implementation of relevant policies based and moulded on national needs. The GSMB is destined to execute these policies. The Geological Survey and Mines Bureau (GSMB), being the authorized agency for the minerals development in Sri Lanka, is the organization for mineral investigations carried out to date and the accrued benefits to the country.

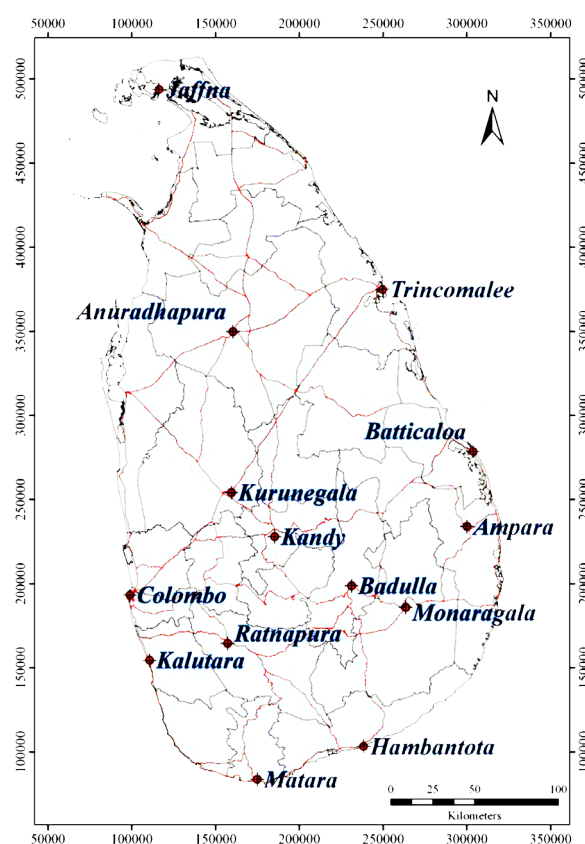
All mineral based industries in existence today, such as cement, ceramics, mineral sands, fertilizer, brick & tile and dimension stone are due to the work of our organization throughout the history.

Sri Lanka being a small country, its sub surface mineral wealth is also equally small. Therefore, the organization, whilst encouraging the establishment of mineral based industries, emphasizes frugal use of minerals and warns against waste, as minerals are non-renewable commodities.

Being the nation's principal provider of the Geoscientific capability, GSMB advances the understanding about earth resources, related issues and problems. The diversity of the scientific expertise enables us to carry out multi-disciplinary investigations and provide impartial scientific information including a series of Geoscientific maps to resource managers, planners, and other customers. The GSMB serves the nation to describe and understand the Earth; minimize loss of life and property from natural disasters; manage geological, energy, and mineral resources; and enhance and protect our quality of life.

The Bureau has four primary operations: geological mapping and mineral exploration, mining titles and mining regulation (core activity); client responsive activities (mineral resource surveys, laboratory services, geophysical and drilling contracts) and geo-science information (access to published and unpublished reports, maps and other archives in its Library).

Today the GSMB is functioning with fourteen Regional Offices providing enhanced services for its customers engaged in mineral industry.



GSMB widen its service all over the country

CONTACT DETAILS OF THE BUREAU

Our Offices	Address	Office Leader	Tel/Fax
Head Office	No. 04, Galle Road, Dehiwala	Director General	+94-11-2739307-8
Ampara	No. J734, Jayawardenepura, Ampara	Eng. H A C K W Bandara	+94-11-2735752
Anuradhapura	No. 596/69, Bandaranayke Mawatha, Anuradhapura	Eng. K A S Darmasiri	+94-63-2223385
Badulla	No. 6/3, Bandaranayke Mawatha, Badulla	Eng. T M W Bandara	+94-25-2223535
Bataloa	Bataloa District Secretariat Office, Bataloa	Eng. M R M Farees	+94-55-2222787
Hambantota	Divisional Secretariats Building Complex, Hambantota	Eng. L Asela Fernando	+94-55-2225210
Jaffna	Hostel Bldg., National Housing Development Authority, Chundikuli, Jaffna	Eng. D Mayooran	+94-65-3064576
Kalutara	No. 9A, Mosque Road, Wettumakada, Kalutara – South	Eng. K V Jagath	+94-47-2222477
Kandy	Janasawigama, Palkelele, Kandy	Eng. Dammika Prasad	+94-21-2224595
Kurunegala	No. 11, Monnekulama Road, Wahara, Kurunegala	Eng. S A I J Rodrigo	+94-34-2223743
Matara	No. 8, Flower House, Elawella Mawatha, Matara	Eng. U H T Priyantha	+94-81-2421294
Monaragala	No. 196/6, Wallawaya Road, Moneragala	Eng. W G S Kokila	+94-37-2232542
Ratnapura	No. 168/9, New Town, Ratnapura	Eng. T S Kumara	+94-41-2220593
Trincomalee	Divisional Secretariats Office, Trincomalee	Eng. W Wimalarathne	+94-55-2277392
Kanthale	85 Junction, Agbopura, Kantale	Eng. W Wimalarathne	+94-45-2224371 +94-26-3202411

HISTORICAL BACKGROUND

The Geological Survey and Mines Bureau is the proud successor to a series of geo-scientific departments which spans more than a century, starting as the Mineral Survey of Ceylon (MSC) in 1903 headed by Dr. Ananda Coomaraswamy. Throughout the history, these departments had an exceptional record of discovering, promoting and acquiring data on the country's mineral resources, to which all currently operating mineral-based industries owe their existence.

By 1939, the MSC was known as the Department of Mineralogy and in 1962 renamed again as the Geological Survey Department. On 18th March 1993 the Bureau was established through the Mines and

Minerals Act #33 of 1992 to combine the functions of the Geological Survey with the new responsibilities of a modern Mines Department.

The establishment of the Bureau as the lead agency in mineral development underscores the Government's commitment to promoting mineral-based industries. Minerals, by providing substitutes for expensive imports; commodities for the building and construction industry and the raw materials for export industries, create employment and generate income for the country. The Bureau is also responsible for maintaining the national geo-science database, and ensuring that this information is made available to the public.

Photo of
Dr. Ananda Coomaraswamy



DIVISIONAL PERFORMANCE

GENERAL

The major functions of the Geological Survey and Mines Bureau (GSMB) are of technical and regulatory nature. These functions of the GSM are performed by two Divisions namely Geological Survey Division and Mines Division each headed by a Deputy Director. The Geological Survey Division mainly undertakes geological mapping, mineral exploration and geological investigations whereas the Mines Division is responsible for regulatory activities as per the Mines and Minerals Act # 33 of 1992.

There are fourteen regional offices to carry out the duties of the GSMB in various parts of the country, especially to regulate the mining activities of respective areas. Due to inadequate number of staff in certain sections, the services of available staff had to be diverted to prioritized work.

GEOLOGICAL SURVEY DIVISION

The year 2011 was a successful year for the Geology Division in terms of productivity, routine activities and financial income. The total income earned from various client responsive projects exceeded Rs. 41,000,000/=. Since the priority was given to other nationally important or high-income generating projects, Bureau had to delay or postpone few activities.

Another, reason for incompleteness of planned activities (i.e. preparation of Soil Geochemical Maps) was the slow performances of existing analytical instruments. For example, analysis of soil samples using Atomic Absorption Spectrometer needs much time than expected. As a remedial measure for this problem and targeting improved analytical results, an Inductively Coupled Plasma Optical Emission Spectrometer (ICP-OES) was installed at a cost of Rs. 16,500,000/=.

Projects Undertaken with GSMB Funds

Precambrian Mapping

1:100 000 Geological Map (Basement Map) Preparation:

Preparation of geological maps is one of the key functions of the Bureau and mapping activities were continued through the year. The geological maps which contain the geo-information of the terrain are used in a wide range of activities including mineral and ground water exploration, major construction and civil engineering works and preparation of landslide hazard maps etc.

Sheet No 12 (Aralaganvila - Paddiruppu) was the only remaining geological map to be completed under 1:100,000 geological mapping programme. The field work, geological line work preparation and base map digitization were completed during year 2010. Digital cartography and printing are scheduled to complete within first half of 2011. The officers involved in this programme were Mr. Ajith Prema (Geologist), Ms. D.T.D.S. Wijesundara (Geologist), Ms. C.N.B. Wijerathne (Geologist) and Mrs. T. Nandadasa (Cartographer). Digital compilation of sheet number 12 was been completed in 2011 and revised based on suggestions made by the Editorial Committee.



Preparation of 1:500,000 Geological Map of Sri Lanka:

Since the 1:100,000 geological Mapping (Precambrian basement mapping on 1:100,000 scale) is nearing the completion it was planned to compile a 1:500,000 geological map of Sri Lanka based on published 1:100,000 maps. This work began in 2011 and continued into 2011. Officers assigned for this programme were Mr. Ajith Prema (Geologist) and Mrs. S. Karunadhipathi (Draughtsman). Initially, 1:250,000 scale geological maps (comprised of four sections) was prepared by compositing the available geological data of 1:100,000 scale published geological maps. Map will be ready for printing after Editorial Committee revisions.

Detailed Mapping & Memoir Preparation:

Published 1:100,000 Geological Maps carry only a brief description of geology of the area covered but lithological, petrographic and structural details are not included in this note. Therefore, as the first of a series (pilot study) detailed mapping of Colombo-Rathnapura sheet was included in the Action Plan of 2010. Officers involved were Dr. W.K.B.N. Prame (Deputy Director/Geology), Mr. A.M.M. Rathnayake (Geologist). Map compilation was completed in 2011 and laboratory work was in progress.

Quaternary Geological Map Preparation:

'Quaternary' period of the geological history spans from recent to about two million years ago. Quaternary formations of Sri Lanka are mainly restricted to coastal sediments, alluvial sediments in flood plains and soil formations. Yet, these formations are highly significant as they include economically important clay and sand deposits, coral deposits, fertile soil cover and ground water bodies.

The Geological Survey and Mines Bureau launched a project entitled 'Quaternary Geological Mapping' in 2008. Compilation of Kalutara and Balapitiya-Ambalangoda 1:50,000 sheets was completed. Field work of Hambantota-Tangalle & Chillaw 1: 50,000 sheets was completed. Field work in 1:50,000 Battuluoya sheet and compilation of Chillaw 1:50,000 Quaternary map were interrupted as the officer involved in (DR. Starin Fernando) met with an accident.

Pedogeochemical (Soil Geochemical) Mapping

The soil geochemical mapping programme was initiated in year 2008 to study the geochemical characteristics of soil. These maps are useful in mineral exploration, environmental monitoring, agricultural research and geo-health hazard studies. Geochemical mapping has been carried out on 1:50,000 base maps. Field work and chemical analysis of Sheet No. 88: Hambantota, Sheet No. 69: Badulla and Sheet No. 31: Anuradhapura have been completed using existing Atomic Absorption Spectrometer (AAS) and preliminary element distribution maps have been compiled. However, since the number of chemical elements that can be analyzed by the AAS is limited it was planned to reanalyze the same samples with a faster and a better analytical instrument that could analyze for wide range of elements. Procurement of an Inductively Coupled Plasma Optical Emission Spectrometer (ICP-OES) was planned to support this project.

Thus, in February 2012, an ICP-OES was installed at a cost of about Rs. 16,000,000/=. Testing of instrument was continued until June 2011 and samples collected from above mentioned sheets were re-analyzed using ICP-OES for additional chemical elements. Field work (soil sample collection) covering Padaviya and Thimbolketi sheets was also completed during 2011.

The staffs involved in the soil geochemical mapping programme in 2011 were as follows:

Upgrading of Seismic Monitoring System and Activities of the Seismic/Tsunami Alert

Map	Officers Involved
Sheet No.: Padawiya	Mr. H A D N Sanjeewa (Geologist)
Sheet No.: Thimbolketiya	Mr. M B M de Silva (Technical Officer)
	Mr. D M S Dissanayake (Geologist)
Analytical Laboratory	Ms. S Siriwardena (Chief Chemist)
	Ms. P Jayalath (Chemist)
	Ms. Vindya Wanasinghe (Chemist)
	Ms. N Rathnayake (Chemist)

Upgrading of Seismic Monitoring System and Activities of the Seismic/Tsunami Alert Centre

Improvement of existing facilities for monitoring of seismic activities in and around Sri Lanka and study of their hazard implications were necessary are necessary in geo-hazard mitigation efforts. GSMB had the opportunity to upgrade the existing monitoring capacity in the field of seismology under the mutual collaboration with Geo-Science Research Centre (GFZ) in Germany. After the signing of Memorandum of Understanding between the two parties and carrying out feasibility studies with German experts to find out the suitable locations to install stations in previous years two seismometers were installed at Mahakanadarawa near Mihinthale area and Hakmana. The officers involved in this project were Ms. S.N.B. Thaldena (Geophysicist) and Mr. S.W.M. Senevirathne (Geophysicist).

In 2010, seismic sensors were installed in constructed seismic vaults (rock chamber below the surface level) in a hard rock. In 2011, Geofon seismic stations were upgraded with power supply unit and solar panel system to maintain the zero level of power failures with the support of German experts. Software was upgraded to receive on line seismic data by Seismic Data and Tsunami Alert Centre at GSMB Head office. Few accessories of the PALK station at Palkelele were also replaced.

As both Mahakanadarawa (MALK) and Hakmana (HALK) stations are connected to Indonesian Tsunami Early Warning network scientists can use the data from these stations to assess the possibility of generating of Tsunami from a particular event. Data from other stations of the Indonesian seismic network is also available for Sri Lanka under the collaborative project.

Minerals Yearbook 2011 and Other Publications

This publication contains mineral statistics including production, consumption, exports of local minerals and import of minerals during the calendar year 2010. The Minerals Yearbook 2011 was published in 2011. The Mineral Yearbook 2011 was compiled by Mr. D.M.K. Dassanayake (Data Management Executive), Mr. Pradeep Wickramasinghe (TO), Mr. Priyantha Manawansa (Clerk) and Mr. Sudarma Vithana (Clerk) under the supervision of Dr. W.K.B.N. Prame (Deputy Director-Geology).

Publication of "Saga of the Geological Survey of Sri Lanka" compiled by Mr. L.K. Seneviratne, former Director of the Geological Survey Department and the "Minerals Yearbook 2011" were ceremonially launched with the participation of Hon. Minister of Environment.

Income Generating Projects

Detailed Investigations at Mahagama Vein Quartz Deposit

At the request of Tsukasa Kobo Company Ltd., a detailed investigation on this deposit including field mapping, surveying, augering, geophysical surveys and diamond core drilling was undertaken in 2011. The Officers involved were Mr. A.S. Jayakody (Geologist), Mr. R.M.M Rathnayake (Geologist), MR. S.T. Kalubandara (Geologist), S.N. de Silva (Geophysicist), Mr. M. Padmasiri (Senior Technical Officer) and Mr. Chamara Gunamuni (Technical Officer). Fieldwork including core drilling and preparation of Draft Report were completed. Income generated from this investigation for the year 2011 was around Rs. 2,800,000/=.

Diamond Core Drilling Investigations in Kalu Ganga Dam Axis and Tunnel Trace Areas

On the request of Central Engineering Consultancy Bureau (CECB) and LAHMEYER International Ltd. (consultants to the project) GSMB undertook drilling investigations to check the suitability of proposed site for erection of Dam across Kalu Ganga. In this investigation, a total of 13 drill holes with a total meterage of about 550m were drilled.

The income earned for the year 2011 from this project was about Rs. 8,000,000/=

Mineral Sand Exploration along the along the Coastal Stretch Covering Thirukkivil & Tampaddai 1:50,000 Sheet in Eastern Sri Lanka

This project was undertaken at the request of Damsila (Pvt.) Ltd. Fieldwork was completed in 2010 and mineralogical analysis work of collected 550 sand samples were carried out at the petrological laboratory of the GSMB.

The income due for the year 2011 from this project is about Rs. 600,000/=

Core Drilling at Achchumale Clay Deposits for Holcim Lanka Ltd.

Drilling work was undertaken in August 2011 to put down about 35 shallow drill holes and several pumping tests at Achchumale area. The total income generated from this project for the year was about Rs. 6,500,000/=.

Miocene Limestone Investigations in Punareen

Following the rapid resource assessment surveys under "Uthuruwasanthaya", it was decided to put down several test drill holes in promising locations for limestone deposits. During the period of July – September 2010, 05 holes were drilled with total meterage of 209.8m. Chemical analysis of limestone samples was completed in 2011. Investigations revealed the presence of good quality limestone below the ground level.

Diamond Core Drilling at Moragahakanda

At the request of Central Engineering Consultancy Bureau (CECB), diamond core drilling was undertaken at the right bank of the proposed site for dam construction. The work commenced in September 2010 and was completed in 2011. Officers involved were Mr. A.S. Jayakody (Geologist), Mr. K.S.J. Fernando (Drilling Executive) and Mr. Palihadeniya (Technical Officer).

Mineral Sand Surveys

Mineral sand surveys were conducted along the northeastern coastal stretch at the request of two private parties (Alchemy Lanka (Pvt) Ltd. and Damsila (Pvt) Ltd. These surveys indicated the occurrence of promising beach mineral sand deposits in the area. The survey was carried out by Mr. S.T. Kalubandara (Geologist) and Mr. D.M.S. Dissanayake (Geologist).

Mineral Intelligence Unit

Mineral Intelligence Unit continued their work related to correspondence with stakeholders with regard to mineral investment agreements, mineral policy, exploration proposals and related activities.

Laboratory Upgrading

In a major move to upgrade the existing laboratory facilities, several new instruments were added to the GSMB laboratories. These include the Inductively Coupled Plasma Optical Emission Spectrometer (ICP-OES) procured for the analytical laboratory at a cost of Rs. 16, 500,000/= and a new Frantz Isodynamic Separator procured for the Petrology laboratory. A system of magnetometers (GEM-19), 24-Channel Seismograph and ABEM Terrameter (S 800) was procured for geophysical investigations.

Services and Activities of the Library & Awareness Programmes

During the year 2011 the Bureau spent about Rs. 2,800,000/= to purchase scientific journals and new textbooks. Three (03) issues of 'Current Awareness' Bulletin were prepared and circulated to major technical/university libraries of the country.

Computerization of the library facilities were continued introducing a new software developed by the SLIT and a bar code to the library books. Labeling of text books was in progress.

The Bureau also participated in a number of exhibitions, school science programmes and awareness programmes organized by schools, the Geological Society of Sri Lanka and various other societies. It was noted that exhibition stalls organized by the Bureau were very popular and informative. GSMB's exhibition stall at the "Deyata Kirula" held at Oyamaduwa, Tanthirimale was an attraction for the visitors.

Other Activities

The routine work related to maintenance of computers, peripherals and the website was carried out by Mr. D M Dassanayake (Data Management Executive), Mr. Pradeep Wickramasinghe (Technical Officer-IT) and Mr. Budhdhika Marapana (Technical Officer-IT). They have also attended to the maintenance work and improving of IT infrastructure at regional offices.

Officers of the Geology Division also contributed to several awareness programmes, exhibitions, workshops and seminars with the participation of school children and other government organizations.

Participation in Overseas Study Programmes, Workshops, Seminars

- Mr. C H E R Siriwardena (Geologist) continued his doctoral studies at Kent University, USA, Dr. P.N. Ranasinghe (Geologist) continued research studies at Woods Hole Institute of Oceanography after completion of his Ph.D at Kent University.
- Ms. Chandima Fernando (Geologist) continued her M.Sc. course at ITC, Netherlands.
- Mr. S N De Silva (Geophysicist) attended "06th International Conference on Seismology and Earthquake Engineering" held in Teheran, Islamic Republic of Iran from 16th to 19th May 2011.
- Ms. S N B Thaldena (Geophysicist) attended on-job training programme as an invited scientist at Regional Integrated Multi-Hazard Early Warning System, Bangkok, Thailand from 08th June – 27th October 2011.
- Dr. W K B N Prame (Deputy Director-Geology), Mr. S N de Silva (Geophysicist) and Ms. D T D de Wijesundara (Geologist) attended

"Advanced On-Site Inspection Training event organized by the Comprehensive Nuclear Test Ban Organization (CTBTO)", Vienna, held in Baden, Austria from 20th June to 08th July 2011.

