

CHIMBA RESOURCES

LTD

7.0 CONCLUSIONS AND RECOMMENDATIONS

The establishment of another drilling company servicing the mining sector in Tanzania is highly unlikely to have any significant direct negative impact of any facet the environment. As such, apart from urging the adoption and logical implementation of sound environmental procedures and health and safety practices, similar to those presented in Appendix B, it is considered highly unlikely that a drilling company servicing the mining sector will be required to implement any notable actions directed at either protecting the environment or safeguarding the health and safety of local inhabitants.

That Tanzania possesses outstanding mineral potential is unchallengeable and, as stated in Section 3.0, with the creation of a business ambience that further promotes development the country possesses the capability of becoming the mining centre for the greater East African region. Accurately assessing the growth of this potential, the pace of the development of the mining sector in Tanzania, is problematic as it is dependent on a host of factors including world market prices and internal politico-economic decisions. However, provided that the Presidential Committee tasked with reviewing the mining sector in Tanzania does not recommend anything that significantly deters foreign investment, it is likely that the exploration and mining activity, and with it the demand for drilling rigs, will remain at a similar level for the next number of years. If this assumption is correct the demand for drilling rigs in Tanzania should remain relatively constant with, despite an increase in drill rig numbers, clients having to wait months to acquire drilling services. Accordingly, it is probable that a new entrant providing drilling services to the mining sector could secure sufficient work to ensure financial success provided that it offers a professional and competent service at competitive prices. Towards achieving this goal it is recommended that the points raised in Section 5 be given adequate consideration.

Brent Barber
Principal Geologist
SRK Consulting – Eastern Africa

23rd February 2008

Consideration also need be given to the fact that the costs of establishing and then operating a business in Tanzania are high. Factors that contribute to this include that:

- (i) Slow process of registering a business and obtaining investment approval.
- (ii) Overall want of good governance and transparency in Tanzania.
- (iii) High level of Government bureaucracy with which, it is readily acknowledged, it is sometimes impossible to comply.
- (iv) Propensity of individual civil servants and occasionally arms of Government to exact retribution on business concerns or individual, that openly challenge or criticise performance and/or decisions.
- (v) Relatively low overall educational level and experience of the workforce
- (vi) Lack of managerial and technical skills available
- (vii) Dearth of competent support services and low level of business and professional ethics.
- (viii) Necessity of carrying an abnormally high level of spare parts and consumables as even mundane items are commonly unavailable and have to be imported.
- (ix) Low level of infrastructure
- (x) The reluctance of many Tanzanians, including some of those in Government, to recognise the benefits of, or accept the necessity for, foreign investment in the country.
- (xi) Requirement of having to re-apply bi-annually for Resident Permits regardless of whether all investment criteria have been met.

Finally, GAT envisages that major technical repairs to the drilling rigs will be undertaken by the suppliers, Atlas Copco, with minor breakdowns being attended to by an internal technical support team consisting of 'two maintenance technicians and two auto electricians'. In the longer term it will probably be found cost effective to establishment of a workshop staffed by trained, skilled mechanics in Tanzania. All the other large drilling companies servicing the mining sector in the country have developed such facilities in Mwanza - the most suitable location from which to meet the demand for drilling in the predominant LVGF.

6.0 IDENTIFICATION OF ANY LIKELY POTENTIAL RISKS TO THE ENVIRONMENT

GAT have requested funding from SAEDF to assist in establishing a drilling company servicing the mining sector in Tanzania. All such work will be undertaken in mining or exploration licenses and it is the holder of these tenements, the drilling company's clients, who are primarily responsible for ensuring that no activities deleteriously effect the wellbeing of local inhabitants or impact the environment. As such, no funding provided will be directly used in any of the fourteen fields listed in the *Environmental Screening Form* provided. A completed copy of this is attached as Appendix A. However, the adoption of environmental procedures and health and safety practices, such as those presented in Appendix B, would be a significant action that could be taken to (a) safeguard the health and safety of local inhabitants and the drilling company's employees and (b) further the protection of the environment.