- Mr. S W M Senevirathne (Geophysicist) attended programme on " International Training Course on Seismology, Seismic Data Analysis, Hazard Assessment and Risk Mitigation" organized by Helmholtz Center, Potsdam, Germany from 19th September to 21st October 2011.
- Mr. K T U S De Silva (Asst. Director) attended Technical Meeting on "World Thorium Resources" held in Thiruvananthapuram Kerala, India from 17th to 21st October 2011.
- Dr. W K B Prame (Deputy Director-Geology) attended "Symposium on Polar Geosciences" held at National Institute of Polar Research, Tokyo, Japan from 12th to 20th November 2011.
- **Dr. W K B Prame (Deputy Director-Geology) attended "SAARC Expert Group Meeting on Seismic Hazard Assessment held in New Delhi", India from 16th to 17th December 2011.**

Laboratory Services

a) Analytical Laboratory

Services

The Analytical Laboratory of the Geological Survey and Mines Bureau has pioneered in the techniques of silicate analysis in Sri Lanka. We have been providing quality analytical services to industry and scientific research ventures for over five decades.

The laboratory provides accurate and reliable chemical analyses of rocks, minerals, ores, ground water, surface waters, industrial effluents and other miscellaneous materials using internationally accepted techniques and standards at highly competitive rates.

Main functions

Basic and advanced chemical analysis in the following fields:

- Mineral Industry – Raw Materials Testing
- Water Quality Testing
- Geochemical Mapping and Research
- Environmental Quality Assessment

This has been a training centre for university undergraduates, postgraduates and scientific officers from relevant public sector departments.

Methodologies and instrumentation

- Pulverizing by contamination free Tungsten Carbide Mills
- Traditional Silicate Digestion methods/ A modern Micro Wave Digestion
- Preparation of pellets for X-ray Fluorescence Analysis using a KatanaxFluxer
- Atomic Absorption Spectrophotometer with flame and furnace techniques to determine more than 25 major, minor and some rare earth elements. This technique covers wide analytical range from ppb to percentage values for many elements.
- Hydride generation to analyse non-metals such as Arsenic, Selenium, Antimony, Bismuth and Silver, etc...
- UV-Visible Spectrophotometer & the Ion analyzer to analyse anions such as phosphates, fluorides, chlorides, nitrates etc...
- Other available equipment includes furnaces, pH/ dissolved oxygen meters, conductivity/ salinity/TDS meters etc...
- ICP/OES Inductively Coupled Plasma Optical Emission Spectrometer, equipped with HF torch and high solid nebulizer, spray chamber systems and coupled with Hydride generation system, enabling simultaneous analysing of nearly 60 elements in geological and environmental materials.

b) Petrology Laboratory

Services

The Petrology Laboratory has pioneered in the techniques of petrographic analysis in Sri Lanka, together with quantitative mineral separation work. We have been serving the country for over five decades.

The laboratory provides accurate mineralogical and petrographic analyses of rocks, minerals, ores and allied materials using internationally accepted techniques and standards at highly competitive rates.

Main Functions

- We provide basic and advanced mineralogical and petrographic analyses for:
- Geological research / Geological Mapping / Mineral Exploration Programmes
- Raw materials testing for the Mineral Based Industrial Sector.
- Identification and assaying of earth materials for the general public

Methodology / Instrumentation

- Preparation of quality petrographic thin sections and polished sections of rocks, ores etc. using precision Logitech trim saws, lapping machines.

WHY ARE WE SPECIAL

Reliability	: Reliable services are provided to customers
Validity	: Our expert staff provides valid reports using modern technology
Efficiency	: Reports are made available at the earliest
Affordability	: Comparatively low rates
Reputation	: GSMB laboratories are accepted as the Standard Reference Laboratory for analysis of rocks and minerals in the country

- Mineralogical and Textures analysis of thin sections and polished sections using Olympus petrographic microscopes.
- Micro photographs of thin sections.
- Mineral separations of sands, ores etc. using heavy liquid (gravity) separation method.
- Magnetic mineral; separations using the Frantz Isodynamic separator.
- Particle size distribution of sands, soils, clays etc. using B.S. sieves and the pipette method for silt / clay grade material. Data presented as Histograms cumulative curves.
- Identification of minerals using physical and optical properties.
- Identification of mineral phases in carbonate rocks and in clays using the Differential Thermal Analysis Technique (DTA)

(C) Geophysical Laboratory

The Geophysical Laboratory of the GSMB is equipped with modern state-of-the-art equipment and software that are handled by qualified personals with hands-on experience enabling to conduct a wide range of geophysical investigations. The unit conducts mineral exploration surveys with special focus on subsurface extension of resources, synthesises geophysical models on subsurface features for construction sites and addresses environmental concerns such as ground water pollution, particularly in urban areas. A dedicated service is provided for clients in geophysical investigations by maintaining high professional standards.

National needs pertaining to geophysical aspects are promptly and efficiently addressed via this unit. The Geophysical Laboratory is continuously upgraded with modern geophysical data acquisition systems and data processing capability. The laboratory possesses skills to conduct resistivity, magnetic, refraction seismic and ground penetratin radar (GPR) surveys.

WHY ARE WE SPECIAL

Reliability and Validity	: Reliable and valid reports are provided using modern technology and by an expert staff
Efficiency	: Timely work within the shortest possible time framework
Affordability	: Comparatively low rates
Reputation	: GSMB laboratories are accepted as standard reference laboratories in the field of petrographic analysis in Sri Lanka

MINES DIVISION

Major Functions of the Mining Division

The Mines Division is presently functioning with fourteen Regional Offices. These offices have been established to provide our services for the customers engaged in various mining industries. With the recent amendments to the Mines and Minerals Act # 33 of 1992 wider powers have been given to the Bureau to control illegal mining activities. The main work includes site inspection, test blasts, inquiring public complaints, issuing of licenses for mining, trading, exploration and transport and minimizing illegal mining activities. Major functions of the Mines Division include;

- Evaluate commercial viability of mining for processing and export of minerals under the Mines & Minerals Act No.33 of 1992
- Regulate the exploration and mining for minerals and the processing, trading in and export of such minerals by the issuance of licences
- Advise the minister on measures to be adopted for the promotion of the extraction and production of minerals on a commercial basis

Services Available

- Mine inspection (mobile service – issuing licenses, technical advices)
- Expert services (blasting techniques, license upgrading, safety methods, test blasts, crack surveys)
- Awareness programs (Awareness programmes for public officers & license holders, Workshop for people engage in mining activities, Exhibitions)
- Rehabilitation Programmes (motivating mines to safeguard the environment and supervising the environment protection and rehabilitation activities carried out by mines).

Environmental Clearances

All prescribed mining and mineral extraction projects gazetted under the National Environment Act should obtain environmental clearance by submitting either an Initial Environmental Examination Report (IEER) or Environment Impact Assessment Report (EIAR) as applicable.

All mining activities of Industrial Mining Licences 'A' category (IML A) should obtain environmental clearance.

Types of Licences Issued by the GSMB

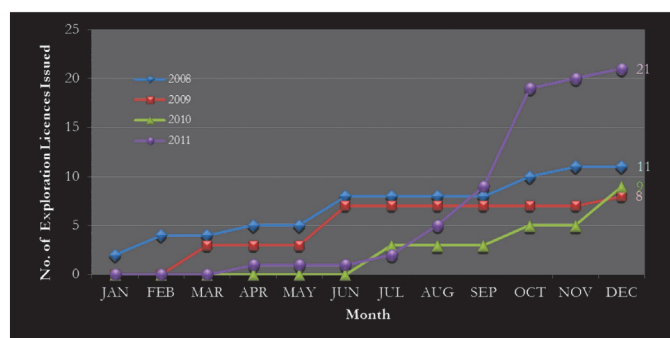
- Exploration licenses
- Mining licenses (Artisanal, Industrial, Reserved Minerals)
- Trading licenses
- Export licenses
- Transport licenses

Licenses & Procedures

Under the Mines & Minerals Act No. 33 of 1992, the GSMB issues three types of licenses, i.e., Exploration, Mining, Trading and Transport. Details of these licenses are as follows:

a) Exploration licenses (EL)

An Exploration license grants the license-holder the exclusive right to explore for all mineral categories authorized by the license. Exploration licences issued during the period of 2008 to 2011 are shown in following chart.



Exploration licenses 21

b) Mining Licences

Artisanal Mining Licences (AML)

Grants the license-holder the exclusive right to mine, process and trade in all minerals specified in the license within an area not exceeding ten hectare or to a depth not exceeding twenty five meters.

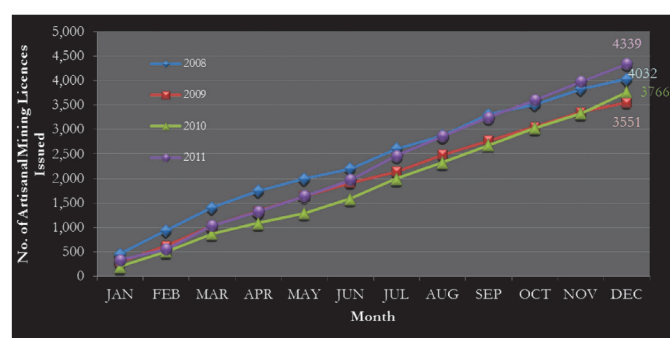
Category A - which shall include one or more of the under-mentioned conditions

- The depth of bore hole to be less than 1.5 meters
- The production volume to be not less than 100 m3 and not more than 600 m3 per month
- No machinery to be used

Category B - which shall include any one or more of the under mentioned conditions

- The depth of the borehole to be less than 1.5 meters
- Production volume to be not exceeding 100 m3 per month
- No machinery to be used

Artisanal Mining Licences issued during the period of 2008 to 2011 are shown in following chart.



Artisanal Mining Licences

Category A - 1378

Category B - 2961

Industrial Mining Licences (IML)

Grants exclusive right to explore for, mine, process and trade in all minerals mined within the area specified in such license. There are three categories of Industrial Mining Licences.

Category A (include one or more of following conditions)

- Blasting method - multi-borehole using delay elements
- The depth of the bore hole - more than 3.0 meters
- Production volume - more than 1500 m3 per month
- Machinery to be used - track drills, jack hammers, rock breakers, front-end loaders and other machinery

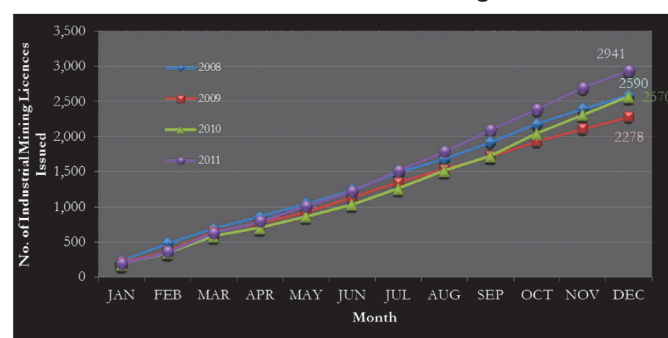
Category B (include one or more of the following conditions)

- The blasting method - single borehole
- The depth of boreholes - not less than 1.5 meters and not more than 3.0 meters
- The production volume - between 1500 m3 and not more than 1500 m3 per month
- Only jack hammers to be used

Category C (include one or more of the following conditions)

- Blasting method - single shot-hole
- Depth of the bore hole - less than 1.5 m
- Production volume - should less than 600 m3 per month
- Only jack hammers to be used

Industrial Mining Licences issued during the period of 2008 to 2011 are shown in following chart.



Industrial Mining Licences

Category A - 111

Category B - 1189

Category C - 1641

Reserved Minerals (RML)

License to explore, for, mine, process and trade in reserved minerals may be granted with the approval of the Minister.

c) Trading License (TDL)

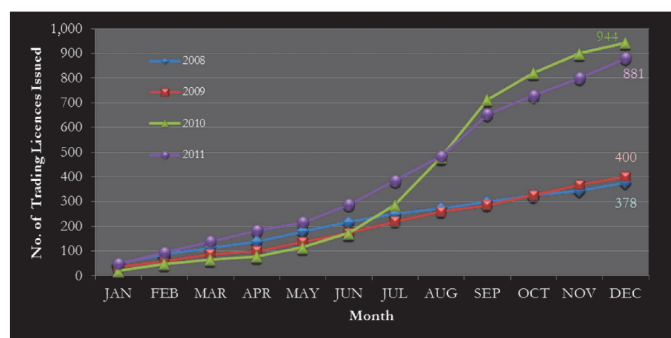
A trading license shall grant the non-exclusive right to purchase, store, process, trade in and, with the special authorization of the Director, to export minerals in respect of which the license is issued.

Category A - to trade in minerals for export

Category B - to trade in minerals locally

Category C - to trade in bricks and lime produced manually.

Trading Licenses issued during the period of 2008 to 2011 are shown in following chart.



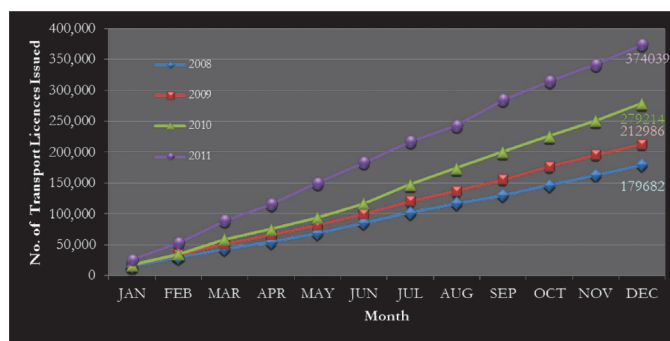
Trading License

Category A - 18 / Category B - 863 / Category C - 00

d) Transport License

License to transport mineral-bearing substances or minerals shall be issued for such quantity and period and for such minerals as may be specified in such license. All exploration, mining and trading licenses shall require a transport license to transport mineral-bearing substances or minerals.

Transport Licenses issued during the period of 2008 to 2011 are shown in following chart.

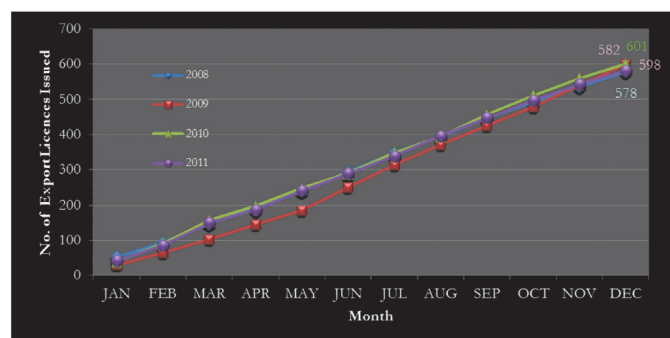


Transport License 374,039

e) Export of Minerals

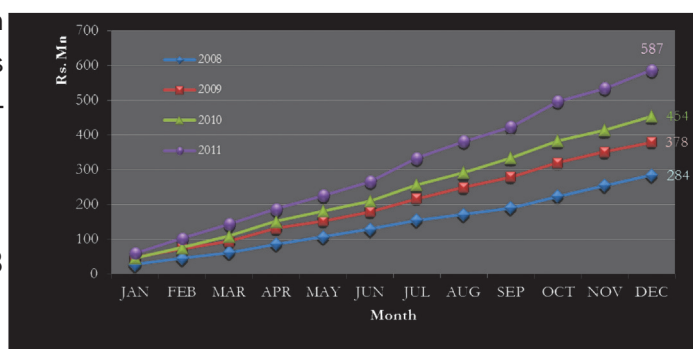
All exploration, mining and trading licensees shall obtain the special authorization of the Director of the GSMB to export minerals in respect of which the license is issued.

Export Licenses issued during the period of 2008 to 2011 are shown in following chart.



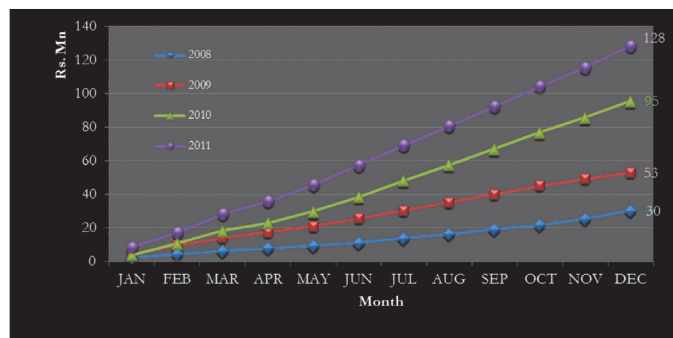
Royalty Income

Following chart shows the royalty income collected by the GSMB on behalf of the Government of Sri Lanka. It clearly shows a general increase of royalty collection.

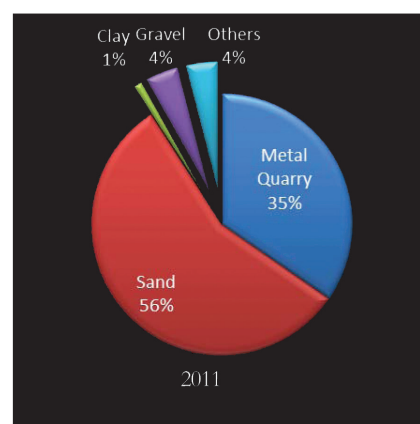
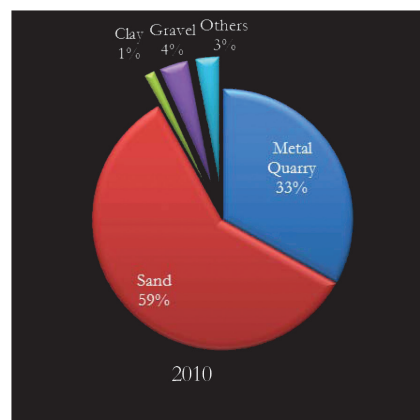
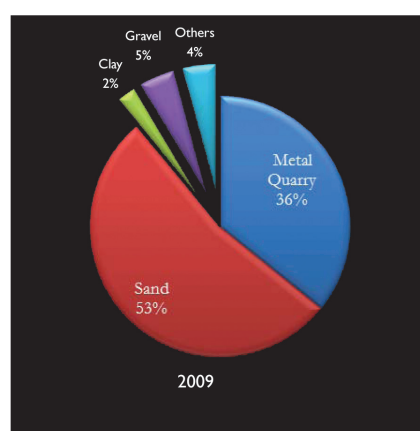
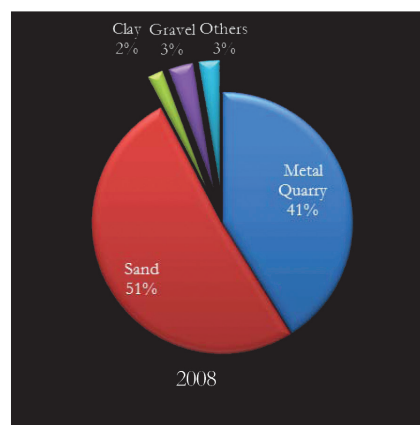


Income generated by Mines Inspection

Rapid increase of Income generated by Mines Inspection shows in following graph tells the rapid development of the Mineral Industry of the country.



Distribution of Issued licence for mineral Categories for Each Year



Mineral Titles Registry

During the year 2011, 8722 number of new mining license applications has been received.

Metal Quarry	3017	Graphite	04
Sand	4911	Calcite & Dolomite	36
Clay	92	Quartz & Feldspar	41
Gravel	355	Quartz & Kaolin	01
Soil	04	Sea Sand	06
Clay & Sand	26	Mineral Sand	04
Calcite	10	Gold	01
Mica	45	Sample Letters	60
Quartz	80	Export Permits	582
Silica Sand	10		
Ball Clay	17		
Dolomite	36		
Kaolin	10		
Phosphate	01		
Granite	03		
Feldspar	11		
Limestone	01		

Regional Offices

The Mines Division is presently functioning with 13 Regional Offices at Kandy, Matara, Kurunegala, Badulla, Ratnapura, Anuradhapura, Ampara, Monaragala, Hambantota, Trincomalee, Kalutara, Jaffna and Batticaloa. The major activities of these Regional Offices are to cater better services for the customers who are engaged in various Mining Industries in relevant Provinces and control the illegal mining activities.

The Regional Mining Engineers attached to the Regional Offices are as follows:

Regional Office	Regional Engineer
Kandy, Wilgamuwa & Minipe (Sub Offices)	Mr. Dammika Prasad
Kurunegala	Mr. S A I J Rodrigo
Matara	Mr. U H T Priyantha
Badulla	Mr. T M W Bandara
Anuradhapura	Mr. K A S Dharmasiri
Ratnapura	Mr. T S Kumara
Ampara	Mr. H K C K W Bandara
Monaragala	Mr. W G S Kokila
Hambantota	Mr. L Asela Fernando
Trincomalee & Kantale (Sub office)	Mr. K N W K Wimalarathna
Batticaloa	Mr. M R M Farees
Jaffna	Miss L Karunanandasivam
Kalutara	Mr. K V Jagath

Decentralization of issuance of Mining Licences

The Bureau decided to decentralized issuance of Mining Licences to the Regional Offices and as the initial steps the Authority was granted to issue Artisanal Mining Licences for Building Materials to Regional Managers and other staff members approved by the Board of Management.

It is also decided to grant authority to issue IML 'C' category Mining Licences from Regional Offices where adequate staff facilities are available. Currently four regional offices have implemented this procedure which is Badulla, Ratnapura & Kalutara.

Workshops and Seminars

The Mines Division has carried-out several workshops & Seminars at various districts in order to sort out major industrial problems related to mining activities and make aware state organization & licence holders about Bureaus regulatory functions according to Mines and Mineral Act. The major objective of these workshops was to improve coordination between GSMB and other state organizations such as Divisional Secretaries during the implementation of Mines and Mineral Act. The details of the workshops and Awareness Programmes conducted by the Mines Division are as follows.

Workshop/Awareness Programme	Date	Theme
1. Workshop at Uma Oya Project - Irrigation Department	2011.02.25	Geological & mining aspects related to Uma Oya Project
2. Workshop at Dankotuwa Divisional Secretariat - Police Department	2011.03.22	Legal aspects related to Mining Activities
3. Workshop at Ratnapura	2011.04.27	Introduce of legal procedure to Divisional Secretaries for issuance of Transport Licences for sand, soil and gravel for non-commercial purposes.
4. Workshop at Hambantota	2011.05.03	
5. Workshop at Monaragala	2011.05.10/ 2011.09.06	
6. Workshop at Colombo/Gampaha	2011.06.03	
7. Workshop at Matara	2011.09.15	
8. Workshop at Badulla	2011.09.16	
9. Workshop at Kalutara	2011.10.03	
10. Workshop at Kurunegala	2011.10.27	
11. Workshop at Hambantota	2011.11.06	
12. Awareness Programme at Central Environmental Authority	2011.04.23	Environmental and social issues related to OCH project
13. Awareness Programme at Pannala with Hon. Minister	2011.05.10	The legal procedure & practical problem related to issue of Mining Licences Rehabilitation of Ma Oya river banks
14. Workshop with Environmental Foundation Ltd at Head Office	2011.06.10	Regulatory activities of the GSMB in Mannar District
15. Awareness Programme at District Secretariat – Mannar	2011.08.13	Legal & practical problem related to issuance mining licences
16. Workshop at Divulapitiya with Rick & Tile Manufactures	2011.08.20	Sand mining at Wilgamuwa AGA division -Mahaweli River
17. Workshop at Wilgamuwa	2011.09.08	Legal aspects of the MMA & the role of the Police Dept.
18. Awareness Programme at CEA	2011.10.01	Minimize illegal sand mining activities
19. Awareness Programme for sand miners - Gampaha District	2010.11.15	

Educational Programmes

Certificate Course on Industrial Rock Blasting:

Fulfilling a long-standing need, the Mines Division of the Geological Survey and Mines Bureau conducted the first 3-month duration certificate course on rock blasting designed for technical, supervisory level engaged in the Sri Lankan rock blasting industry in collaboration with the Central Environmental Authority in June, 2011.

The programme planned to be conducted annually will result in raising the safety standards and blasting productivity.

Mines Inspectorate

During the year 2011 the Mining Engineers have carried-out 7722 site inspections in respect of applications received by the Registry and petitions and complaints received from various people regarding illegal mining activities. One hundred & thirty (130) Test Blasts were carried out in respect of Quarry Sites where there were public protests. An Awareness Programmes to discuss various problems pertaining to the issue of quarry licences and sand mining problems within Ampara, Mannar, Trincomalee, Batticaloe, Hambantota and Monaragala Districts were conducted at the relevant District Secretariats. The Meetings were attended by the Regional Managers, District Secretaries, all Divisional Secretaries of the relevant District and other officials attached to the Departments and Institutions involved in the process of issuance of licences and permits for various mining activities.

The Mining Engineers also assisted to carry out sand surveying activities in Mahaweli Ganga, Kalu Ganga, Kelani Ganga, Ma Oya in order to identify suitable mining locations and available quantities of sand in the North-Western, Sabaragamuwa and Western Provinces. However, it is important to mention that illegal mining activities still could not eliminate although several important steps have been

taken by the Mines Division to minimize them.

As a result of continuous requests made by the Mines Division the management of the Bureau obtained the permission of the Management Services Department to recruit 60 Field Assistants to monitor illegal mining activities particularly in sand mining area.

Apart from the routine site inspection work, the Mining Engineers attended to various complaints with regard to legal and illegal mining activities, meetings with Divisional Secretaries and participated in District Coordinating Committee Meetings and various Environmental Committee Meetings for discussions and clarifications of matters pertaining to the Mining Industry.

- It is noted that two major fatal accidents were reported to the Mines Divisions from Matale & Koratota in Kaduwela Divisional Secretary areas Mining Industry during the year 2011.
- The Mines Division cancelled the Mining Licences and investigated the technical issues related to fatal accidents.

IEE – EIA Projects

During the year 2011 the Mines Division evaluated Initial Environmental Examination reports submitted by following companies for prescribed projects specially, for multi-borehole blasting operations of metal quarries.

Mines Division has issued IML 'A' Category licences for above projects after stipulating conditions prepared by Technical Evaluation Committee.

Name of Proponent	Proposed Quarry Site
U V B Ravindra	Millaniya, Kalutara
Chanaka Metal Pvt Ltd	Beliatta, Tangalle
Hambantota International Air Port Development Project	Hambantota
Ruhunu Development Construction & Engineering (Pvt) Ltd	Welarsinnakulam, Vavuniya
Business Promoters & Partners Pvt Ltd	Mamaduwa, Vavuniya
Prime Logistics Service International Pvt Ltd	Oddusuddan, Mulaitivu
Maga Engineering Pvt Ltd	Tathyamale, Mulaitivu
K D Ebert and Sons Holdings Pvt Ltd	Kodalikallu, Maulaitivu
D R Jayasinghe	Thebuwana, Kalutara
Thudawe Brothers Pvt Ltd	Ralapanawa, Anuradhapura
Maga Engineering Pvt Ltd	Kebithigollewa, Anuradhapura
Jayasinghe Metal Crushers	Paludeniya, Polonnaruwa
Sri Lanka Air Force	Udawela Kanda, Nawagamuwa
S D R Senadeera	Thudugala, Kalutara
Consulting Engineering & Contractors Pvt Ltd	Kantale

Post Graduate Studies & Training Programmes

Post Graduate Studies

- P D Prasad (Mining Engineer)**
MSc in Engineering Geology & Hydrogeology (University of Peradeniya)
- K N W K Wimalarathna (Mining Engineer)**
MSc in Engineering Geology & Hydrogeology (University of Peradeniya)
- H K M Gunasekara (Mining Engineer)**
MSc in Earth Retaining System & Foundation Engineering. (University of Moratuwa)
- H P Siriwardana (Mining Engineer)**
MSc Course in GIS & Remote Sensing. (University of Peradeniya)
- Mr. D Mayooran (Mining Engineer)**
MSc in Environmental Engineering & Management (University of Moratuwa)

Other Activities

The details of major activities conducted by mines division apart from the normal regulatory functions are given below;

- An inspection visit was conducted on 2nd January 2011 to monitor rock blasting activities at the Nuwara Eliya - Badulla Road Construction Project.
- Monthly Regional Managers meeting was held on 7th January at Head Office to discuss matters related to Regional Offices.
- A field visit was conducted on 8th January to Aruwakkaru quarry site with newly recruited

Mining Engineers and Asst. Registrars as a field inspection visit for their training period.

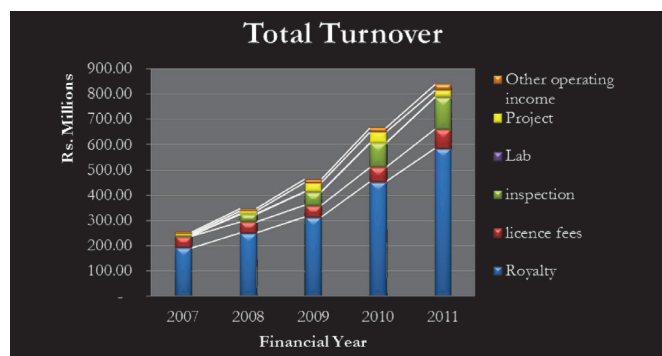
4. A two days workshop was held on 14th and 15th January at the ECTAD to discuss 2011 Work Programme of all institutes attached to the Ministry of Environment.
5. A meeting was held on 31st January with the Director General and other key officers of the CEA at head office to discuss matters related to EIA IEE procedure.
6. The distribution of licence books for mining and transportation of sand, clay and gravel for non commercial purposes was commenced under the decentralization of GSMB licence issuing authority among divisional secretaries.
7. Visit to Buttala "Deyata Kirula" exhibition site on 1st of February 2011 - organizing activities
8. An awareness programme & workshop was conducted on 5th February for sand miners in Ma oya, Gampaha District.
9. A field visit was conducted on 10th February to Hambantota in order to monitor proposed IML 'A' category quarries in Hambantota District.
10. A meeting was held on 14th February with the Deputy Minister of Environment at Gampola regarding the sand mining licences in Gampola divisional secretariat area.
11. A discussion was held with the GA colombo district on 14th March at Colombo Divisional Secretariat to discuss matter related to metal quarrying and sand mining activities in Colombo District.
12. A field visit was conducted on 20th March to Kekirawa Vavuniya on 20th March in order to monitor proposed IML 'A' category quarry site.
13. A workshop was conducted on 22nd March at Dankotuwa Divisional Secretariat with collaboration of the Environmental Foundation Ltd for the officers of the Police Department.
14. A meeting was held on 1st April at the Forest Department to discuss matters related to issuing mining licences in forest lands particularly in Northern Province.
15. A meeting was held on 6th April at the Ministry of Environment with the Hon. Minister regarding the problems related to GSMB activities.
16. A discussion was held on 7th April at the Head Office – Mahaweli Authority regarding Industrial Mining Licence applications for quartz mining in Dehiattakandiya, Ampara District.
17. A meeting was held on 8th April with the Environmental Foundation Ltd to discuss matters related to Supreme Court Case No. SCFR 81.
18. A discussion was held on 20th April with the Monthly GS Conference at SLIDA related to GSMB activities.
19. A discussion was held on 9th May at the Ministry of Environment to finalize the amendments proposed to the Mines & Mineral Act and Regulations.
20. A meeting was held on 11th May at the GSMB Head Office with the Hon. Minister of Environment to discuss current situation of the GSMB.
21. World Environmental Day programme was conducted at Pinnawala Central College – Rambukkana on 5th June with the participation on Hon. Minister of Environment. Hon. Speaker also participated as the chief guest.
22. A discussion was held on 7th June with Mr. Nemmawatta -Additional Secretary at the Ministry of Environment regarding development of a more simple and convenient methodology for licencing procedure and prepare relevant for issuances licences.
23. A site visit was held to Hoveal Quarry site at Malwana Gampaha in order to carry out a training programme participant of the blasting course on 11th June.
24. A field visit was conducted on 2nd July to Dummalasuriya and Galgamuwa in North Western Province in order to investigate complaints made to the Hon. Minister of Environment about illegal mining activities.

25. A TWG visit was conducted to Thebuwana , Kalutara to evaluate the IEE report submitted by Mr. D. Jayasinghe on 17th July.
26. A field visit was conducted on 29th July to Manampitiya, Polonnaruwa in order to identify any environmental and social issues related to sand mining in Manampitiya area.
27. The Mid Year Progress Review Meeting was held on 30th & 31st July at Warkapola with the participation of Hon. Minister of Environment to discuss the progress of all institutes operating under the Ministry of Environment.
28. A field visit was conducted on 6th August to Mannar and Mulaitivu area in order to investigate IML 'A' mining applications submitted by K.D.A. Ebert Co. Ltd and sand mining activities in Mannar District.
29. A monitoring visit was conducted on 14th & 15th August to Jaffna Regional Office to discuss issues related to mining and administrative activities
30. A field visit was conducted on 21st August to Medavachchiya – KEBITIGOLLAWA areas to inspect the IML 'A' applications submitted by the Maga Engineering Co. Ltd and Thudawe Brothers.
31. A field visit was conducted to monitor sand & rehabilitation activities along the Mahaweli River in Manampitiya area – Polonnaruwa on 1st September.
32. A TWG meeting was held to discuss IEE report submitted by the Air Force regarding the proposed Korean Crusher Plant situated in Ranala - Kaduwela on 7th September.
33. An official visit was conducted to Anuradhapura – Thanthirimale to organize activities relevant to Deyata Kirula Programme on 17th September
34. The COPE meeting was held on 23rd September at the Parliament to discuss matters related to GSMB.

FINANCIAL REVIEW

Total turnover of the Bureau during the last 5 years.

Details	2007	2008	2009	2010	2011
Total turnover (Rs. Mn)	256	347	463	668	862



GSMB's Income Generation

The income generation of the GSMB falls mainly under the following four processes;

1. Regulation of all mining activities with respect to the available mineral commodities of the country except for gems and petroleum resources (summarized as License Fees, Inspection Charges and Royalty);
2. Conducting various client responsive projects including geological and geophysical investigations, drilling and laboratory services (summarized as Projects and Laboratory Income)
3. Sale of geological maps , books, reports and other information generated by the GSMB;
4. Administration of export of samples (summarized as other)

The GSMB, being a semi-government entity, acts mainly as a service provider to the nation. The services of GSMB covers providing the geoscientific capability to the nation by means of providing impartial scientific information, geoscientific maps etc. to planners, managers as well as general public.. Other important line of service is overall administration of mining activities. The investments through mineral industry are generally short lived for which the sustainable mineral deposits utilization is satisfied. It implies that the GSMB has no regular customers or constant investors on a particular mineral commodity in the mining sector.

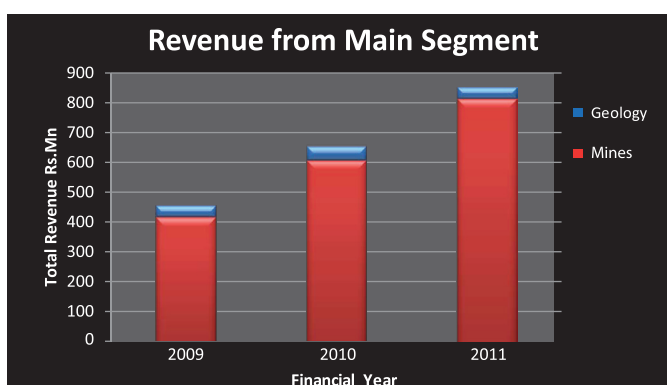
Primary operations in GSMB

Primary Operation of the GSMB is carried out by two main divisions the Geology and Mines, where each division is headed by a Deputy Director. The Geology Division mainly undertakes geological mapping and mineral exploration whereas the Mines Division is responsible for regulatory activities of the bureau. There are thirteen regional offices to support the technical work of GSMB specially to manage the mining activities of respective areas. Two main divisions are supported by the Administration and Finance divisions which come under the purview of the General Manager and the Legal section.

GSMB revenue is generated mainly by the two main divisions, the Geology and the Mines divisions. The income generated by the Geology division, is basically through client funded exploration programmes, research projects, laboratory work, sale of publications and library services and administering export of samples, whereas the Mines division earns through regulatory activities including issuing licences, collection of royalty, field inspections including test blasts.

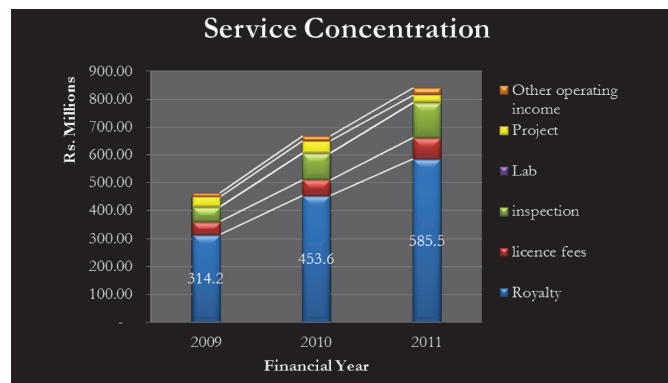
Revenue from Main Segments

Main segments	Income Generated Streams	2009	2010	2011
Geology	Laboratory Income Project Income Sale of Publications Export of Samples	36.9	45.4	36.5
Mines	Royalty Licence fees Inspection fees Test Blast Income Mining Refund office chargers Mining Income - Sundry	418.9	619	816



Service Concentration

Details	2009/10	2010/11	2011/12
Revenue from highest earning service(Rs.Mn)	463	668	862
Royalty			

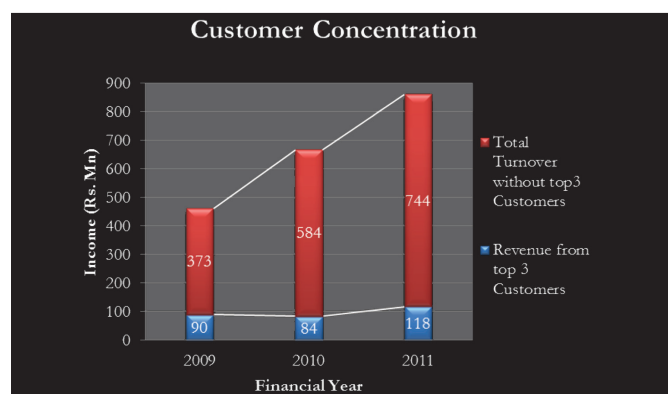


Market Concentration

Details	2009	2010	2011
Revenue from the biggest segment (Rs. Mn.)	Mines Division 419	Mines Division 619	Mines Division 816

Customer Concentration

Details	2009	2010	2011
Revenue from top 3 customers (Rs. Mn.)	90	84	118



2009 – Top Customers

Lanka Mineral Sands Ltd, Central Cultural Fund, Cey Quartz MBI Pvt Ltd

2010 – Top Customers

Lanka Mineral Sands Ltd, Cey Quartz MBI Pvt Ltd, Central Cultural Fund

2011 – Top Customers

Lanka Mineral Sands Ltd, Cey Quartz MBI Pvt Ltd, Bogala Graphite Pvt Ltd

ADMINISTRATION REVIEW

New Recruitments: Seven more regional offices have been opened during the last three years to support the technical work of GSMB specially to manage mining activities of respective areas. Therefore, additional Mining Engineers have been recruited and 60 Field assistants have been recruited to monitor illegal mining activities particularly in sand mining areas.

Salary Increments: The progress of the work of individual employees in achieving their duty targets is assessed by the GSMB management in granting annual salary increments.

Promotions: The management of GSMB face necessary actions to fill the vacancies, in every cadre position and to promote eligible candidates to relevant post.

Grade Promotions: Depending on the performances, improvements in qualifications and practical experience gained and the dedication and contribution made towards the success of the organization, employees have the opportunity for promotions in their grades.

Performance Appraisal, Rewards system and Employee motivations: Special annual incentive is given to all permanent staff of GSMB on performance and attendance basis. During the past three years, the employees of GSMB were able to get a sizable additional income through this incentive program. In other words this is recognition of the contribution of employees to the progress of GSMB.

Staff welfare and Social events: Employees are entitled with fringe benefits such as housing loans and vehicle loans. All the GSMB employees are granted with a book allowance in September (Literature month) of each year to encourage reading for widening their knowledge base. An allowance as gift vouchers from reputed bag and shoe manufacturers are granted for all the GSMB employees to purchase school bags and shoes for their children during the New Year school vacation. In addition, exercise books and other stationary are also offered annually to school children based on their individual class requirements.

Annual Award Ceremony: Presenting of annual awards to best employees of each category of GSMB employees have been an annual affair during past three years.



Uniform for drivers: Official uniforms are provided for all GSMB drivers as a courtesy for their service.

Health and Safety: All the GSMB employers are eligible to reimburse medical expenses (outpatient) up to 85% of the expenditure incurred on their medical bills (Consultations fee and the fee for medicines) on providing evidences for such expenses (bills etc.)

Investments in HR development

	2010 Rs. Mn	2011 Rs. Mn
Overseas	1.7	0.6
Local	0.3	0.6
Total	2.0	1.2

Staff Composition as at 31st December 2011

Category	Managerial	Executive	Other
National	05	94	163
Total			262

Gender diversity as at 31st December 2011

Employees	Male	Female	Total
Managerial	04	01	05
Executive	55	39	94
Other	109	54	163
Total	168	94	262

LEGAL PERFORMANCE

The functions of the Legal Division include representing the Bureau in cases filed by and against the Bureau. The actions filed by the Bureau based on unauthorized mining activities carried out in some areas and the non-rehabilitation of mined sites.

There were 16 Cases Pending in Courts. (Supreme Court, Court of appeal, High Court, District Court, Magistrate Court and Human Rights Commission) 5 New Cases were filed against those who were engaged in unauthorized mining activities.