5.0 PRELIMINARY EVALUATION OF THE VIABILITY OF ESTABLISHING A COMPANY PROVIDING EXPLORATION AND DRILLING SERVICES IN TANZANIA

Tanzania is a member of the Multilateral Investment Guarantee Agency (MIGA), which protects international investments against nationalisation, and the International Centre For Settlements Of Disputes (ICSAD). Internally the National Investment (Promotion And Protection) Act of 1990 forms the platform that regulates capital investment into the country. In addition, the fiscal regime put in place to promote the development of the mining sector is, at present, reasonably favourable.

GAT have proposed to purchase four Diamond and one RC drilling rigs. It is projected that READ-T will initially be run by a staff of 95 employees. It is envisaged that 78 of these individuals, 82.1% of the workforce, will man the drilling rigs and the remaining 17 people, 17.9% of the workforce, will staff the office. It is planned to recruit experience drillers from Tanzania and, taking that the requisite Work Permits can be obtained, also Zambia and Zimbabwe. In addition, training will be conducted by the equipment suppliers and received during attachment to SMC Limited, a Zimbabwean drilling company, prior to the commencement of operations.

It is planned that GAT would provide management services to READ-T. However, it should be noted that an increase in the level of Withholding Tax payable on outside management fees is under consideration. In addition, although possessing extensive knowledge of the mining sector in southern Africa and Zimbabwe in particular, none of the Directors listed in the *Project Proposals* appear to possess knowledge of exploration drilling company management or experience of working in Tanzania. Considering this it is strongly recommended, if not already contemplated, that a seasoned drilling manager should be recruited to operate READ-T and that, at least initially, a Tanzanian knowledgeable on importation procedures should be engaged in a senior capacity to advise and assist with the establishment of the business.

Assessment of the financial projections made by GAT are outside the scope of the contract awarded to SRK-EA. However, it is suggested that the business proposal, including financial projections, be re-appraised taking into consideration that

- (i) The drilling rates utilised, Table 5, are towards the top end of those charged for both Diamond and RC drilling in Tanzania.
- (ii) The high projected drilling rate targets used, 80% for Diamond rigs and 71% for the RC rig, Table 5, could be unattainable – especially if mining sector activity decreases which, if the economic measures implemented to prevent economic recession in the USA fail, is a distinct possibility.
- (iii) Presently there is a greater demand for AC, RAB and RC drilling than diamond drilling by the mining sector in Tanzania.

Table 5
Projected Monthly Drilling Metreage And Revenue Of READ - Tanzania

DRILLING RIG TYPE	NUMBER OF DRILLING RIGS	MONTHLY DRILLING CAPACITY (m)	PROJECTED MONTHLY DRILLING (m)	RATE / METRE (US\$)	MONTHLY REVENUE (US\$)
Diamond	4	1,500	1,200	145	696,000
RC	1	7,000	5,000	45-70 (Av: 50)	250,000

- (i) Outcome of the Presidential Committee tasked with renewing the mining industry in Tanzania.
- (ii) Government of Tanzania honouring signed Mining Agreements and adhering to stipulated rates of taxation.
- (iii) Necessity of reducing the length of time taken to award to exploration and mining licenses - currently it takes over one year for a Prospecting License Application to be processed.
- (iv) Needed reform of the non-transparent and over-complicated exploration and mining licensing and reporting system.
- (v) The prevention of frivolous legal challenges against property rights filed for unjust gain.

Table 3:

Main Drilling Companies Serving The Mining Sector In Tanzania

Drilling Company	Drilling Rigs		Located
	Diamond	Percussion	
Stanley Mining Services	5 + 1 ^(a)	6-2	Mwanza, Tanzania
Capital Drilling	7 ^(b)		Mwanza, Tanzania
Major Drilling	7 ^(b)		Mwanza, Tanzania
Warren Drilling (Geosearch)	9	5	Mwanza, Tanzania
Total Number Drilling Rigs:	> 42		Mwanza, Tanzania

Note: ^(a) Large wireline rig being imported capable of drilling deep holes.
^(b) No response received to enquiries by the time of report compilation.