Awareness programs have been held for Police Special Task Forces offices at STF Camp at Hambantota, and Kurunegala also for Police Officers at a Sri Lanka Police Academy at Katana, Divisional Secretarial office at Kalutara and Central Environmental Authority in order to aware them about the Mines and Minerals Act and legal issues related to Mines and Minerals.

Amendments to the Mines & Minerals Act have been drafted and forwarded to the Ministry of Environment for observation.

Action have been taken to finalize the “amendments”, proposed for the Regulations of Mines and Minerals Act of and several Discussions have been held at Geological Survey & Mines Bureau Head Office to finalize the amendments.

As directed by Supreme Court Case No. 81/2004 discussions were held at Geological Survey & Mines Bureau with stake holders to conduct a survey on sand availability in river Maha Oya. Accordingly, 1st phase has been started on 2011.07.07 from Othara Wadiya to Bambukuliya. Legal Division has coordinated the Irrigation Department, Central Environment Authority, Provincial Environmental Authority (NWP) and Environmental Foundation Ltd on the relevant issues.

The issue on vacating the Head Office building has been referred to the Attorney General’s Department in order to obtain their advice. Several consultations were held at the Attorney General’s Department to settle the issue and Legal Division has assisted the management in the matter to finalize the Legal requirements.

The titles of Regional Office premises have been checked at the relevant Land Registries and necessary

arrangement were made to execute the relevant Lease Agreements for 14 Regional Offices.

Non Notarial Agreements of Geological Survey & Mines Bureau relevant to the GSMB projects, Mineral Investigation Unit, Janitorial Servicers, Security Servicers, Vehicle Agreements were prepared execute and provide the necessary advices.

The meetings of Board of Management have been conducted and Minutes were prepared and follow up actions have also been taken .accordingly to the discussions taken at the Board of Management.

FINANCIAL REPORT

ACCOUNTING POLICIES

COPERATE INFORMATION

General

The Geological Survey & Mines Bureau (GSMB) is a statutory body established by Act No. 33 of 1992 and the principal place of business is situated at No. 4, Senanayake Building, Galle road, Dehiwala.

PRINCIPAL ACTIVITIES

- To undertake the systematic geological mapping of Sri Lanka and preparation of Geological Maps.
- To identify and assess the mineral resources of Sri Lanka.
- To evaluate the commercial liability of mining for processing and export of such minerals.
- To regulate the exploration and mining for minerals and the processing trading in and export of such minerals by the issue of licenses.
- To advice the Minister on resources to be adopted for the promotion of the extraction and production of minerals, on a commercial basis.

Number of Employees

The number of permanent employees at the end of the year was 262.

GENARAL ACCOUNTING POLICIES

General

Statement of compliance

The financial statements of the Bureau have been prepared in accordance with the generally accepted accounting principles, concepts and the accounting standard laid down by the institute of Chartered Accountants of Sri Lanka.

Basis of preparation

Financial Statements have been prepared under the historical cost convention. No adjustment has been made for inflationary factors affecting the accounts. Wherever there are exceptions and wherever appropriate, the accounting policies followed have been disclosed in the notes.

Going Concern

The Directors confirm that the Bureau has adequate resources to continue in operations to justify applying the going concern basis in preparing these financial statements.

Comparative Information

Comparative Information has where necessary been reclassified to conform with the current year's presentation.

ASSETS AND BASES OF THEIR VALUATIONS

Accounts Receivable

Accounts receivable are stated at the amounts they are estimated to be realized.

Inventories

Inventories have been valued at the lower of cost or net realizable value. Costing this context is confined to aggregate cost of purchase and includes all expenses incidental to purchasing.

Investments

Investments are stated at cost.

Property Plant and Equipment

Property Plant and Equipment are stated at a cost or valuation less aggregate depreciation. The cost of an item of property plant & equipment comprises its purchase price and any directly attributable cost of bringing the assets to working condition for its intended use.

Depreciation of property, plant and equipment of the Bureau is provided on straight line basis, over the period appropriate to the estimated useful life of the assets as follows.

	Useful life (Year)	Rate Per Annum
Building	5	20.0%
Plant & Machinery	8	12.5%
Motor Vehicles	5	20%
Furniture & Fittings	10	10%
Office Equipment	5	20%
Field Equipment	5	20%
Mapping Equipment	5	20%
Communication	8	12.5%
Library Books / Maps	5	5%

No depreciation has been provided on land. Full depreciation is provided on Property, Plant & Equipment purchased during the year.

Leasing of Property Plant & Equipment

Assets obtained under finance leases, which substantially transfer all the risks and rewards incidental to that of ownership are capitalized at the cash price of the assets concerned. Assets obtained under such finance leases are depreciated on the same rate, as applicable to other Property, Plant & Equipment.

Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits in banks call deposits.

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, call deposits in banks, net of outstanding bank overdrafts.

LIABILITIES & PROVISIONS

Provisions

Provisions are made for all obligations existing as at the balance sheet date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

Defined Benefit Plan –Gratuity

Provision has been made for retiring gratuity Payable under gratuity Act No. 12 of 1983. The liability to an employee arises only on completion of 5 years of continued service.

Defined Contribution Plans Employees' Provident fund & Employees' Trust fund

Employees are eligible for Employees' Provident fund contribution and Employees' Trust Fund Contributions in line with the respective statutes and regulations. Bureau contributes 12% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust fund respectively.

INCOME STATEMENTS

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bureau and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration receivable. The following specific criteria are used for the purpose of recognizing revenue.

a) Rendering of Services

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

b) Interest

Interest Income is recognized on an accruals basis.

c) Others

It is the policy that net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other noncurrent assets including investment are been accounted for in the income Statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

d) Royalty income

Income received under royalty has been accounted on a cash basis.

The mines & Mineral Act allows royalty of a particular year to be paid in the following year up to 20th April of the year. As the Royalty cannot be ascertained until the declaration is made a provision cannot be made in this regard. A change to the regulations in the year 2006 allowed GSMB to collect an advance on Royalty. This could be set off any unpaid Royalty at the end of the licensing period or will have to be refund in full to the license's holder.

Expenses

All expenses incurred in the running of the business maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit for the year.

Cash Flow

The cash flow of the Bureau has been presented using the indirect method in accordance with the Sri Lanka accounting standard No.9 – Cash flow statement.

Taxation

GSBM is exempted for corporate tax.

Post Balance Sheet Events

All material events occurring after the balance Sheet date and where necessary we make adjustments or disclosure to these financial statements.

Income & Expenditure Statement - For The 12 Months Ending 31st December 2011

	Note	Rs.	Up To 31st Dec.11 Rs.	Ending 31st Dec. 10 Rs.
Income				
1 Treasury Grants			0.00	0.00
2 Royalty-2011	1		596,030,750.29	453,574,365.58
3 License Fees	2			
Exploration		1,352,000.00		1,797,000.00
Industrial		23,514,100.00		16,372,000.00
Artisanal Mining		7,835,250.00		6,570,250.00
Trading		4,796,400.00		4,780,000.00
Export		2,910,000.00		3,005,000.00
Transport		36,131,365.98	76,539,115.98	25,098,750.00
4 Inspection Fees			126,769,543.19	95,192,635.00
5 Laboratory Income	3		1,102,964.29	1,065,437.50
6 Project Income	4		33,951,570.37	42,908,551.14
Gross Income			834,393,944.12	650,363,989.22
7 Other Operating Income	5		27,410,498.06	17,299,354.34
Expenses				
1 Geological	6	23,353,804.37		21,643,578.08
2 Mapping	7	6,343,832.92		8,741,300.60
3 Project	8	15,584,127.85		25,044,703.50
4 Regional Office	9	66,794,068.63		51,783,251.54
5 Mining	10	30,825,167.84		30,667,482.02
6 Administration	11	200,351,116.88	343,252,118.49	160,203,189.69
Income Over Expenditure From Operations			518,552,323.69	369,579,838.13
Interest Income	12		99,997,092.75	99,924,184.81
Income Over Expenditure Before Tax For The Preiod			618,549,416.44	469,504,022.94
Tax			0.00	0.00
Income Over Expenditure After Tax For The Preiod			618,549,416.44	469,504,022.94

Balance Sheet As At 31st December 2011

Assets	Note	Up To 31st Dec.11 Rs.	Up To 31st Dec. 10 Rs.
Non – Current Assets	13		
Land – Fencing		18,129,625.42	13,660,864.40
Land – Yakkala		35,588,016.41	35,588,016.41
Land - Battaramulla		61,277,986.36	55,241,300.00
Land - Orugodawatte		130,476,702.62	130,476,702.62
Building Partioning		234,339.73	380,745.50
Plant & Machinery		6,728,803.33	6,969,540.53
Motor Vehicles		97,472,416.84	131,335,725.22
Mapping Equipment		4,822,644.70	5,767,919.84
Drilling Spares		6,908,934.23	8,237,608.69
Lab Equipment		54,498,117.42	47,562,102.55
Field Equipment		5,227,411.95	6,892,707.31
Office Equipment		35,480,387.12	37,922,351.04
Communication Equipment		895,113.56	784,920.56
Furniture & Fittings		3,611,262.93	3,746,773.14
Maps		287,092.09	315,370.85
Books - Library		16,279,966.14	13,801,264.48
Net Non - Current Assets		477,918,820.85	498,683,913.14
Investments			
Investments		4,000,000.00	4,000,000.00
Foreign Reserve - G.S.N. Station		5,974,799.94	5,949,056.40
Foreign Reserve-V.Sat Installation		567,502.67	537,502.67
Proposed Gpr/Erp System		301,000.00	0.00
		10,843,302.61	10,486,559.07

Current Assets	Note	Up To 31st Dec.11 Rs.	Up To 31st Dec. 10 Rs.
Stocks – Stationery		1,749,156.31	2,385,413.03
Stocks – Hardware		3,741,840.82	3,337,412.88
Stocks - Library Books/Maps		485,084.96	617,110.69
Debtors	14	21,239,715.51	22,468,378.39
Debtors – Return Cheques		271,732.91	153,065.54
Debtors-G. S.M.B.Technical Services Ltd		1,770,886.33	1,273,869.97
Prepayments	15	3,162,468.56	2,929,006.57
Staff Loans – 1	16	34,284,435.44	33,021,079.75
Staff Loans – 2		8,200.00	8,200.0
Festival Advance	17	210,750.02	213,983.34
Special Advance	18	8,250.00	15,000.00
Advances - Staff	19	1,656,101.96	1,637,051.96
Advances – Purchases	20	286,514.00	2,784,774.00
Advance & Loans “ B ” Account		208,775.26	208,775.26
Building Deposits		1,600,000.00	1,600,000.00
Building Deposits - Branch		1,366,000.00	100,000.00
Refundable Deposits		256,500.00	221,500.00
Rent Advance		4,895,416.56	1,794,416.56
Books – Licensing			290,090.65
Deposits	21	897,049,667.02	1,225,772,455.42
Bank Of Ceylon - Current Account		1,207,497.00	9,243.08
Commercial Bank - Current Account		136,537.87	209,282.90
Sampath Bank – G.S.N.Station		1,286,645.22	1,415,089.25
Sampath Bank - Current Account		580,777.59	1,191,129.18
People’s Bank – Matara		153,519.27	340,324.99
People’s Bank – Current Account		414,012.03	75,619.53
People’s Bank – Current Account (Galle Rdbr.)		650,189.62	4,122,514.06
Interest Receivable	22	11,719,810.78	22,264,535.34
Stamp Imprest – 1		460.00	460.00
Cash – 1		5,383.65	12,000.00
Total Assets		1,479,168,452.15	1,839,642,254.55

Equity And Liabilities	Note	Up To 31St Dec.11 Rs.	Up To 31St Dec. 10 Rs.
Consolidated Fund	23	27,652,883.05	27,652,883.05
Department Fund	24	1,746,725.68	1,746,725.68
Capital Fund	25	68,916,655.00	68,916,655.00
Foreign Grants	26	1,984,210.00	1,984,210.00
Transferred To Treasure		(1,622,749,478.70)	(622,749,478.70)
B/F Income Over Expenditure		2,097,804,976.70	1,662,806,787.53
Income Over Expenditure		618,549,416.44	469,504,022.94
		1,193,905,388.17	1,609,861,805.50
Non Current Liabilities			
Provision On Gratuity	27	27,769,919.63	24,068,711.26
Current Liabilities			
Creditors	28	6,777,347.15	8,779,964.65
E.P.F. / E.T.F. Payable	29	1,220,092.42	1,180,575.15
Advance –"B" Payable	30	42,082.20	42,082.20
Advance On G.S.N. Station	31	5,897,095.42	5,781,581.98
Advance On I.E.E.R.	32	6,278,776.30	5,345,476.30
Advance On Project	33	4,458,601.80	267,656.11
Advance On Chemical Analysis		200,118.50	38,962.50
Unpresented Cheques		150,332.25	
Advance Received On Others		20,751.43	5,111.43
Rehabilitation / Refundable Deposit		245,595.52	244,735.52
Vat / Wht/Esc Stamp Duty Payable		11,914,048.61	1,307,977.13
Advance On Royalties		128,693,341.95	99,981,452.51
Advance On Mining License	34	80,147,644.62	72,860,052.25
Accruals	35	11,447,316.18	9,876,110.06
Total Equity And Liabilities		1,479,168,452.15	1,839,642,254.55

NOTES TO THE FINANCIAL STATEMENT

Note: 01 – Royalty

This is the royalty collected in respect of year 2011. As per the change of regulations in 2006. Advance on Royalty has to be collected. This advance could be utilised to set off unpaid royalty or will have to be refund.

Note: 02 – Licence Fees

This is the income realised on issue of licences.

Note: 03 – Laboratory Income

This is the income earned on sample testing and chemical analysis.

Note: 04 – Project Income

The amount shown represent the value of the realised income undertaken by the GSMB.

	2011 Rs	2010 Rs
Project-Sigiriya	0.00	20,824,508.86
Project-Waste Management Authority	0.00	374,107.00
Project- Kaluganga	5,955,557.90	2,021,176.50
Project- Punareen	0.00	2,019,086.00
Project- Lanka Patuna	0.00	993,398.10
Project- Thirukkowil	0.00	1,458,872.68
Project- Geophysical Punareen	0.00	284,000.00
Project- Galle	0.00	4,353,942.00
Project- Undp	0.00	10,579,460.00
Project- Soil Tech (Geophysical Investigation)	273,900.00	
Project- Madampe	551,662.50	
Project- Upputharavai	1,707,358.06	
Project- Parikanmadu	1,055,348.80	
Project- Talaimannar (D.A. Perera)	1,679,623.50	
Project- Chilaw -Waikkala	1,314,823.75	
Project- Achchimale	7,908,595.00	
Project- Kokilai (Pulmudei)	3,464,870.50	
Project- Keolin Survey	7,780,683.16	
Project- Talaimaanar (Supreme)	2,259,147.20	
	33,951,570.37	42,908,551.14

Note: 05 – Other Operating Income

Type Of Income	Amount (Rs.)	Amount (Rs.)
Test Blast Income	2,863,175.00	2,651,250.00
Sale Of Publication	679,911.54	990,443.34
Sales Of Posters	0.00	1,480.00
Mining Refund (Cgs)	356,675.00	68,787.50
Field Supervision	773,600.20	429,206.45
Export Sample Income	92,348.91	80,351.60
Supplier Registration	118,500.00	41,000.00
Interest On Distress Loans	1,331,375.01	1,314,150.73
Sundry Income	5,214,205.49	843,120.20
Sundry Income – Mining	13,350,706.91	9,824,564.52
Equipment Hiring	630,000.00	1,055,000.00
Dividend Income – Note 5A	2,000,000.00	0.00
	27,410,498.06	17,299,354.34

Note: 05 A – Dividend Income

The dividend has been declared by the GSMB technical services for the year ended 31/03/2011.

Expenses**Note: 06 – Geological Expenses**

Account Type	Geological	T-Sunami RS.	Library RS.	Laboratory RS.	Total RS. 2011	Total RS. 2010
Salaries	7,463,717.27		445,819.66	2,449,374.41	10,358,911.34	10,545,449.91
Allowances	1,897,911.41		162,640.65	593,248.40	2,653,800.46	3,252,040.27
E.P.F.	887,524.73		53,498.35	293,471.61	1,234,494.69	1,269,973.20
E.T.F.	222,572.70		13,374.58	73,367.88	309,315.16	317,493.27
Wages	1,465,048.18		55,125.00	455,956.09	1,976,129.27	297,850.00
Overtime	378,997.35		57,775.45	9,210.12	445,982.92	522,419.50
Travelling	473,196.00		0.00	6,700.00	479,896.00	482,468.60
Fuel	62,915.10		0.00	0.00	62,915.10	53,938.80
Stationery	1,851,638.65		1,022,358.11	132,729.90	3,006,726.66	3,121,199.98
Other	559,699.90	1,766,500.22	57,900.00	315,479.96	2,699,580.08	1,648,725.58
Newspapers			99,952.69	0.00	99,952.69	104,318.97
Courier Chargers			26,100.00	0.00	26,100.00	27,700.00
	15,263,221.29	1,766,500.22	1,994,544.49	4,329,538.37	23,353,804.37	21,643,578.08

Note: 07 – Mapping Expenses

Account Type	Maaoya Mapping Rs	Hambantota Mapping Rs	Thibolkatiya Mapping Rs	Madawachchiya Mapping Rs	Battoluoya Mapping Rs	Other Mapping Rs	Total 2011	Total 2010
Salaries		428,709.81	412,214.39	467,486.29	129,072.67		1,437,483.16	3,573,457.33
Allowances		163,986.78	128,877.50	179,767.46	36,873.63		509,505.37	994,125.00
Wages	135,000.00	537,000.00	609,850.00	603,300.00	103,700.00		1,988,850.00	1,430,625.00
Overtime		23,282.41	30,935.88	37,904.05	0.00	14,606.95	106,729.29	103,409.15
E.P.F. / E.T.F		64,306.47	61,832.17	70,122.94	19,360.90		215,622.48	535,694.21
Travelling	27,500.00	303,075.00	253,203.00	342,650.00	45,125.00	9,471.00	981,024.00	907,701.00
Fuel	29,502.20	148,977.50	124,173.10	168,485.90	22,569.58	12,511.00	506,219.28	429,045.15
Other	98,332.00	161,281.54	122,401.00	139,145.80	31,595.00	45,644.00	598,399.34	767,243.76
	290,334.20	1,830,619.51	1,743,487.04	2,008,862.44	388,296.78	82,232.95	6,343,832.92	8,741,300.60

Note: 08 – Project Expenses

Account Type	General Rs	Punareen Rs	Kaluganga Rs	Mahagama Rs	Kokilai Pulmudehi Rs	Keolin Survey Rs	Arachchimalle	Upputhu -ruvei	Parikan madhl Punareen	Thaleima -nnaram	Waikkala -chilaw	2011 Total	2010 Total
Salaries	793,084.83	75,552.50	397,275.16	1,418,760.00	490,800.00	513,850.00	370,560.00	43,632.50	61,460.00	31,747.50	23,151.00	4,219,873.49	3,388,530.95
Allowances	209,615.59	30,859.61	124,153.61	336,118.68	171,483.20	145,829.65	163,988.64	11,355.95	16,673.19	7,811.12	6,692.17	1,224,580.92	3,778,275.00
Wages	90,150.00	167,700.00	1,248,050.00	1,056,400.00	126,600.00	1,121,575.00	867,150.00	51,000.00	2,347.75	62,250.00	21,000.00	4,814,222.75	3,066,750.00
Overtime	4,587.75	23,769.97	118,194.89	29,140.49	12,390.18	25,642.14	47,045.42	0.00	0.00	1,162.50	11,773.89	273,707.23	386,970.49
E.P.F.	100,181.70	9,201.50	47,211.02	170,251.20	59,273.75	62,036.45	44,863.20	5,273.68	7,469.64	3,809.70	2,778.12	512,349.96	406,623.71
E.T.F.	25,045.42	2,300.76	11,802.75	42,562.80	14,818.45	15,509.10	11,215.80	1,318.43	1,867.42	952.43	694.54	128,087.90	101,655.92
Travelling	78,892.00	39,325.00	245,507.00	209,917.00	131,855.00	157,275.00	110,335.00	6,900.00	2,125.00	18,345.00	9,900.00	1,010,376.00	1,340,637.50
Stationary	0.00	0.00	660.00	0.00	4,675.00	0.00	0.00	0.00	0.00	0.00	0.00	5,335.00	
Fuel	18,154.00	118,452.30	399,206.00	185,153.40	110,400.50	122,535.30	233,197.00	13,171.70	0.00	20,320.00	0.00	1,220,590.20	1,061,651.40
Other	43,418.00	213,057.00	364,862.75	634,706.80	64,976.00	242,840.90	577,633.95	17,274.00	0.00	16,235.00	0.00	2,175,004.40	11,513,608.53
	1,363,129.29	680,218.64	2,956,972.69	4,083,010.37	1,187,272.08	2,407,093.54	2,425,989.01	149,926.26	91,943.00	162,633.25	75,989.72	15,584,127.85	25,044,703.50

Note: 09 – Regional Office Expenses

Account Type	Kandy Rs	Matara Rs	Kurunegala Rs	Ampara Rs	Polonnaruwa Rs	Ratnapura Rs	Ampara Rs	Monaragala Rs	Hambantota Rs	Kanthale Rs	Jaffna Rs	Trinco Rs	Batticalo Rs	Kalutara Rs	Total Rs
Salaries	2,291,779.91	1,546,890.67	2,377,077.42	1,391,650.95	2,020,045.98	1,573,848.61	1,271,145.99	1,144,647.04	1,267,325.98	194,467.74	441,696.78	1,220,367.11	443,567.83	2,015,621.30	19,366,173.31
Allowances	989,439.38	644,867.54	1,016,892.09	577,143.59	887,509.04	650,083.04	599,309.05	525,581.72	532,972.00	91,565.00	225,747.06	545,150.01	207,100.30	812,674.81	8,384,507.63
Wages	476,800.00	0.00	369,950.00	347,775.00	208,775.00	0.00	215,775.00	314,300.00	620,600.00	57,750.00	0.00	312,426.50	282,850.00	151,550.00	3,628,751.50
Overtime	336,972.13	103,081.05	302,203.92	235,463.01	126,742.38	1,097.50	145,213.16	308,759.58	164,604.54	84,205.39	0.00	100,462.80	55,104.96	270,895.69	2,329,044.85
E.P.F.	275,013.60	185,626.88	285,249.29	166,998.11	242,405.52	19,924.80	152,537.52	137,357.65	152,079.12	23,336.13	53,003.61	146,444.05	53,228.14	241,874.56	2,323,940.81
E.T.F.	68,753.39	46,406.72	71,312.32	41,749.52	60,601.38	4,981.20	38,134.38	34,339.41	38,019.78	5,834.03	13,250.90	36,611.01	13,307.03	60,468.64	580,985.16
Travelling	559,796.00	210,602.00	353,193.50	337,562.00	126,841.00	0.00	227,250.00	280,668.00	282,171.00	2,000.00	59,612.00	104,370.00	187,819.00	240,530.00	3,234,670.55
Rent	0.00	300,000.00	300,000.00	210,000.00	493,500.00	0.00	196,000.00	345,000.00	240,000.00	50,000.00	120,000.00	0.00	0.00	480,000.00	3,154,500.00
Fuel	537,554.00	246,138.30	487,635.66	632,472.20	348,077.67	0.00	379,280.75	484,294.30	306,724.20	22,344.00	314,489.70	310,787.50	431,221.30	196,263.00	5,030,287.13
Stationary	646,869.57	97,556.73	459,471.85	589,632.23	407,920.97	0.00	154,169.25	204,389.43	296,832.57	4,665.00	188,692.25	256,761.78	99,910.03	262,712.94	4,032,085.35
Telephone	189,481.13	171,346.83	291,795.60	142,534.24	173,036.40	0.00	139,315.71	157,374.00	41,864.47	0.00	59,584.00	27,083.52	0.00	101,501.41	1,543,484.31
Electricity	96,670.00	21,205.00	64,068.83	102,915.00	80,315.00	0.00	17,727.70	70,355.00	66,131.50	9,885.00	26,865.00	38,517.90	0.00	52,466.50	689,819.43
Security	410,664.82	393,384.62	408,210.24	412,366.65	409,268.48	284,400.00	412,868.48	411,068.48	395,228.22	405,362.99	354,711.10	407,664.82	0.00	402,766.66	5,508,528.55
Other	944,069.88	214,079.78	568,170.82	839,985.18	951,884.78	318.08	266,803.73	559,838.71	344,913.76	45,439.20	506,651.97	250,191.28	603,759.34	401,411.86	6,987,890.10
	7,823,863.81	4,181,186.12	7,355,231.54	6,028,247.68	6,536,923.60	555,234.58	4,215,530.72	4,977,973.32	4,749,467.14	996,854.48	2,364,305.07	3,756,838.28	2,377,867.95	5,690,737.37	66,794,068.63

Note: 10 – Mining Expenses

Accounts Type	2011 Total RS.	2010 Total RS.
Salaries	9,340,241.00	8,602,804.55
Allowances	3,501,505.48	9,152,079.35
Wages	6,148,802.82	509,375.00
Over Time	1,709,954.63	2,181,949.87
E.P.F.	1,150,611.76	1,169,669.50
E.T.F.	287,652.90	292,417.46
Travelling	1,519,734.00	1,270,358.00
Fuel	132,504.86	295,323.81
Stationery	4,837,100.28	6,368,550.58
Other	2,197,060.11	824,953.90
	30,825,167.84	30,667,482.02

Note: 11 – Administration Expenses

Accounts Type	2011 Total RS.	2010 Total RS.
Salaries	13,151,685.43	12,147,928.62
Allowances	5,461,403.43	5,914,671.94
Wages	2,685,247.62	614,323.30
Overtime	1,665,514.39	1,886,506.48
E.P.F.	1,575,243.18	1,464,894.85
E.T.F.	393,856.46	366,548.09
Travelling – Local	641,380.60	561,333.92
Travelling – Foreign	672,950.00	1,711,990.51
Uniforms	169,857.40	113,080.00
Medical	5,401,581.88	3,991,934.63
Incentive	2,367,649.57	2,236,666.57
Welfare	2,932,796.73	1,845,930.25
Staff Training	617,332.00	285,412.78
Membership Fees	253,357.97	79,490.72
Rent	23,380,800.00	14,599,440.00
Security	2,224,893.09	1,376,278.82
Cleaning	782,741.08	801,829.80
Electricity	7,762,252.19	6,661,905.25
Water	488,108.43	440,775.72
Telephone	2,336,117.35	2,018,236.97
Internet	206,446.84	366,801.27
Fuel	3,710,873.25	3,519,061.35
Mv Revenue Licence	110,851.62	229,493.37

Gratuity	4,921,477.37	3,030,146.06
Mv- Repairs	4,403,377.37	3,717,930.28
Mv- Service Cgs	1,760,473.93	1,137,936.20
Mv- Hiring Cgs	902,831.62	2,063,234.29
Insurance- Personnel Accident	298,226.10	277,276.89
Insurance – Other	263,255.44	469,919.26
Insurance – Hospital	1,601,591.92	849,964.57
Insurance – Mv	2,873,337.14	1,293,222.60
Insurance –Building	14,230.62	5,863.23
Insurance –M.I.T	248,084.39	550,837.01
Maintenance - Building	19,890.00	0.00
Maintenance – Plant	323,694.00	447,881.41
Maintenance -Elavator	269,646.07	241,022.02
Maintenance –Office Equip	1,891,838.38	1,688,307.81
Maintenance – Software.	1,263,255.83	1,233,299.71
Board Fees/Board Exp	444,570.21	329,757.38
Legal Fees	766,295.00	937,882.00
Audit Fees /A & M Fee	932,710.50	1,287,424.20
Professional Fees	179,575.23	74,194.87
Bank Cgs.	184,052.42	387,994.88
Postage	233,124.00	255,076.50
Stamp Fee	67,250.00	56,025.00
Stationery	3,171,817.02	4,278,273.28
Advertisment Cgs	1,413,093.32	2,157,254.56
Trade Promotion	3,824,120.91	800,804.86
Depreciation	67,259,900.40	45,269,109.74
G.S.T/N.S.L./E.S.C.	15,693,010.33	19,867,935.54
Donations	160,924.00	2,380,439.00
Other	5,972,522.85	1,879,641.33
	200,351,116.88	160,203,189.69

NOTE:12 – INTEREST INCOME

	2011 Total RS.	2010 Total RS.
Peoples Bank –Galle R D	32,559,403.07	30,961,467.99
People’s Bank	1,548,810.38	1,753,472.11
Bank Of Ceylon	1,525,947.75	4,922,631.02
Int. On Treasury Bills	25,847,281.00	28,027,158.67
Int. On Surflus A/C	38,515,650.55	34,259,455.02
	99,997,092.75	99,924,184.81

Note : 13 – Summary Of Fixed Asset To Register - Balance As At 31-12-2011

	Opening Balance as At 01-01-2011	Addition During the Year 2011	Adjustment	Balance As At 31-12-2011	Depreciation As At 01-01-2011	Adjustment	Charge For the Year 2011	Cumulative Dept. at the end of year	Fixed Asset net Book value of 2011
Land & Fencing	452,133.50	0.00	-	452,133.50	452,133.50	-	1.00	452,132.50	1.00
Building & Partitioning	2,186,452.55	46,065.80	(105,935.00)	2,126,583.35	1,805,707.05	22,424.89	64,111.68	1,892,243.62	234,339.73
Plant & Machinery	38,723,312.66	761,988.47	-	39,485,301.13	31,753,772.13	(643,814.72)	1,646,539.39	32,756,497.80	6,728,803.33
Motor Vehicles	171,854,769.34	0.00	-	171,854,769.34	40,519,044.12	3,638,203.26	30,225,105.26	74,382,352.50	97,472,416.84
Mapping Equipment	8,121,690.80	762,810.00	-	8,884,500.80	2,556,164.40	373,219.96	1,334,865.18	4,264,249.54	4,822,644.70
Lab Equipment	100,720,439.87	28,329,346.75	(1,199,010.57)	127,850,776.05	53,158,337.32	1,943,078.26	18,251,243.05	73,352,658.63	54,498,117.42
Field Equipment	9,115,567.01	346,576.79	-	9,462,143.80	2,222,859.70	225,652.45	1,786,219.70	4,234,731.85	5,227,411.95
Office Equipment	81,186,600.80	10,759,570.91	-	91,946,171.71	43,264,249.76	1,611,929.56	11,589,605.27	56,465,784.59	35,480,387.12
Communication Equipment	2,015,684.43	196,940.94	-	2,212,625.37	1,230,763.87	-	86,747.94	1,317,511.81	895,113.56
Furniture & Fittings	6,748,088.16	551,379.98	-	7,299,468.14	3,001,315.02	144,108.56	542,781.63	3,688,205.21	3,611,262.93
Maps	475,824.75	0.00	-	475,824.75	160,453.90	4,487.56	23,791.20	188,732.66	287,092.09
Books Library	17,957,625.41	2,662,522.44	-	20,829,755.69	4,156,360.94	-	393,428.61	4,549,789.55	16,279,966.14
Spare Parts	350,055.40	23,955.00	-	374,010.40	496,714.66	(729,722.98)	472,385.92	239,377.60	134,632.80
Drilling Spares	9,419,769.24	0.00	-	9,419,769.24	1,251,162.82	775,861.16	803,392.92	2,830,416.90	6,589,352.34
Hardware Items	314,952.20	3,400.00	-	318,352.20	99,290.67	(5,571.11)	39,683.65	133,403.21	184,948.99
Total	449,642,966.12	44,444,557.08	(1,304,945.57)	492,992,185.47	186,128,329.86	7,359,856.85	67,259,900.40	260,748,087.97	232,446,490.94

Note : 13 A – Drilling Spares

	RS.
Drilling Spares	6,589,352.34
Spare parts	134,632.90
Hardware items	184,948.99
	6,908,934.23

Note : 14 – Debtors (Projects) - As At 31st December 2011 Note No. 1

		2011 Total RS.	2010 Total RS.
2003- J1258	Star Building Quartz - Randeniya Wellawaya	116,270.53	116,270.53
2002 - G588	Lanka Tiles - Kaluthara Projects	10,260.37	10,260.37
2002 - G513	Ceylon Electricity Board - Pannipitiya Projects	48,985.20	48,985.20
- G809	Kegalle Plantation - Kegalle Projects	10,580.00	10,580.00
- G831	Overcies Trading Co. Ltd	354,833.00	354,833.00
2008 - G1054	Holsim Lanka Ltd - Holcim Projects	61,964.95	61,964.95
2007	W.S. Gold Co. Ltd - W.S.Gold Projects	140,174.97	140,174.97
2007	Central Engineering Consultancy Bureau - Moragahakanda Projects	910,115.62	910,115.62
	Central Cultural Fund - Galle Projects	163,614.73	163,614.73
2009- G1226, 1071	Central Engineering Consultancy Bureau - Moragolla Projects	246,235.56	246,235.56
2007 - G1076	Geojin Quartz - Illukpelessa	825,489.34	825,489.34
2008 -	Central Cultural Fund - Sigiriya project	183,975.78	183,975.78
2009 - G1073	Central Cultural Fund - Galle Projects - Star bastian	484,712.28	484,712.28
2010 - G1079	Central Cultural Fund - Galle Stage I	175,750.49	2,236,618.72
2010 - G1086	Central Cultural Fund - Galle Stage II	52,135.58	2,639,796.32
2010	Disaster Management Centre - UNDP Project		8,191,213.75
2010	Central Engineering Consultancy Bureau - Kalugaga Project		1,114,957.65
2010	Tokyo Cement - Poonarine Project		1,657,714.20
2010	Damsila Exports (Pvt) Ltd - Thirukkivil Project		816,969.40
2010	Water Board - Bank Guarantee		55,000.00
2010 - G1084	Tokyo Cement - Poonarine Project	168,000.00	
2010 - G1087	Damsila Exports (Pvt) Ltd - Thirukkivil Project	816,969.40	
2011 - G1559	Ministry of Industries & Commerce - Keolin Survey Project	2,714,365.14	
2011 - G1560	Lanka Minaral Sand - Kokilai Pulmude	1,940,327.48	
2011 - G1556, 1554	Holcim Lanka Ltd - Achchumale Projects	5,977,176.40	
2011 - G1100	Suppreem Solution - Parikkanmadu Mannar	590,995.33	
2011 - G1098	Suppreem Solution - Upputharavai Pesalei	956,120.52	
2011 - G1099	Suppreem Solution - Talaimanna Pesalei	1,265,122.44	
2011 - G1558	V.V Minaral - Waikkal Project	722,602.60	
		18,936,777.71	20,269,482.37

Note :14 B – Debtors Chemical Analysis

Accounts Type	2011 Total RS.	2010 Total RS.
18/10/2003 G624 Foundation Water Well Engineering	5,280.00	5,280.00
30/12/2003 G640 Foundation Water Well Engineering	8,400.00	8,400.00
18/07/2004 G654 Aquatic Resource Development & Quality Improvement Project	11,385.00	11,385.00
30/03/2004 G651 Priyalal Dias	6,900.00	6,900.00
24/03/2004 G650 General Metal Co. Ltd.	1,300.00	1,300.00
Dec'2006 G950 N.B.R. O.	4,600.00	4,600.00
Total	37,865.00	37,865.00

Notes:14 C – Sundry Debtors - As At 31-12-2011**Ministry Of Environment and Natural Resources**

	RS.
5/27/2009 Rangira Hardware - Construction of Ritigala Banda Pond	136,350.00
6/1/2009 S.A. Abeyrathne - Construction of Ritigala Banda Pond	72,000.00
6/1/2009 A.C.Palipana- Construction of Ritigala Banda Pond	115,500.00
6/1/2009 Udaya Enterprises-Construction of Ritigala Banda Pond	19,950.00
	343,800.00
5/13/2010 Mr. U.K.Weerasooriya Contribution for Miss. Maduwantha	2,000.00
12/31/2010 Kamthale Office Rent - over Paid	32,000.00
8/31/2011 Miss. Chandima Fernando - Over Paid of Salary	85,332.11
10/21/2011 Coolway Tech Company - AC Maintenance (D.R.Industries)	72,600.00
	191,932.11
Sundry debtors	535,732.11

Note:14 D – Debtors H & S Insurance Claim - AS AT 31-12-2011

Date	P.V. No	Name	2011 Total RS.	2010 Total RS.
18-07-2003	3965	P.A. Suneetha	6,521.87	6,521.87
24-07-2003	4042	D.N.K. Silva	11,975.95	11,975.95
01-08-2003	4241	J.S.K. Udugamasuriya	5,781.10	5,781.10
29-08-2003	4498	S.A. Anura Kumara	28,735.00	28,735.00
30-09-2004	4754	J.S.K. Udugamasuriya	6,010.00	6,010.00
01-01-2004	5417	D.N.K. Silva	32,312.18	32,312.18
01-02-2004	5426	Raigamkorale	22,396.25	22,396.25
Total			113,732.35	113,732.35

Note: 14 E – Debtors Debit Notes – Royalty - As At 31 – 12 – 2011

Date	Debit Note No.	Description	2011 Total RS.	2010 Total RS.
09-04-2003	Db 20	Ceylon Quarts Industries (Pvt) Ltd	432,871.84	432,871.84
07-10-2003	Db 40	Ceylon Quarts Industries (Pvt) Ltd	90,796.80	90,796.80
			523,668.64	523,668.64

Note:15 – Prepayments - Year 2011

Sri Lanka Insurance corporation Ltd	Money in Transist Insurance Policy for the period of 6/6/2011 - 6/4/2012	20,851.28	
Sri Lanka Insurance corporation Ltd	Money in Transist Insurance Policy of Jaffna R. Office for 29/6/2011 - 28/4/2012	11,382.68	
Sri Lanka Insurance corporation Ltd	Hospital & Surgery Insurance for 3/2011- 2/2012	315,533.80	
Sri Lanka Insurance corporation Ltd	Hospital & Surgery Insurance for 5/2011 - 2/2012	22,361.35	
Sri Lanka Insurance corporation Ltd	Hospital & Surgery Insurance for 23/6/2011 - 28/2/2012	15,800.58	
Sri Lanka Insurance corporation Ltd	Hospital & Surgery Insurance for 9/2011 - 2/2012	4,026.55	
Sri Lanka Insurance corporation Ltd	Hospital & Surgery Insurance for 10/ 2011 - 02/ 2012	3,574.98	
Sri Lanka Insurance corporation Ltd	Hospital & Surgery Insurance for 12/2011 - 2/2012	2,000.00	
Sri Lanka Insurance corporation Ltd	Hospital & Surgery Insurance for 12/2011 - 02/2012	2,260.00	
Sri Lanka Insurance corporation Ltd	Hospital & Surgery Insurance for 1/2012 - 02/ 2012	3,166.68	
Sri Lanka Insurance corporation Ltd	Motor Vehicle Insurance Premiums for 25/3 /2011 - 24/3/2012	25,417.87	
Sri Lanka Insurance corporation Ltd	Motor Vehicle Insurance Premiums for 5/6/2011 - 5/5/2012	400,121.53	
Sri Lanka Insurance corporation Ltd	Motor Vehicle Insurance Premiums for 1/6/2011 - 9/5/2012	151,213.83	
Sri Lanka Insurance corporation Ltd	Motor Vehicle Insurance Premiums for 21/7/2011 - 20/7/2012	55,461.51	
Sri Lanka Insurance corporation Ltd	Motor Vehicle Insurance Premiums for 1/10/2011 - 15/9/2012	206,930.46	
Sri Lanka Insurance corporation Ltd	Motor Vehicle Insurance Premiums for 1/12/2011 - 23/11/2012	25,666.67	
Sri Lanka Insurance corporation Ltd	Motor Vehicle Insurance Premiums for 1/1/2012 - 3/12 /2012	645,631.80	1,911,401.55
Sofflogic Information Technologies	Dell Server for the period of 07/2011 - 05/2012	56,708.31	
Office Network (Pvt) Ltd	Fax Machine for the period of 30/3 /2011 - 28/3/2012	1,249.97	
Office Network (Pvt) Ltd	Fax Machine for the period of 31/3 /2011 - 30/3/2012	1,287.47	
Metropolitan Office (Pvt) Ltd	Fax Machine for the period of 04/2011 - 02/2012	808.00	
Metropolitan Office (Pvt) Ltd	Photocopy Machine at Kandy R.Office for the period of 2/9/2011 - 2/8/2012	3,208.35	
Hideki International (Pvt) Ltd	Photocopy Machines at Matara R.Office for 1/7/2011 - 13/5/2012	4,875.02	