Table 4:

Known Exploration And Development Drilling Charges In Tanzania - First Quarter 2008

Diamond Core			Percussion		
Core Size:	Depth (m)	Cost Range (US\$)	Drill Type	Depth (m)	Cost Range (US\$)
PQ	0 - 50	190 / m	AC	To Refusal	22 - 23 / m
HQ	0 - 300	155 / m	RAB	To Refusal	14 - 18 / m
HQ	0 - 300	130 - 150 / m	RC	0 - 50	39 - 45 / m
NQ	0 - 300	130 - 145 / m		50 - 100	43 - 45 / m
	300 - 700	155 / m		100 - 150	48 - 55 / m
Slow Drilling - All		340 - 380 / hr		150 - 200	53 - 55 / m
Rig Time - All		260 - 380 / hr		200 - 205	58 / m
Standby - All		220 - 350 / hr	Slow Drilling		475 / hr
Water - 10,000l		Variable / km	Interhole Moves - All		0 - 220 / hr
Interhole Moves - All		0 - 220 / hr	Intersite Moves - All		150 - 300 / hr
Intersite Moves - All		150 - 300 / hr	Drilling Consumables		Variable
Drilling Consumables		Variable	Rig Mobilisation		23 - 25 / km
Rig Mobilisation		23 - 25 / km			

Table 2:

Known Deposits In Tanzania Possessing Economic Mineral Potential

Bauxite: Amani
Coal: Gatula, Katwaka, Liwera, Mchuchuma, Ngaka-Mbawala, Njuga, Songwe-Kivua, etc.
Copper: Kambi Hill, Kigugwe, Lufusi, Nyanori Hills, Pare, etc.
Diamonds: Over 300 known kimberlites – some 200 in the Sharyanga area
Dimension Stone: Various
Evaporites: Bahi Swamp and Lakes Btlangida, Eyasi and Narco
Gemstones: Deposits beryl, chrysoberyl, garnets, emerald, ruby, sapphire, etc.
Gold: Lake Victoria and Lupa Gold Fields and other areas
Graphite: Merelani and Nachingwea areas
Iron: Itwe, Liganga, Mbabala, Manyoro and Uhuguru
Kaolin: Pugu Hills
Kyanite: Handeni, Mpwapwa and Pare Mountains
Lead: Old Mkwamba Mine
Phosphate: Over 20 known carbonatites
Pyrite: Samena
Nickel: Kabanga, Kapalagulu, Nachingwea and Zanzu
Rare Earth Elements: Over 20 known carbonatites
Tin: Karagwe Tin Field including the Kyerwa Mine
Tungsten: Chamuayana, Karuga, Kazumeru and Kibanda in the Karagwe Tin Field
Uranium: Bahi Swamp, Gallapo Carbonatite, Madaba, Mingo, etc.
Vermiculite: Over 20 known carbonatites

The mining sector in Tanzania is serviced predominantly by the four drilling companies: *Capital Drilling, Major Drilling, Stanley Mining Services And Warren Drilling*. All four were contacted and asked to supply details of the numbers and type of drilling rigs presently operated, current drill rig availability and drilling charges. Syntheses of the number of rigs operated by the companies and drilling charges, compiled from replies received from Stanley Mining Services and Warren Drilling, plus non-confidential records, are presented in Tables 3 and 4. Services commonly provided by the exploration and mining companies that contract drillers include:

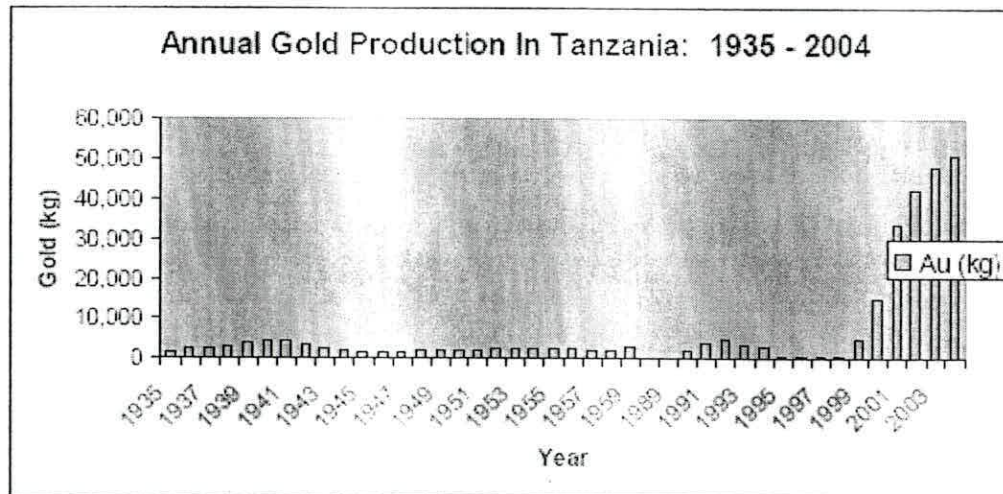
- Safety Induction
- Site Access
- Drill Pad (incl. stump) Preparation
- Sampling Personnel
- Security
- Accommodation
- Fuel

During the past number of years, reflecting the high price of metals on the world market, which in the Tanzanian context is largely reflected in the amount of exploration and development drilling being undertaken on diamond, gold, nickel, platinum group element and uranium deposits, clients have commonly had to wait several months for drill rigs to become available. However, the continuation of this demand for drilling rigs in Tanzania is not only dependent on international mineral prices remaining buoyant but also on, amongst other internal factors, the:

enacted to promote good governance and facilitate business investment. Tanzania possesses the capability of becoming the mining hub for the greater East African region. This potential was one of the fundamental factors behind SRK Consulting establishing an office in Dar es Salaam, the commercial capital of the nation, in April 2006.

Table 1:

Annual Declared Gold Production In Tanzania



Note: No Data Presently Available 1960 To 1988

4.0 BRIEF ASSESSMENT OF THE SIZE OF THE EXPLORATION DRILLING MARKET IN TANZANIA

Drilling activity in the Mining Sector in Tanzania is presently dominated by the development and exploration drilling undertaken in the LVGF to:

- (i) Develop further *Ore Reserves* of international classification standing on or adjacent to the five large gold mines presently in operation: Bulyanhulu, Geita, Golden Pride, North Mara and Tulawaka, and
- (ii) Evaluate the *Resources* potential of gold and copper - nickel prospects being investigated in the Geita, Iramba-Sekenke, Kahama, Klimafedha, Mabale-Buhungukira, Musoma-Mara, and Rwamagaza Greenstone Belts.

On average from 80 – 90% of the drill rigs available in the country are deployed in the LVGF. The remainder being involved on the exploration projects periodically undertaken on coal, copper-nickel, diamonds, dimension stone, gemstones, industrial rock and mineral, gold, pegmatite mineral, platinum group element, rare earth element and radio-active mineral deposits located throughout the country. Only some thirty to forty enterprises, ranging in size from junior exploration companies to major mining houses, are presently active in Tanzania.

- (iii) Undertaking a preliminary review of the perceived financial viability of establishing a Company providing drilling services to the mining sector in Tanzania – Section 5.
- (iv) Identifying any potential risks of an environmental nature associated with the Project – Section 6.

2.0 QUALIFICATIONS OF CONSULTANTS

SRK Consulting is an international group with over six hundred members of staff that provides expertise in a wide range of scientific and engineering disciplines. The independence of SRK Consulting is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its personnel. SRK Consulting has a demonstrated track record in project evaluation and auditing, exploration project design and implementation, mineral resource and reserve estimation, the completion of competent person's reports and the undertaking of independent feasibility evaluations to bankable standards for mining companies and financial institutions worldwide.