Gestetner of Ceylon PLC	Photocopy Machine at Ampara Office for 11/2011 - 8/ 2012	7,333.33	
John Keells Office Automation	Photocopy Machine at Kurunegala 1/12/2011 - 24/11/2012	9,004.42	
Metropolitan Office (Pvt) Ltd	Photocopy Machines for the period of 1/12/2011 - 30/5/2012	6,250.00	
Metropolitan Office (Pvt) Ltd	Photocopy Machines for the period of 1/12/2011 - 30/5/2012	6,250.00	
Metropolitan Office (Pvt) Ltd	Photocopy Machines for the period of 1/12/2011 - 6/6/2012	6,250.00	
Metropolitan Office (Pvt) Ltd	Photocopy Machines for the period of 1/12/2011 - 29/8/2012	10,000.00	
Hideki Internationl (Pvt) Ltd	Photocopy Machines for the period of 10/3/2011 - 8/2/2012	681.80	
Hideki Internationl (Pvt) Ltd	Photocopy Machines for the period of 29/4/2011 - 28/1/2012	1,111.12	
Brown & Company Plc	Photocopy Machine for the period of 7/2011 - 6/2102	5,000.02	
Gestetner of Ceylon PLC	Photocopy Machine for the period of 1/7/2011 - 17/6/2012	5,041.65	
John Keells Office Automation	Photocopy Machine for the period of 3/11/2011 - 2/10/2012	6,361.62	
John Keells Office Automation	Photocopy Machine for the period of 30/12/2011 - 30/12/2012	10,714.29	
Network Information Technologies	Computer Systems for the period of 10/ 2011 - 8/ 2012	429,387.76	
Network Information Technologies	Server for the period of 12/ 2011 - 9/ 2012	196,687.51	
Softlogic Information Technologies	Dell VostroNote Books for 1/8/2011 - 19/6/2012	37,578.75	
ICM Micro Computer Systems	HP Design Jet Scanner 7/ 2011 - 6/2012	24,999.98	
Brown & Company Plc	Franking Machine for 8/ 2011 - 6/ 2012	5,000.02	
Brown & Company Plc	Cash Counter- Monaragala 1/12/2011 - 14/9/2012	7,083.35	
Brown & Company Plc	Cash Counter- Anuradhapura 1/12/2011 - 14/9/2012	7,083.34	
Brown & Company Plc	Cash Counter- Anuradhapura 1/12/2011 - 14/9/2012	7,083.34	
Brown & Company Plc	Cash Counter- Kalutara 1/12/2011 - 14/9/2012	7,083.34	
Brown & Company Plc	Cash Counter- Kalutara 1/12/2011 - 14/9/2012	7,083.34	
Brown & Company Plc	Cash Counter- Badulla 1/12/2011 - 14/9/2012	7,083.34	

Brown & Company Plc	Cash Counter- Badulla 1/12/2011 - 14/9/2012	7,083.34	
Brown & Company Plc	Cash Counter- Matara 1/12/2011 - 14/9/2012	7,083.34	
Brown & Company Plc	Cash Counter- Matara 1/12/2011 - 14/9/2012	7,083.34	
Fentons Ltd	PABX System for February 2011 - January 2012	2,186.57	
EWIS Software Ltd	Financial / payroll & inventory system 1/2012 - 12/2012	194,752.50	
Network Information Technologies	Kaspersky Virus Guard 4/8/2011 - 4/7/2012	24,924.99	
Bluechip Technical Services Ltd	Attendace Software System for 1/8/2011 - 14/7/2012	25,220.00	1,146,623.53
	Subscription for Geographic Magazine Year 2012 & 2013	10,445.79	
International Book House	Subscription for Readers Digest Magazine for 10/2011 - 9/ 2012	2,089.30	12,535.09
Divisional Secretary - Dehiwala	Motor Vehicle Revenue Licences 2/ 2011 - 1/2012	4,391.61	
Divisional Secretary - Dehiwala	Motor Vehicle Revenue Licences 23/3/2011 - 22/3/2012	1,600.10	
Divisional Secretary - Dehiwala	Motor Vehicle Revenue Licences 5/6/2011 - 4/5/2012	25,600.00	
Divisional Secretary - Dehiwala	Motor Vehicle Revenue Licences October 2011 - August 2012	1,333.33	
Divisional Secretary - Dehiwala	Motor Vehicle Revenue Licences 1/10/2011 - 8/9/2012	1,333.33	
Divisional Secretary - Dehiwala	Motor Vehicle Revenue Licences 27/9/2011 - 26/9/2012	1,650.01	
Divisional Secretary - Dehiwala	Motor Vehicle Revenue Licences for 2012	32,000.00	67,908.38
Sri Lanka Insurance corporation Ltd	Disel & Motor Vehicle Tax July 2011 - March 2012	24,000.00	24,000.00
	Balance	3,162,468.56	3,162,468.56
	General Insurance Policies	1,911,401.55	
	Office Equipments Maintenance	1,146,623.53	
	Subscriprion for Magazines	12,535.09	
	Motor Vehicle Revenue Licences	67,908.38	
	Diesel & Motor Vehicle Tax	24,000.00	
		3,162,468.56	

Note: 16 – Staff Loan

Distress loan recoverable from G.S.M.B. employees

Note: 17 – Festival Advance

Festival advance recoverable from G.S.M.B. employees

Note: 18 – Special Advance

Special advance recoverable form G.S.M.B. employees

Note: 19 – Advance – Staff

This represent the advance given to filed staff and branch offices.

Note: 20 – Advance - Purchases

Advance paid on purchase of items from foreign suppliers

Note: 21 – Deposits

These are the deposits made by the bureau

Accounts Type	2011 RS.	2010 RS.
Deposit - Bank Of Ceylon	0.00	68,096,121.84
Deposit - Sampath Bank (G.S.N.Station)	4,610,450.20	4,366,492.73
Deposit – People’s Bank	0.00	29,309,944.03
Deposit – People’s Bank – (Galle Rd. Br.)	455,335,320.21	497,070,070.45
State Institution Surplus Fund	45,265,838.10	260,724,218.06
Treasury Deposits	391,838,058.51	366,205,608.31
	897,049,667.02	1,225,772,455.42

The amount of Rs.1 622,249,478.70 has been trasferred to consolidated fund.
This is shown in the Equity and Liabilities.

Note: 22 – Interest Receivable

	2011 RS.	2010 RS.
Peoples Bank	0.00	111,329.64
People 'Sbank - Galle – Rd Branch	5,743,007.62	8,896,456.97
Bank Of Ceylon	0.00	1,468,806.88
Int On Treasury Biils	5,976,803.16	11,787,941,.85
	11,719,810.78	22,264,535.34

Note: 23 – Consolidated Fund

This represent & the total net value of assets transferred from Geological dept. (Gsd) to GSMB in 1993.

Note: 24 – Department Fund

GSMB Had to use funds allocated for G.S.D. at the initial stages. This represents such funds use by GSMB

Note: 25 – Capital Fund

This represents the capital grants received by the GSMB from 1993 to 2001

Note: 26 – Foreign Grants

GSMB received ausaid from the govt. of australiya to purshase computer in the year 2001. This the value of such grants received.

Note: 27 – Gratuity Proviission As At 31- 12-2011

This represents the provision made for gratuity

Note: 28 – Creditors

	2011 RS.	2010 RS.
Creditors On Purchasing-28-A	6,001,386.32	7,793,375.82
Sri Lanka Nidahas Sewaka Sangamaya	0.00	12,840.00
Welfare Society	0.00	0.00
Department Of Textile Industries	0.00	2,400.00
Sri Lanka Professionals Association	0.00	670.00
Janashakthi Insurance	0.00	918.00
Banks	0.00	4,300.00
Sundry Creditors	775,960.83	965,460.83
	6,777,347.15	8,779,964.65

Note: 28A – Creditors on purchasing

10% Retentions

Ups	380.00
Fax Machines	7,960.00
Steel Cupboard	3,360.00
Flask	1,080.00
Chemicals	225.00
Printer	3,700.00
Burrets	630.00
Computers	6,600.00
Burrets	380.00
Measuring Cylinder	915.00
Lab Items	5,400.00
Software Package	19,800.00
Plastic Bottles	4,400.00
Colour Plotter	32,850.00
Computers	7,170.00
Computers	87,300.00
Laser Printer	13,800.00
Printer	11,500.00
Computer Chairs	7,650.00
Executive Chairs	14,064.00
Sound Level Meter	5,560.00
Ups	8,125.00
Chemicals	1,770.00
De- Lanizer	41,304.30
Geological Chisels	2,994.00
Digital Micrometer	5,300.00
Chemicals	5,812.50
Cover Glass	6,400.00
Multimedia Projectors	91,000.00
Laboratory Oven	15,382.00

Butette Stand	4,005.00	
Funnel Stand	900.00	
Chairs	8,436.00	
Steel Cupboard	21,600.00	
Steel Cupboard	25,920.00	
Electric Oven	14,512.00	
Filter Papers	16,130.00	
Printer	8,070.00	
Printer	24,000.00	
Wighting Boats	689.50	
Lab Stand	2,420.00	
Printer	42,600.00	
Chemicals	1,672.50	
Gps	66,000.00	
Pipettes	1,250.00	
Chemicals	1,043.50	
Lap Top	14,810.00	
Computers	95,869.80	
Lap Top	14,810.00	
Gps	28,025.00	
Gps	112,100.00	
Computers	66,990.00	
Chemicals	8,650.00	
Seismograph	399,750.00	
Lab Equipments	3,729,732.13	
Ups	38,976.00	
Scanners & Hard Disk	3,468.00	
Ups & Printer	157,500.00	
Lab Equipments	69,496.00	
		5,392,237.23
Tpl Cards	4,375.00	
Computer Forms	45,472.00	
Pressure Gage	4,000.00	
Hose & Fittings	5,744.50	
Glass Pad	3,360.00	
Iron Beam	68,880.00	
Cups	2,825.00	
Water Bottles	2,755.00	
Water Bottles	2,030.00	
Water Bottles	2,900.00	
Desk Calenders	1,050.00	
Water Bottles	1,450.00	
Lock	950.00	
Chemicals	33,040.00	
Cartridges	7,000.00	
Chemicals	13,440.00	
Battery	11,417.50	
Tpl Permit	179,200.00	
Books	113,200.00	
Books	296,965.00	

Furniture	361,634.00	
Cupboards	156,156.00	
Water Bottles	3,915.00	
Umbrella	520.00	
Water Bottles	3,045.00	
Lab Equipments	32,860.80	
Tyres	18,500.00	
Books	63,700.00	
Water Bottles	3,480.00	
Water Bottles	9,135.00	
Toner	10,584.00	
Ribbons	4,760.00	
Laptop	620,500.00	
Hard Disk	49,000.00	
Water Bottles	3,770.00	
Toner	67,400.00	
Chemicals	40,056.24	
Water Bottles	2,900.00	

2,251,970.04

Less

Amounts to be taken in 2010

Bank Draft	169,630.73
Bank Draft	242,463.65
Clearing Of Vane Shear Machine	13,415.00
Bank Draft	18,301.00
Bank Draft	1,199,010.57

1,642,820.95

Balance

6,001,386.32

Note: 29 – E.P.F / E.T.F Payable

	2011 RS.	2010 RS.
EPF Payable	1,077,649.26	1,038,906.13
ETF Payable	142,443.16	141,669.02
	1,220,092.42	1,180,575.15

**Note: 30 – Advance “B” Payable as at 31/12/2011
(Other Loans Payable Outside)**

	2011 RS.	2010 RS.
Mr. B. Jayanetti	3,032.00	3,032.00
Mr. Chandrasiri	727.76	727.76
Mr. Samarasinghe De Silva	4,961.07	4,961.07
Mr. A. Shelton Alwis	392.96	392.96
Mr. H.B.A.P.K. Gunawardane	502.21	502.21
Mr. P.L. Hemasiri	5,992.04	5,992.04
Mr. Jayasena Perera	551.41	551.41
Mr. T.D.T.N. Siriwardhane	111.30	111.30
Mr. N.P. Dayasena	3,273.47	3,273.47
Mr. H.Premarathne	6,742.83	6,742.83
Mr. M.H.L. Tisera	1,232.81	1,232.81
Mr. K. Seylin Silva	2,664.84	2,664.84
Mr. E.A. Pathmasiri	725.41	725.41
Mr. S.S. Herath	1,397.07	1,397.07
Mr. B.A. Somasiri	1,160.63	1,160.63
Mr. W.A.A. Perera	5,264.15	5,264.15
Mr. G.K. Wijesena	3,350.24	3,350.24
	42,082.20	42,082.20

Note: 31 – Advance on GSN Station

GSMB received funds from university of california to maintain the activities at palkelele GSN Station. This represent such money received.

Note: 32 – Advance Received on I.E.E.R. - Balance As At 31/12/2011

	2011 Total RS.	2010 Total RS.
Pumantha Enterprises	3,180.00	3,180.00
BAT Construction Industries	18,500.00	18,500.00
General Mines (pvt) Ltd.	2,670.00	2,670.00
I.C.C.Ltd.	910.00	910.00
Sun Been Graphite Ltd.	5,220.00	5,220.00
Road Development Constructions	6,730.00	6,730.00
Keangnam Enterprises	7,202.00	7,202.00
Maga Engineering	20,000.00	20,000.00
Ceylon Fishery Habour	7,520.00	7,520.00

Keangnam Enterprises	20,000.00	20,000.00
Road Development Authority	1,833.46	1,833.46
C.G.R.Quarry Site at Ambepussa -Keenadeniya.	23,120.00	23,120.00
Metal Quarry at Habarana (RCDC)	36,800.00	36,800.00
Metal Quarry at Talagala, Horana.- (Lanka Quarries (pvt) Ltd.)	8,075.00	8,075.00
Quarry Site at Kuleegoda - Ambalangoda	14,845.00	14,845.00
Hapugastanna Plantations Ltd.	12,462.50	12,462.50
Metal Quarry at Dampe, Madulawa.	14,122.50	14,122.50
Metal Quarry at Wikiliya, Balangoda.	5,931.84	5,931.84
Lanka Quarries (pvt) Ltd.	18,800.00	18,800.00
Diyagampola - Kotadeniyawa in Gampaha Distric.	17,200.00	17,200.00
Dedigamuwa Kaduwela Project of W.A.Perera & Co.Ltd.	24,400.00	24,400.00
M/S Keangnam Enterprises (pvt) Ltd.	18,200.00	18,200.00
W.K.K.Senok Mining (pvt) Ltd.	8,600.00	8,600.00
Metal Quarry at Thudugala Dodangala, Kalutara.	11,500.00	11,500.00
Metal Quarry project - ICC -Kalutara.	11,500.00	11,500.00
Star Building Quartz (pvt) Ltd.	36,000.00	36,000.00
United Granite Products (pvt) Ltd.	16,000.00	16,000.00
Keangnam (pvt) Ltd.	15,200.00	15,200.00
Metal Quarry at Maligagodella Estate, Kimbulapitiya	12,400.00	12,400.00
Quarry of Mr.D.D.Nandasena	14,400.00	14,400.00
Trambo Organization Ltd.	12,000.00	12,000.00
Metal Quarry Project - Mr.R.A.Sarath	11,000.00	11,000.00
Per Aarsleff A/S	7,000.00	7,000.00
China Harbor Engineering Company.	7,000.00	7,000.00
Southern Group Civil Constructions (pvt) Ltd.	7,000.00	7,000.00
Metal Quarry at Thulhiriya - Keangnam Enterprises Ltd.	11,000.00	11,000.00
Peraj Mining (pvt) Ltd.	7,000.00	7,000.00
S.C.K.Gamage	7,000.00	7,000.00
Oru Mix Asphalt (pvt) Ltd.	11,000.00	11,000.00
Quarry at Agalawatta - Mr.M.N.M.Nafas	6,000.00	6,000.00
K.D.Ebert & Sons Metal Crusher (pvt) Ltd.	6,000.00	6,000.00
Senok Mining (pvt) Ltd.	6,000.00	6,000.00
Mr.S.P.Amarasinghe	15,000.00	15,000.00
Mr.S.K.Karunarathne	11,000.00	11,000.00
N.J.Equipment (pvt) Ltd.	11,000.00	11,000.00
Metal Mix (Pvt) Ltd.	11,000.00	11,000.00
Tarmac Quarry Products (Pvt) Ltd.	11,000.00	11,000.00
Maga Engineering (Pvt) Ltd.	7,000.00	7,000.00
CA & Company	11,000.00	11,000.00
Sinohydro Corporation	2,800.00	2,800.00
International Construction Consortium Ltd.	3,000.00	3,000.00
Tudawe Brothers Ltd.	3,000.00	3,000.00
J.Lanka Construction Co.(Pvt) Ltd.	3,400.00	3,400.00
Boulder Mix (Pvt) Ltd.	70,000.00	70,000.00
Maga Engineering (Pvt) Ltd.	41,000.00	41,000.00
Romec Con. - Fab (Pvt) Ltd.	41,500.00	41,500.00
Sunbee Granite Projects (Pvt) Ltd.	41,000.00	41,000.00
Senok Trade & Combine Ltd.	40,500.00	40,500.00
Romak Con Fab (Pvt) Ltd.	3,000.00	3,000.00

CML - MTD Construction Ltd.	3,400.00	3,400.00
Maeda Corporation	3,800.00	3,800.00
Daya Construction Ltd.	400.00	400.00
Maga Engineering (Pvt) Ltd.	(35,000.00)	(35,000.00)
Taisei Corporation	30,000.00	30,000.00
Keangnam Enterprises Ltd.	40,000.00	40,000.00
J.B.L.Kumara	41,000.00	41,000.00
Hyundai Engineering & Construction Co.Ltd.	70,000.00	70,000.00
Maga Engineering (Pvt) Ltd.	70,000.00	70,000.00
China Harbour Engineering Company	110,000.00	110,000.00
United Granite Products (pvt) Ltd.	40,000.00	40,000.00
Entro Quarty	5,000.00	5,000.00
D.D.C.Kumara	2,000.00	2,000.00
K.D.A.Weerasinghe & Co.(Pvt) Ltd.	38,000.00	38,000.00
K.D.A.Weerasinghe & Co.(Pvt) Ltd.	37,500.00	37,500.00
Daya Construction Ltd.	20,000.00	20,000.00
Hesei Construction	15,000.00	15,000.00
China Geo Engineering Co.(SL)	40,000.00	40,000.00
Keangnam Enterprises Ltd.	20,000.00	20,000.00
P.G.K.G.Sirisena	122,000.00	130,000.00
Keangnam Enterprises Ltd.	45,000.00	45,000.00
Mr.C.P.L.Gunawardhane	35,000.00	35,000.00
Keangnam Enterprises Ltd.	70,000.00	70,000.00
CML MTD Construction Ltd.	83,000.00	103,000.00
Sri Lanka Ports Authority	50,000.00	50,000.00
Keangnam Enterprises Ltd.	40,000.00	40,000.00
W.A.Perera & Co.Ltd	17,000.00	35,000.00
CML - MTD Construction Ltd	35,000.00	35,000.00
China Harbour Engineering Company	35,000.00	35,000.00
Metal Mix (pvt) Ltd	35,000.00	35,000.00
D.D.Nandasena	31,000.00	31,000.00
Metal Mix (pvt) Ltd	35,000.00	35,000.00
State Development & Construction Corporation	27,000.00	27,000.00
United Granite Products (pvt) Ltd	31,000.00	31,000.00
Keangnam Readymix (pvt) Ltd	35,000.00	35,000.00
Oru Mix Asphalt (Pvt) Ltd	33,000.00	35,000.00
Southern Group Civil Construction (pvt) Ltd	35,000.00	35,000.00
International Construction Consortium (pvt) Ltd	35,000.00	35,000.00
Daya Constructions (pvt) Ltd	35,000.00	35,000.00
Maga Engineering (pte) Ltd	21,000.00	21,000.00
Taiese Metal Quarry	30,000.00	30,000.00
Business Promoters & Part.Ltd	105,000.00	105,000.00
Maga Engineering (pte) Ltd	137,000.00	137,000.00
Senarath Engineering & Agro Business (Pvt) Ltd	35,000.00	35,000.00
Road Development Authority	53,000.00	88,000.00
C A & Company	45,000.00	45,000.00
Hyundai Engineering & Construction Company Ltd	55,000.00	55,000.00
China Harbour Engineering Company	40,000.00	40,000.00
Havael Construction (pvt) Ltd.	40,000.00	40,000.00
China Harbour Engineering Company Ltd.	137,000.00	145,000.00