This document was prepared for SRK-EA by a senior consultant who is a member in good standing of the Australasian Institute of Mining and Metallurgy [AusIMM] and the American Association of Petroleum Geologists [AAPG].

Neither SRK-EA nor any of its staff employed in producing this report have any known beneficial interest in the Project assessed. SRK-EA will be paid a fee for undertaking the work completed in accordance with normal accounting practise.

3.0 OVERVIEW OF THE MINERAL POTENTIAL OF TANZANIA

Gold mining flourished in Tanzania during both German and then British colonial times in the Lake Victoria Gold Field [LVGF] and Lupa Gold Field in north-western and south-western Tanzania respectively. However, production collapsed shortly after Independence in 1961 when, driven by the implementation of African Socialism, the mining sector, together with all else in Tanzania including private housing, was nationalised. In order to 'protect state assets' some mines, such as Kiabakari, were turned into military bases. This situation lasted for over thirty years until, after the Government of Tanzania accepted that its politico-economic policies had failed in the early 1990's, the country was opened-up to foreign investment. This generated considerable exploration activity. The successful re-entry of the formal mining sector into Tanzania is clearly evident from its rise, from a position where virtually no gold was declared mined, to that of the 3rd largest gold producing country in Africa after South Africa and Ghana. Table 1. Virtually all of this production, following the recent closure of the Bahemba Gold Mine, now comes five large gold mines situated in the LVGF operated by AngloGold - Ashanti Gold, Barrick Gold and Resolute: Bulyambulu, Geita, Golden Pride, North Mara and Tulawaini. This will be increased when Buzwagi, which is located immediately south of the Kahama Greenstone Belt, is commissioned by Barrick Gold. Other materials presently mined commercially in Tanzania include coal (Songwe-Kiwira - Kiwira Coal), diamonds (Mwadui - Williamson Diamonds), limestone (Dar es Salaam - Tanzania Portland Cement, Mbeya - Mbeya Cement and Tanga - Tanga Cement), phosphate (Minjingu - Minjingu Phosphate, ruby (Longido - Longido Gemstones Mining and Umba - Afro-Asian Precious Stones), tanzanite (Merelani - AFGEM). In addition, some of the deposits known in Tanzania possessing significant possible economic potential are listed in Table 2.

Tanzania possesses outstanding mineral potential. A good overview of this is given in the promotional booklet produced by the Ministry of Energy And Minerals, *Tanzania - Opportunities For Mineral Resource Development*. This potential is of such significance that, provided that the action policies are

**OVERVIEW OF THE LIKELY ENVIRONMENTAL IMPACTS
AND BUSINESS POTENTIAL OF ESTABLISHING A
DRILLING COMPANY SERVING THE
MINING SECTOR IN TANZANIA**

1.0 INTRODUCTION

The Southern Africa Enterprise Development Fund [SAEDF] has been approached by GAT Investments (Private) Limited [GAT] for financing towards establish an exploration drilling operation serving the mining sector in Tanzania. GAT is a Zimbabwe based company whose holdings include Bilboes Holdings (Private) Limited, which operates the Bubi, Isabella, McCays and When Gold Mines and produces pyrites, which is predominantly used for the manufacture of sulphuric acid, from the Iron Dult Mine.

GAT proposes, in order to avoid the effects of the current politico-economic problems being experience in Zimbabwe, that an independent company, Resource Exploration And Drilling Services Mauritus Limited [READ-M], will be registered in Mauritus. READ-M will in turn own the company established in Tanzania, Resource Exploration And Drilling Services Tanzania Limited [READ-T]. GAT notes that the two companies will have different Board Members independent of its Zimbabwe operations. GAT would provide management services to READ-T.

It is envisaged that READ T would commence operations with a fleet of four Diamond and one Reverse Circulation [RC] drilling rigs. These would be purchased new, complete with ancillary equipment, at a cost of US\$6,139,000.00. The total project costs, following the addition of US\$990,000 as working capital, are projected to be US\$7.2 million. Nearly 75% of this sum, US\$ 5.0 million, would be raised in the form of equity with the remaining US\$2.2 million being loan financed.

SRK Consulting – Eastern Africa (Private) Limited [SRK-EA] have been engaged by SAEDF to assist it reach an educated decision on the business merits of the Project by:

- (i) Providing an overview of the mineral potential of Tanzania – Section 3.
- (ii) Assessing the size of the drilling market in the mining sector in Tanzania – Section 4.

**CHIMBA RESOURCES LIMITED
INVESTMENT COST ESTIMATES**

Figures in US \$.

ITEM	ESTIMATED INVESTMENT	2009	2010	2011
Land and Buildings	990,000	490,000	400,000	100,000
Machinery and Equipment	2,842,500	100,000	1,342,500	1,400,000
Motor Vehicles	545,000	0	545,000	0
Furniture & Fixings	302,000		221,700	80,300
Pre – Operating Costs	204,000	26,000	53,500	124,500
Initial Working Capital	116,500	46,000	40,000	30,500
TOTAL PROJECT INVESTMENT	5,000,000	662,000	2,602,700	1,735,300

Estimates at current market prices

Appendix 2 – Environmental Assessment

SAEDF: Overview Environmental Impacts And Business
Potential Establishing Drilling Company In Tanzania

OVERVIEW OF THE LIKELY ENVIRONMENTAL IMPACTS AND BUSINESS POTENTIAL OF ESTABLISHING A DRILLING COMPANY SERVING THE MINING SECTOR IN TANZANIA

CONFIDENTIALITY

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Appendix 1 – Income Statement

Chimba Resources (T) Ltd.

Income Statement (US Dollars)	Projected				
	2009	2010	2011	2012	2013
Sales					
<i>Diamond Drilling</i>	5,040,000	6,300,000	7,560,000	8,820,000	10,080,000
<i>Reverse Circulation</i>					
<i>Core Coal</i>					
Turnover	5,040,000	6,300,000	7,560,000	8,820,000	10,080,000
Cost of Sales	-2,620,800	-3,341,520	-4,009,824	-4,678,128	-5,346,432
Gross Profit	2,419,200	2,958,480	3,550,176	4,141,872	4,733,568
<i>Gross profit margin %</i>	<i>48.0%</i>	<i>47.0%</i>	<i>47.0%</i>	<i>47.0%</i>	<i>47.0%</i>
<i>Sundry Revenue</i>					
Operating Expenses	-1,260,000	-1,619,383	-1,730,921	-1,842,972	-1,955,548
EBITDA	1,159,200	1,339,097	1,819,255	2,298,900	2,778,020
<i>Depreciation</i>	<i>334,217</i>	<i>375,892</i>	<i>417,567</i>	<i>459,242</i>	<i>483,167</i>
EBIT	824,983	963,205	1,401,689	1,839,658	2,294,853
<i>Abnormal Item</i>	<i>-140,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Investment Income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Finance Costs</i>	<i>(223,630)</i>				
EBT	461,353	963,205	1,401,689	1,839,658	2,294,853
<i>Taxation</i>	<i>138,406</i>	<i>288,962</i>	<i>420,507</i>	<i>551,897</i>	<i>688,456</i>
Net Profit After Tax	322,947	674,244	981,182	1,287,761	1,606,397
<i>Ordinary Share Dividends</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
	322,947	674,244	981,182	1,287,761	1,606,397
Outside Shareholders (SAEDF)	0	471,970	588,709	643,880	642,559
Retained Income	322,947	202,273	392,473	643,880	963,838
Ratio Analysis	2009	2010	2011	2012	2013
<i>Turnover growth rate %</i>	<i>23.8%</i>	<i>25.0%</i>	<i>20.0%</i>	<i>16.7%</i>	<i>14.3%</i>
<i>Cost of Sales %</i>	<i>52.0%</i>	<i>53.0%</i>	<i>53.0%</i>	<i>53.0%</i>	<i>53.0%</i>
<i>Gross profit margin %</i>	<i>48.0%</i>	<i>47.0%</i>	<i>47.0%</i>	<i>47.0%</i>	<i>47.0%</i>
<i>Expenses to Turnover %</i>	<i>25.0%</i>	<i>25.7%</i>	<i>22.9%</i>	<i>20.9%</i>	<i>19.4%</i>
<i>EBITDA to Turnover</i>	<i>23.0%</i>	<i>21.3%</i>	<i>24.1%</i>	<i>26.1%</i>	<i>27.6%</i>
<i>EBIT to Turnover</i>	<i>16.4%</i>	<i>15.3%</i>	<i>18.5%</i>	<i>20.9%</i>	<i>22.8%</i>
<i>EBT to Turnover</i>	<i>9.2%</i>	<i>15.3%</i>	<i>18.5%</i>	<i>20.9%</i>	<i>22.8%</i>
<i>Net profit margin</i>	<i>6.4%</i>	<i>10.7%</i>	<i>13.0%</i>	<i>14.6%</i>	<i>15.9%</i>