Maeda Corporation (pvt) Ltd.	43,889.00	43,889.00
International Construction Consortium (pvt) Ltd.	88,765.00	141,965.00
P.G.K.G.Sirisena	34,000.00	34,200.00
ICC - UE Joint Venture	34,000.00	34,200.00
C A & Company	34,000.00	34,200.00
Road Development Authority	144,000.00	144,200.00
Road Development Authority	144,000.00	144,200.00
Dinushi Metal Crusher & Agro Tech (pvt) Ltd.	95,000.00	144,200.00
Maga Beguma Road Construction Equipment Co. (pvt) Ltd.	34,000.00	34,200.00
Keangnam Enterprises Ltd.	34,000.00	34,200.00
Nimal Enterprises	105,000.00	144,200.00
Maga Engineering (pvt) Ltd.	39,000.00	54,200.00
I.P.C. Jayawardana	109,000.00	144,200.00
Maga Engineering (pvt) Ltd.	144,000.00	144,200.00
C A & Company	54,000.00	54,200.00
W.A. Perera & Co. Ltd.	54,000.00	54,200.00
H. Amarasinghe	54,000.00	54,200.00
Master Holding Metal Crushers (pvt) Ltd.	143,000.00	144,200.00
Maga Engineering (pvt) Ltd	144,000.00	144,200.00
Ruhunu Development Construction & Engineers (Pvt) Ltd	132,000.00	144,200.00
Sinohydro Corporation Ltd	142,000.00	144,200.00
U.V.B Ravindra	90,000.00	144,200.00
M.L.Jayarathne	109,000.00	109,000.00
Road Development Authority	35,000.00	35,000.00
Chanaka Metal (Pvt) Ltd	88,000.00	0.00
J Lanka Constructions (Pvt) Ltd	54,000.00	0.00
Metal Mix (Pct) Ltd.	88,000.00	0.00
Prime Logistic Services International (pvt) Ltd	32,000.00	0.00
K.D.Ebert & Sons Holdings (Pvt) Ltd	22,000.00	0.00
Maga Engineering (pvt) Ltd.	32,000.00	0.00
Havael Construction (pvt) Ltd.	32,000.00	0.00
D.R.Jayasinghe	97,500.00	0.00
Thudawe Brothers (pvt) Ltd.	22,000.00	0.00
Keangnam Enterprises Ltd.	34,000.00	0.00
Maga Engineering (pvt) Ltd.	32,000.00	0.00
China Harbour Engineering Company Ltd.	32,000.00	0.00
Maga Engineering (pvt) Ltd.	40,000.00	0.00
Keangnam Enterprises Ltd.	40,000.00	0.00
Jayasinghe Metal Crushers	138,000.00	0.00
Keangnam Enterprises Ltd.	34,000.00	0.00
CDPO / Sri Lanka Air Force - HQ	126,000.00	0.00
Southern Group Civil Construction (pvt) Ltd	34,000.00	0.00
Lanka Quarries (Ovt) Ltd	34,000.00	0.00
Mr.S.D.R.Senadeera	142,000.00	0.00
Chief Engineering Way & Works	34,000.00	0.00
Consulting Engineering & Contractors (pvt) Ltd	34,000.00	0.00
Daan International Consultancy Company (Pvt) Ltd	34,000.00	0.00
S.Mallawaarchchi	33,000.00	0.00
	6,278,776.30	5,345,476.30

Note: 33 – Advance on Projects - Balance as at 31- 12-2011

	2011 RS.	2010 RS.
Balance		40,049.91
Tokyo Cement Company (Lanka) Plc	(165,760.00)	165,760.00
Hydro Power Project	(29,960.00)	
D.A.Perera – Talaimanna Project	(940,589.16)	
Kalugaga Project	1,430,372.25	
Mahagama Project	3,958,728.80	
Irrigation Department –Abeyawewa Project	0.00	
Alchemy –Vakarai Project	0.00	48,479.20
Alchemy –Vakarai Project	165,760.00	53,416.91
	4,458,601.80	267,656.11

Note: 34 – Advance on Mining Licences

This is the money held for processing of licences applications. Once the licence is granted, this is taken for income. If the licence is rejected, the money held is paid to bank of client.

Note: 35 – Accrued Expenses

This Is The Accrued Payment as at 31/12/2011.

AUDIT REPORT – 2011



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය }
 எனது இல } TM/I/GSMB/FA/2011
 My No }

ඔබේ අංකය }
 உமது இல }
 Your No. }

දිනය }
 திகதி } 24 August 2012
 Date }

The Chairman
 Geological Survey and Mines Bureau

Report of the Auditor General on the Financial Statements of the Geological Survey and Mines Bureau for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Geological Survey and Mines Bureau for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory Information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 18(3) of the Mines and Minerals Act, No. 33 of 1992. My comments and observations which I consider should be published with the Annual Report of the Bureau in terms of Section 14(2)(c) of the Finance Act, appear in this report. A detailed Report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Bureau on 14 June 2012.

1:2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

අංක 306/72 පොල්දූව පාර,
 බත්තරමුල්ල, ශ්‍රී ලංකාව

දුරකථනය }
 தொலைபேசி } 2887028 -34
 Telephone. }

இல. 306/72, பொல்துவ வீதி,
 பத்தரமுல்லை இலங்கை

ෆැක්ස් අංකය }
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ඉලෙක්ට්‍රොනික් තැපෑල }
 #- மெயில் } oaggov@sltnet.lk
 E-mail. }

1:3 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 Sri Lanka Auditing Standards. 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 misstatements.

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 judgements, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bureau'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 Bureau'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 financial statements. Sub - sections (3 and 4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary power to the Auditor General to determine the scope and the extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

1:4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial statements

2:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Geological Survey and Mines Bureau as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2:2 Comments on Financial Statements

2:2:1 Non-compliance with Sri Lanka Accounting Standards (S.L.A.S.)

Instances of non-compliance with the following Sri Lanka Accounting Standards were observed.

Reference to Sri Lanka Accounting Standards	Non-compliance
(a) S.L.A.S. 18	Even though fixed assets with zero carrying value existed, those had not been brought to account at the revalued amounts or the gross value.
(b) S.L.A.S. 36	Disclosure had not been made in connection with 11 cases pending against the Bureau while provision had not been made for bad and doubtful debts relating to debtors.

2:2:2 Accounting Deficiencies

The following observations are made.

- (i) Expenditure on motor vehicles amounting to Rs.1,526,360 which should have been capitalized had been written off as expenditure, thus reducing the surplus for the year by that amount.
- (ii) Building rent amounting to Rs.200,000 paid in respect of the ensuing year had been brought to account as an expenditure of the year under review.

2:2:3 Unreconciled Control Accounts

The following differences were observed at a reconciliation of the financial statements and the subsidiary registers of the year under review with the connected schedules.

Item	Balance according to Final Accounts	Balance according to Schedules / Subsidiary Registers	Difference
-----	-----	-----	-----
	Rs.		Rs.
Royalty	596,030,750	586,889,029	9,141,721
Advances on Royalty	28,711,809	31,653,235	2,941,426
Licence Fees			

Industrial	23,514,100	23,538,500	24,400
Trading	4,796,400	4,760,000	36,400
Transport	36,131,366	39,073,510	2,942,144
Inspection Fees	128,153,743	128,415,955	262,212
Mining Sundry Income	16,214,284	16,368,834	154,550
Blasting Income	2,863,175	2,894,000	30,825
	-----	-----	-----
Total	836,415,627	833,593,063	15,533,678
	=====	=====	=====

2:2:4 Accounts Receivable and Payable

- (a) According to the age analysis of the total debtors amounting to Rs.21,239,716 the debtors older than 05 years amounted to Rs.1,216,195. Out of the creditors amounting to Rs.6,777,347, the creditors balances older than 03 years and 05 years amounted to Rs.308,364 and Rs.195,950 respectively.
- (b) The advances on Licence Fees on Mining in respect of the year under review amounting to Rs.80,147,645 had not been reconciled with the settlement of advances.

2:2:5 Lack of Evidence for Audit

Transactions totalling Rs.245,575,045 relating to 12 instances could not be satisfactorily vouched/ verified in audit due to the unavailability of evidence such as detailed schedules, Board of Survey Reports, confirmation of balances, age analysis, details of computation, Inventory Registers, petty cash vouchers and rent accounts.

2:2:6 Non-compliance with Laws, Rules, Regulations and Management Decisions

Non-compliances with the following laws, rules, and regulations were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Financial Regulations	
(i) Financial Regulation 104(4)	Even though accidents had been caused to 25 motor vehicles in the year under review, the reports on losses and damage had not been furnished to the Auditor General.

- | | |
|------------------------------------|---|
| (ii) Financial Regulation 135 | The Bureau had not assigned the duties relating to financial control in a manner to distribute duties among several officers. The daily collection of cash and banking of such cash had been done by one officer. |
| (iii) Financial Regulation 144 | Even though keeping daily collection of cash in the safe and the custody of cash should be done under the supervision and recommendation of a Staff Officer, it had not been so done. |
| (iv) Financial Regulation 177 | Even though the daily cash collections should be banked without delay, a sum of Rs.3,567,252 relating to 15 instances had been banked after delays ranging from 02 to 04 days. |
| (v) Financial Regulation 454(1) | An Inventory Register had not been maintained. |
| (vi) Financial Regulation 763 | A stores procedure ensuring a stores internal control on used counterfoil books, licences, debit notes, goods requisition books and fuel order books had not been formulated. |
| (vii) Financial Regulation 1647(a) | Even though a complete survey of the motor vehicles and the equipment thereof should be conducted such survey had not been conducted. |

- (b) Section 2 of the Public Enterprises Circular No. 95 of 14 June 1994.
- Even though only the benefits specifically approved for by the Treasury can be paid to the employees, a sum of Rs.31,243,031 had been paid contrary to that provision as incentive allowance and bonus during the year under review solely on the approval of the Board of Governors.
- (c) Circular No. 56/05/2008 (Recovery of used Transport Licences by the Bureau) issued by the Geological Survey and Mines Bureau
- When an application for a new licence is made the used Transport Licence should be recovered. Even though a penalty should be recovered for non-returned used transport licences, it had not been so done.
- (d) Public Enterprises Circular No. 17 of 28 October 2003.
- When employees of Public Corporations, Statutory Boards and Government owned Companies undertake foreign travel for study/ training or seminars, the cost of which is met from the funds of the institution concerned, the prior approval of the Department of Public Enterprises should be obtained. But 09 officers who proceeded abroad had not taken action accordingly. The application had not been forwarded for the prior approval of the Prime Minister or the Minister concerned.

2:2:7 Transactions of Contentious Nature

The following matter was observed.

Even though the members of the Board of Directors are not entitled to other allowances, an ex gratia payment of Rs.800,000 had been paid to the 05 officers representing the Board of Management.

3. Financial Review

3:1 Financial Results

The operating result for the year ended 31 December 2011 amounted to a surplus of Rs.618,549,416 as compared with the corresponding surplus of Rs.469,504,023 for the preceding year, thus indicating an improvement of Rs.149,045,393 in the financial result.

The increase of royalty income by a sum of Rs.142.45 million, inspection fees by a sum of Rs.31.57 million, the industrial licence income by a sum of Rs.7 million and the operating income by a sum of Rs. 10 million had mainly affected the improvement in the financial result referred to above.

3:2 Analytical Financial Review

The following observation is made.

Income and Expenditure

The total income for the year under review as compared with the preceding year had increased by a sum of Rs.194,214,007 or 25.3 per cent.

3:3 Working Capital Management

Liquidity Ratio	Standard Ratio	Year	
		2011	2010
-----	-----	-----	-----
Current Ratio	2:1	3.85:1	6.46:1
Quick Assets Ratio	1:1	3.82:1	6.44:1

A very high liquidity ratio is indicated and it was observed that surplus cash had not been effectively invested.

4. Operating Review

4:1 Performance

The following observations are made in this connection.

- (a) The financial progress on any of the activities had not been furnished to audit.
- (b) The physical progress relating to 05 activities had not been furnished to audit.

4:2 Management Inefficiencies

The following observations are made.

- (a) A database to ascertain the office of issue of licences and whether such licence is a fake had not been maintained. A network connecting the offices as well had not been established.
- (b) According to the Circular letter No. SP/SB/03/10 dated 31 May 2010 issued by the Office of the Finance Commission instructions had been issued for the Government institutions to implement the e-Government

Policy, it was observed that the Bureau had not complied with such instructions. The Chairman informed that this not an activity that can be completed in a short period and that the report thereon will be submitted to the next meeting of the Board of Directors.

- (c) Even though 4,212 public complaints had been received in the year under review, action had been taken only on 56 complaints. The Head Office did not maintain the clear information relating to each complaint and as such it had not been possible to maintain uninterrupted information on each complaint and take follow up action.
- (d) Steps had not been taken in connection with regard to the failure to bring back to normal condition 42 lands not rehalibitated in the Colombo, Negombo, Homagama, Mirigama, Kalutara, Dehiwala, Kaduwela, Nittambuwa, Kurunegala, Bandaragama, Nattandiya, Kochchikade, Marawila, Wennappuwa, Dankotuwa, Norochcholai, Anamaduwa and Trincomalee areas.
- (e) Particulars of non-utilisation of the Bank Guarantees obtained for the rehabilitation of lands used for exploratory mining under licences obtained.

Matter relating to Guarantee	Value of Guarantee	Observations
	Rs.	
12 Mining Sites	1,040,000	Even though field inspection should be carried out and action taken before the expiry of the validity period of the Bank Guarantee, no action whatsoever had been taken.
30 Mining Sites	3,680,000	Even though the Bank Guarantees had been forwarded to the Divisional offices before the expiry

of one month of the validity, the lands concerned had not been inspected.

42 Mining Sites	4,720,000	Even though the Bureau should have taken over before the expiry of the validity of the Bank Guarantees, action had not been taken accordingly.
-----------------	-----------	--

03 Mining Sites	--	According to the field inspection observations relating to the Bank Guarantees, action had not been taken to takeover the suspended Bank Guarantees or for the rehabilitation of the lands.
-----------------	----	---

4:3 Idle and Undertutilised Assets

The following observations are made.

- (a) Even though a sum of Rs.130,476,703 had been spent in the year 2007 for the purchase of a land in the Orugodawatta area for the construction of a building and the inaugural ceremony for laying the foundation stone, that had been abandoned.
- (b) Even though a sum of Rs.55,241,300 had been spent in the year 2010 for obtaining a land in the Battaramulla area from the Urban Development Authority on 30 year lease basis, and construction work had not been commenced. An agreement in a sum of Rs.1,200,000 for the supply of engineering services had been entered into and a sum of Rs.600,000 out of that account had been paid.

4:4 Staff Administration

The following observations are made.

- (a) The approved staff of the Bureau as at 31 December 2011 had been 381 and the actual staff had been 262. As such 119 posts remained vacant. Without filling those vacancies, a sum of Rs.16,193,362 inclusive of 12 per cent Valued Added Tax had been paid in the year under review for the services of Geologists, Clerks, Mining Engineers, Drivers, Field Survey Assistants, Purchasing Officers, Technical Officers, Office Aides, etc. obtained on hire basis from a technical services company.
- (b) The management had failed to get the approval for the Scheme of Recruitment and Promotion for the Officers in the employment of the Bureau and place the officers in the respective salary steps.

4:5 Motor Vehicles Utilisation

The Bureau has a fleet of 38 motor vehicles and 28 drivers are in permanent employment. Seven drivers obtained on hire basis from the Technical Services Company of the Geological and Mines Bureau had been deployed. The expenditure incurred on repairs to motor vehicles during the year amounted to Rs.4,403,377. The estimated expenditure on the double cab motor vehicle which met with an accident while being used for a private purpose amounted to Rs.1,743,169 and that vehicle remained without being repaired for more than one year.

5. Accountability and Good Governance

Corporate Plan

The Board of Directors had not taken action in terms of the Public Enterprises Circular No. PED/12 of 02 June 2003 to review the Corporate Plan and the budget with the actual performance data on a timely basis and to take steps on variances. Even though the updated Corporate Plan should be furnished to the Auditor General 15 days before the beginning of the year in terms of Section 5.1.3, the Corporate Plan prepared for the years 2012 to 2015 had been approved by the Board of Directors on 22 June 2012.

5:2 Budgetary Control

The following matters were observed.

- (i) Even though provision of Rs.319,900,000 had been made according to the Action Plan, 08 instances where no expenditure whatsoever had been incurred under capital expenditure were observed.
- (ii) Expenditure amounting to Rs.2,141,736 had been incurred under 07 capital item for which no provision had been made.

5:3 Tabling of Annual Reports

Even though the Annual Report in all three languages should be tabled in Parliament within 150 days from the close of the financial year in terms of Section 6.5.3 of the above circular, the Annual Reports for the years 2008, 2009 and 2010 had not been so tabled.

5:4 Internal Audit

An Internal Audit Unit with a Chief Internal Auditor and three assistants had been established.

5:5 Investments in Subsidiary Companies

The Bureau had established the GSMB Technical Services (Pvt.) Ltd, Company as a subsidiary under the Companies Act, with an investment of Rs. 4 million (holding 60 per cent of the share capital). The dividend declared as at 31 March 2011 on the Capital invested by the Bureau amounted to Rs.2,000,000.

5:6 Credits to the Consolidated Fund

Year	Total Income	Total Surplus	Credits to Consolidated Fund
-----	-----	-----	-----
	Rs.	Rs.	Rs.
2009	627,169,486	385,563,862	Not credited
2010	767,587,528	469,504,024	622,749,479
2011	961,801,534	618,549,4126	1,000,000,000

6. Systems and Controls

Deficiencies in Systems and Controls observed during the course of audit were brought to the notice of the Chairman of the Bureau from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Budget
- (c) Settlement of Advances
- (d) Fixed Assets
- (e) Investigating Public Complaints
- (f) Staff Management
- (g) Procurement of Services on Hire Basis
- (h) Debtors / Creditors Control
- (i) Motor Vehicles Utilization
- (j) Administration of Provincial Offices
- (k) Advances on Royalty
- (l) Advances on Mining Licences
- (m) Issue of Licences by the Bureau
- (n) Issue of Transport Licences

H.A.S. Samaraweera

Auditor General

AUDIT ANSWERS – 2011

02.11.2012

My number : GM/AD/9

The Auditor General
Auditor General's Department
No. 306/72
Polduwa Road
Battaramulla

Response of the Geological Survey and Mines Bureau to the Auditor General's Report on the Financial Statements of the Bureau for the year ended 31st December 2007, in terms of section 14(2) (C) of the Finance Act No. 38 of 1971

2. Financial Statements**2.2. Comments on Financial Statements****2.2.1. Non compliance with Sri Lanka Accounting Standards (S.L.A.S)**

(a) It has been difficult to find persons who have skills regarding these items as they are scientific items. However, letters have been sent to the University of Moratuwa and to the Department of Irrigation informing them to provide the required persons.

(b) Matters in terms of S.L.A.S. 36

Attention has been paid to this matter pointed out by Auditor General and steps will be taken to rectify the aforesaid matter in time to time. It has been noted down to take action to make allocations for bad debts and doubtful debts in terms of debit balances.

2.2.2. Accounting Deficiencies

(i) The amount of money relevant for the purchase of the Vehicle Tracking System which is needed to improve the productivity of vehicles as has been shown by the audit has to be capitalized. Action has already been taken to rectify this matter.

(ii) The advance payment made as rental for the Regional Office of Kurunegala has not been entered in Prepaid Expenses under Current Assets. It has been noted down to rectify this matter.

2.2.3. Unreconciled Control Account

As has been shown by the Auditor General, in the reconciliation of the balances of Income and Royalty Advance Accounts shown in the Financial Statements of the finance year ended 31-12-2011 and the monthly Summary Reports prepared by the Mining Division, the balances change only by 11,315,813 rupees not by 15,533,678 rupees. The clarification in regard to this is as follows.

Royalty for 2011 – The Mining Division has not taken into consideration the income from Divisional Secretariats, a sum of 9,000,46.28 rupees, when preparing the monthly summary reports. Hence, the balance of the Royalty Income Account shown in the reports of the Mining Division is less than that of shown in the financial statements. Steps will be taken to forward this matter to the attention of the Mining Division.

Royalty Advance – The amount is 2,941,426.00 rupees. It has been noted down to look into this and rectify the matter.

License fees – The Industrial Mining License Account indicates a deficit of 24,400 rupees and this has occurred due to a fault in the computerization of the invoices. IML B Account has changed by 19,520 rupees and the reason for this was the fact that two invoices for the value of 9760 rupees each, which should have been debited from the IML B Advance Account, was debited from this Account. Due to this reason the income of IML B is reduced by 19520 rupees.

(INV. No 57412 on 28/10/2011 and In. No 57461 on 28/10/2011)

IML C A/C has been reduced by 4880 rupees. The reason for this was the fact that an invoice of 4880 rupees which should have been debited from IML C Advance Account was debited from the IML C Income Account, when invoices were entered in Accounts in October 2011. Due to that reason the income of IML C has been reduced by 4880 rupees. (Invoice No. 57414 dated 28/10/2011). It has been noted down to rectify this matter.

IML B Income Account :	19520.00
IML C Income Account:	4880.00
Total Difference :	<u>24400.00</u>

Trade Licenses – The trade license balances change with regard to TDL B and TDL C. Explanation with regard to the balance of the income in TDL B is attached under annexure 03 A . A receipt for the value of 1400 rupees has been credited into the Income Account of TDL C by mistake. Accordingly the correction which should be done in the financial statements is 1400 rupees only. It should be debited from the TDL C Income Account and credited into the Royalty – Sand Income Account. The others are the errors which had been done by the Mining Division. Steps will be taken to forward this matter to the attention of the Mining Division.

Transport Licences – An excess of 5400,000 rupees has been mentioned by mistake in the Monthly Summary Report prepared by the Mining Division as TPL fees for the month of March. Accordingly the correct amount of TPL fees in the Monthly Summary Reports should be 33,663,510 rupees. Further more the income received from the Divisional Secretariats, an amount of 2,287,665 rupees, has not been taken into consideration when preparing the Monthly Summary Report of the Mining Division. Accordingly the balance mentioned in the Financial Statements is correct.

Inspection Fees - The inspection fees mentioned in the reports of the Mining Division are made up of two kinds of fees namely Field Inspection Fees and Special Field Inspection Fees. However these two kinds of fees are mentioned in the financial statements of the Accounts Division separately in two accounts.

Ex. A/C/ code

30301 – Field Inspection Fees Account

30302 – Special Field Inspection Fees Account

Accordingly the total field inspection fees income mentioned in the financial statements is as follows.

30301	– Field inspection Fees -	126769543.19
30302	– Special Field Inspection Fees -	1384200.00
		<u>128153743.19</u>

Mining Miscellaneous Incomes – Other incomes from mining and the income from the fines charged for not having the old licenses are mentioned as mining miscellaneous incomes in the reports of the Mining Division. However the above two categories of income are shown in two separate accounts in the financial statements of the Accounts Division.

Ex. A/C

303310 – Other Mining Incomes Account

30314 – Income from the fines charged for not having the old licenses.

Accordingly the total mining miscellaneous income mentioned in the financial statements is as follows.

30310	– Other Mining Incomes Account	-	13350706.91
30314	– Fines Charged for not having the old licences Account -		2863577.14
			<u>16214284.35</u>

It has been noted down to look into the sum of 154,549.38 rupees.

Test Blast Income

The balance shown in the financial statements with regard to this income is less than that of shown in the monthly report of the Mining Division, by 30825 rupees. This has to be rectified in the financial statements.

2.2.4. Receivable and Payable Accounts

- It has been assigned to the Legal Division to take necessary legal action with regard to the debtor balances which have not been able to be recovered yet. At the same time letters have been sent to the relevant creditor institutions informing them that the amounts due for them should be recovered and if it is not done their money will be credited into the Government Account.
- The Summary related to the Mining License Advance Account is submitted with this and the preparation of the relevant schedules is a task which should be done after collecting the relevant data from the year 1994. The board of directors will take a decision in regard to the steps that should be taken in this connection.

2.2.5. Lack of evidence for audit

The schedules with information regarding the aforesaid transactions have been handed over for the audit review and the other documents will be handed over in due course.

2.2.6. Non-Compliance with rules, regulations and management decisions

a) Code of Financial Regulations.

(I) Financial Regulation No. 104(4)

The documents with regard to the damages caused to vehicles of the Bureau during the year under review have been handed over for the audit. A copy has been sent as well.

(II) Financial Regulation No. 135

The matter shown by the Auditor General relates to the Kurunegala Regional Office. Steps will be taken to inform all the regional offices regarding the matter that all the official duties regarding financial control should be done in a manner in which duties are apportioned properly.

(III) Financial Regulation No. 144

Necessary steps will be taken to inform the regional offices to act in the manner shown by the audit.

(IV) Financial Regulation No. 177

Steps will be taken to inform all the regional offices to bank money without delay.

(V) Financial Regulation No. 454(1)

Steps will be taken to submit the inventory list for the audit in time to time.

(VI) Financial Regulation No. 763

Steps will be taken to investigate into this and take systematic action needed for the internal administration of it.

(VII) Financial Regulation No. 1647(a)

Steps will be taken to conduct a complete survey regarding the vehicles.

(VIII) Second chapter of the Public Enterprises

Department Circular No. 95 dated 14th June 1994

Incentive payments are made by the Bureau subject to the approval of the Treasury. Bonuses have been paid in accordance with the relevant government circulars.

(IX) Circular No. 56/05/2008 dated 08th January 2009 issued by the Geological survey and Mines Bureau.

(Acceptance of the exhausted transport licenses back by the Bureau)

Bureau has no warehouse at Pannala. Necessary action will be taken to look into the facts pointed out by the audit in regard to charging fine.

(X) Public Enterprises Department Circular No 17 dated 28th October 2003.

It has been noted down to look into this and take necessary action.

2.2.7. Controversial Transactions

Incentive payments have not been paid to the officers representing the board of directors. However an honorarium has been paid to them. The payment made as the honorarium has been debited from the Incentive Payments Account by mistake. The aforesaid payment should be debited from another account.

3. Financial Review

3.1. Financial Results

Due to the activities undertaken by the Bureau to charge the royalty payment during the year under review, the incomes of those fields have increased.

There has occurred a certain increase in administrative expenses due to the growth of the cadre during the year under review.

3.2. Analytical Financial Review

(a) Income analysis

This income was able to be increased by regulating the activities of the regional offices.

3.3. Management of working capital

Due to the fact that the excess funds of the Bureau can be used in state investments, they have been invested in appropriate means of investment.

4. Operating Review

4.1. Performance

(a) (b) The Bureau has paid its attention to the matters pointed out by the audit and it has been noted down to take necessary steps to submit to the audit the financial and physical progress of the activities concerned in time to time.

4.2. Management Inefficiencies

(a) The staff required for the proper functioning of the Information Technology Unit of the Bureau has been included in the cadre plan of the Bureau. It has been forwarded to the Ministry to be sent to the salaries and Cadre Commission.

(b) Implementation of the e-Government Policy

The Bureau is already taking steps to implement the e-government policy in accordance with the circular of SP/SB/03/10. It is the opinion of the Bureau that a considerable period of time is needed to complete this

as it cannot be finalized within a short period of time. The following steps have been taken by the Bureau in this regard.

- Publishing a newspaper advertisement in order to obtain information regarding the persons who are qualified to do the system study for carrying out the task concerned.
- Recommendation of 4 institutions out of the institutions which sent the relevant information, by the representatives of the ICTA along with the representatives of Ministry of Environment.
- Calling for tenders from the aforesaid 4 institutions.
- Evaluation of the aforesaid tenders by a committee comprising representatives of the ICTA, Ministry of Environment and the Bureau. At this juncture several rounds of talks were held with the relevant institutions and their presentations were observed.
- Selection of the most Suitable institution by the committee.
- Commencement of the study of this process by the selected institution (Price Water Coopers – PWC) At this juncture the aforesaid institution held several rounds of talks with each section of the Bureau separately. At the same time discussions were held even with the Officers of the regional offices.
- Evaluation of the sub reports presented by PWC from time to time, by the Bureau.
- Receipt of the final report by the Bureau.

The aforesaid report will be submitted by the Bureau to the meeting of the Board of Directors which will be held in due course and once it is approved, bids will be called in order to select the software developer to carry out the aforesaid task.

(C) Public Complaints Investigation

Critical attention of the Bureau has been forwarded to the facts pointed out by the Bureau and necessary action will be taken in this regard after looking into the said facts.

(d)(e) It has been noted down to look into the fact why necessary action has not been taken regarding the findings of the audit in connection with the aforesaid facts and the matter will be attended to appropriately.

4.3. Inactive and underutilized assets

(a)(b) A land at Orugodawatta was purchased by the Bureau to establish its head office. However due to the fact that this area was proposed for another development purpose, approval of the Urban Development Authority was not able to be received to construct our head office in this land. However we have further inquired from the Urban Development Authority in this regard and necessary action will be taken once their decision is received.

The Bureau obtained a land that belonged to the Urban Development Authority to construct its head office in the year 2010 as well and even at that juncture the bureau encountered difficulties in obtaining the legal entitlement to the land concerned. Discussions are being held with the Urban Development Authority in this regard further more.

4.4. Management of Staff

(a) The Bureau has made recruitments on casual basis for the posts for which vacancies are not available presently

(Ex. Driver, Clerk) and for the posts of which the vacancies were to be filled in the relevant year.
(Ex. Field officer, Technical Officer)

(b) It has been noted down to submit the copies of the letters relevant in this regard in time to come.

4.5. Underutilisation of Vehicles

According to the audit report ,the amount of the expenses made for the repair of vehicles during the year under review is 4,403,377.00 rupees. As the expenses made for the supply of uniforms to the drivers is included within that amount, a sum of 299,175.34 rupees has to be deducted from the aforesaid amount cited as vehicle repair expenses. Then the actual amount spent for the repair of vehicles and other maintenance work mentioned above is 4,104,202.03 rupees.

Due to the accident that took place with regard to the cab vehicle bearing the number PE-9000, the complete chassis of that vehicle had to be imported from Japan. Accordingly Toyota Lanka Company took more than one year to repair the aforesaid vehicle and presently it has been attached to the Hambanthota regional Office after its repair work was completed.

Out of the vehicles mentioned in the audit report ,the repair work of the vehicles bearing the numbers PE-8999, PE-8997 and PE-7878 has been completed . The repair work of the vehicle bearing the number 7425 has yet to be completed.

Due to the busy schedule of the official visits that the Bureau has to make, there occurs delays in getting vehicles repaired in case of minor accidents. However action will be taken to pay special attention to this matter.

5. Accounting and Good Governance

5.1. Corporate Plan

The corporate plan relevant for the period 2012-2015 was approved in the meeting of the Board of Directors, which was held on 22.06.2012. It is herewith submitted for the audit review.

5.2. Budgetary Control

	Rs. Million
Construction of the head office (first phase)	270
Construction of the regional office (Gampaha)	25
Purchasing lands for regional offices	5
Drilling equipment	1
Development of the ERP system	10
Development of hardware	5.5
Development of software	3.4
	<u>319.9</u>

270 million rupees has been allocated for the construction of the head office. As the transfer of the land has not yet been completed, preliminary work related to the construction of building is still being carried out. 25 million rupees has been allocated for the Yakkala regional office. The aforesaid task has been commenced by now. 4.4. million rupees has been disbursed for the project by now and payments due for the rest will be made after the project is completed.

Allocations were made by the Bureau to purchase lands for regional offices. Notwithstanding the fact that newspaper advertisements were published calling for bids for this, the bureau has not yet received appropriate bids. Irrespective of the fact that the Bureau called for bids to purchase drilling equipment as well, a suitable supplier has not yet been able to be selected.

The activities related to the implementation of the ERP system is already being carried out by the Bureau. Activities such the performance of a work study and the selection of a suitable institution have already been carried out.

5.3. Tabling Annual Reports

Necessary action has been taken to send the annual reports of the years 2008 and 2009 to parliament and the work related to the completion of the annual report for the year 2010 has been completed.

6. Systems and Control

It has been noted down to pay special attention to make improvements in field of systems and control as shown by the audit.

Dr. N.G.Wijayananda
The Chairman
Geological Survey and Mines Bureau

Copies - 01. Audit Superintendent, G.S.S.G. Perera
02. Secretary, Ministry of Finance and Planning
03. Secretary, Ministry of Environment.

CORPORATE SOCIAL RESPONSIBILITIES OF GSMB

Being the national leading state authority in discovering and promoting the country's mineral wealth and the nation's regulator of geology and mining related activities, gsmb provides impartial advice to all, big or small. Mining and related activities generally make negative impacts on natural and social environments. The gsmb is committed to minimize these impacts through regulatory measures. This is strengthened by conducting awareness programmes, exhibitions etc. To government officers, miners and communities regularly; getting wider participation of other stake holder organization such as the lands ministry, central environmental authority, divisional secretariat, local area authorities and the police. Our best practices of social responsibilities include:

- Rehabilitation of affected areas due to mining.
- Environmental recovery studies/involvement
- Awareness seminars/exhibitions/ educational programmes/awareness posters
- Active involvement in remedial measures in geo-risk events
- Other
 - A. Construction of a house
 - B. Construction of a school building
 - C. Through gsmb welfare society
 - D. Through gsmb buddhist society

REHABILITATION OF AFFECTED AREAS DUE TO MINING.

A) Ma-Oya rehabilitation programme

Ma-Oya, stream beginning from the Kegalle area, eventually proceeds to flow through Gampaha, Ambepussa areas and ends up in the sea at Kochchikade. It has been a become a main source of sand supply in Western Province and huge quantity of sand is extracted annually. The adverse effects created by irregular and illegal sand and clay mining activities and also due to natural reason, the natural beauty of Ma-Oya has been damaged. This emphasized the urgent need for rehabilitation of degraded locations. GSMB started the rehabilitation programme of Ma-Oya in association with sand miners 2008 and is in progress in several sessions.

Session 1 was completed in corporation with Divulapitiya Traditional Sand Miners Association of the region in order to rehabilitate the river bank and the affected area close by.





Session 2 of the rehabilitation programme of Ma-Oya was started in 2010 with the corporation of Divulapitiya Traditional Miners Transporters Association and Environmental Foundation (ESL) in the named “Yali Pibidena Ma-Oya” (restoring Ma-Oya) with the objectives of:

- Setting up the affected and wrecked banks
- Refilling of the large pits created due to illicit mining.
- Conservation of the bank in a proper methodology
- Closing up the vehicle entrance channels created due to draw in of vehicles and machineries.
- Setting up suitable drainage systems
- Conservation of bank by tree plantation
- Advise to cultivate the rehabilitated land areas.

B) Rehabilitation & restoration of following degraded river banks of

- Mahaweli River in Mahiyanganaya
- Kuda Oya in Wellawaya
- Heda Oya in Siyambalanduwa
- Kumbukkan Oya in Monaragala
- Menik Ganga in Buttala
- Madura Oya in Bibila
- Dahamal Oya in Medagama
- Walawe Ganga in Sewanagala

C) Inland sand pits rehabilitation program in Balapitiya Environmental recovery studies/involvement



Environmental recovery studies/involvement

A) Environmental recovery studies

Geophysical investigations were conducted for the recovery of dumping sites at several places, using 2D resistivity analysis. At the beginning, on the request made by the Waste Material Management Authority, feasibility study was performed on the basis of constructing a waste recycle plant at the dumping sites. Survey was based on two dimensional survey of subsurface water clogging, water consistency and conductance, etc...



02 - Deyata Sevana" Tree Planting Programme

Tree Planting Programme was conducted at Monaragala under "**Deyata Sevana**" programme on 15th November 2011.



A Plant nursery of GSMB was established in the district of Gampaha, within the premises of GSMB. This plant nursery has the capacity of generating 5000 numbers of plants. It is been planned to distribute these plants among the regional offices in order to cater for rehabilitation activities. The main plant species available in the necessary area, Mee, Naa, Kumbuk, Bamboo (green) etc.



of this blasting course is to provide better theoretical and practical knowledge about blasting materials, methodologies and social & environmental impacts related to quarry blasting activities.

The programme planned to be conducted annually will result in raising the safety standards and blasting productivity.



AWARENESS SEMINARS / EXHIBITIONS / EDUCATIONAL PROGRAMMES

Educational programmes

A) Certificate Course on Industrial Rock Blasting:

Fulfilling a long-standing need, the Mines Division of the Geological Survey and Mines Bureau conducted the first 3-month duration certificate course on rock blasting designed for technical, supervisory level engaged in the Sri Lankan rock blasting industry in collaboration with the Defense Ministry and Central Environmental Authority in June, 2011. The second programme was conducted in May, 2012. Major objective

(B) Workshops and Seminars organized by the mines division

The Mines Division has carried-out several workshops and Seminars at various districts in order to sort out major industrial problems related to mining activities and make aware state organization & licence holders about Bureaus regulatory functions according to Mines and Mineral Act. The major objective of these workshops was to improve coordination between GSMB and other state organizations such as Divisional Secretaries during the implementation of Mines and Mineral Act. The details of the workshops and Awareness Programmes conducted by the Mines Division are as follows.

Year 2011

Workshop/Awareness Programme	Date	Theme
Workshop at Uma Oya Project - Irrigation Department	2011.02.25	Geological & mining aspects related to Uma Oya Project
Awareness Programme at Central Environmental Authority	2011.04.23	Environmental and social issues related to OCH project
Awareness Programme at Pannala with Hon. Minister	2011.05.10	The legal procedure & practical problem related to issue of Mining Licences
Workshop with Environmental Foundation Ltd at Head Office	2011.06.10	Rehabilitation of Ma Oya river banks
Awareness Programme at District Secretariat -Mannar	2011.08.13	Regulatory activities of the GSMB in Mannar District
Workshop at Divulapitiya with Rick & Tile Manufactures	2011.08.20	Legal & practical problem related to issuance mining licences
Workshop at Wilgamuwa	2011.09.08	Sand mining at Wilgamuwa AGA division -Mahaweli River
Awareness Programme at CEA	2011.10.01	Legal aspects of the MMA & the role of the Police Dept.
Awareness Programme for sand miners - Gampaha District	2010.11.15	Minimize illegal sand mining activities
Workshop at Dankotuwa Divisional Secretariat - Police Department	2011.03.22	Legal aspects related to Mining Activities
Workshop at Ratnapura Workshop at Hambantota Workshop at Monaragala Workshop at Colombo/Gampaha Workshop at Matara Workshop at Badulla Workshop at Kalutara Workshop at Kurunegala Workshop at Hambantota	2011.04.27 2011.05.03 2011.05.10 2011.09.06 2011.06.03 2011.09.15 2011.09.16 2011.10.03 2011.10.27 2011.11.06	Introduce of legal procedure to Divisional Secretaries for issuance of Transport Licenses for sand, soil and gravel for non-commercial purposes.

In addition to the above seminars, workshops organized by mines division, the geology division also participated in a number of

- School science programmes and awareness programmes organized by the GSMB,
- School programs organized by the Geological Society of Sri Lanka and various other societies.
- Awareness Programs organized by Disaster Management Centre

Exhibitions

A) "Deyata Kirula" Exhibition

A well planned program was conducted for the "Deyata Kirula" Exhibitions at Monaragala in year 2011.



B) In addition the "Deyata Kirula" GSMB participate in a number of exhibitions, organized by the GSMB, schools, and various other societies.

Few high lightened exhibitions include:

2010 : "Da Abimani-Wayamba Udanaya" exhibition organized by Ministry of Environment.

2011 :

- a) Exhibition at Bandaranayake College, Gampaha
- b) Rock and mineral stall at Gem & Jewellery Exhibition at BMICH organized by Gem & Jewellery Authority

Active involvement of remedial issues in geo-risk events

Whenever an unexpected natural hazardous or earth bound behaviour is reported from any part of the country with a potential threat to human life("a georisk" or "a geohazard", such a tsunami or earth tremors), GSMB will take immediate actions to investigate the situation and report the authorities- with suitable mitigatory measures if necessary- to make aware the general public. For e.g., The GSMB has recently investigated a series of earth tremors occurred around Siyambalanduwa and Kataragama, sudden appearance of cracks in houses around Matale and Badulla.

GSMB mechanism and operations in earthquake detection

The entire country is covered by a seismic network which consists of 3 broadband stations. They are fixed permanently at Mahakanadarawa (Station code -MALK), Palkelele (PALK) and Hakmana (HALK). In addition GSMB seismic data centre is linked with more than 40 global stations. All these broadband stations are connected with Head Office seismic data and tsunami alert centre that delivers round-the-clock monitoring service via V-SAT communication

systems. Accordingly real time seismic data receive at HQ are processed by duty officers in order to identify the earthquake parameters and preparing of the earthquake bulletins. Once the authorized, the earthquake bulletin is issued to relevant state organization (DMC, DOM) and the media.

OTHER

(a) Construction of a house

A residential house was constructed and handed over to a needy family live in Monaragala District with the assistance of the GSMB license holders in the Monaragala District, parallel to the Deyata Kirula Programme in Year 2011.



(b) GSMB Welfare Society

The GSMB Welfare society is functioned with the objective of strengthening the cordial relationship among the staff. All of the permanent staff has been incorporated into its membership. GSMB contributes a monthly amount allocated for each of its members to enhance financial status of the Welfare Society, in addition to the membership fee collection from individual members.



The society donates money in the events of funerals of the members and close relatives and organizes sports meets, get-togethers, annual trips and other welfare programs for the beneficiary of its membership.



(c) GSMB Buddhists society

Many Buddhists in the GSMB are the members of this society. It organizes a variety of Buddhist programs to encourage the teaching, practice and realisation of Buddhist Principles for the well-being of the membership and the GSMB. The Buddhist Society of GSMB has donated 50 beds, 50 mattresses and large amount of other essential provisional items to a rural temple in the Ampara District in the year 2011. At the time of the donation the temple was in a very Destitute status in spite of their enormous social and religious services to the poverty-stricken villagers in the area. This meritorious act was done with the participation of the chairman, Director General Manager and many members of the senior management along with the members of the society and its well-wishers.