7 RECOMMENDATION

Provided that all other aspects and factors remain substantially constant, it is strongly recommended that the project be implemented with immediate effect. Further, it is recommended that the company applies for the Certificate of Incentive with the Tanzania Investment Center (TIC), with the view of benefiting from investment incentives and protection given to potential investors like CHIMBA RESOURCES (T) LIMITED, as the statutory provides under the Tanzania Investment Act, 1997.

- Gert has worked for Murray & Roberts and Geosearch as area manager and General Manager respectively, managing a business with over 20 rigs, drilling to depths of 3000 meters
- He is renowned for his drilling ability and is considered the country's leading drilling expert

The drilling team in the field has experience in various drilling techniques;

- 1 Diamond core drilling of sizes ranging from AQ to PQ.
- 2 Directional drilling
- 3 RC drilling
- 4 Geotechnical drilling
- 5 Underground drilling

Water well drilling also large diameter de-watering holes

5 FINANCIAIL ANALYSIS

5.1 Methodology and Key Assumptions

Key Assumptions

- Investment Capital will be US\$ 5,000,000
- Exchange Rate (USD/TSHS) Tshs. 1,300 per USD
- Depreciation on Fixed Assets 25% r.b. on Motor Vehicle, 12.5% s.l. on Plant and Machinery, 10% r.b on furniture and fittings, and 5% s.l on land and building
- 30% Corporate tax
- 20% Social Security Contribution
- 2% Revenue Growth per annum

See Appendix 1 – Projected Income Statement

6 CONCLUSION

With the increase in mining exploration in the region CHIMBA RESOURCES (T) LTD will have a huge impact fairly quickly. In the medium to long term the company believes it will begin to service markets in countries such as Uganda, Zambia and the Democratic Republic of Congo where extensive exploration activities are also taking place.

There is also an opportunity for CHIMBA to start an advisory service to the small scale mining sector which should contribute to the development of the small scale mining industry in Tanzania.

Securities 1981 where he traded options on equity securities until 1983. Mr. Pryor is currently a Director of the Pep Boys Co., Inc.

Mr. Pryor holds an undergraduate degree in Marketing and Economics from Howard University, and a Masters of Business Administration from the University of Pennsylvania's Wharton School. Mr. Pryor holds NASD licenses 7, 24 and 63.

Mr. Richard Swai – (Executive Director)

Mr. Richard Swai has over 15 years experience in the finance related industry, of that 8 years in private equity.

In 2003, Mr. Swai joined Southern Africa Enterprise Development Fund (SAEDF) as the Head of Investments where he sits on several boards.

Before the appointment, Mr. Swai was a Senior Financial Analyst with Aquila Energy Capital Corporation in Houston, Texas. At his capacity, Mr. Swai was responsible for leading an analytical support team within the transaction group that included screening, evaluating, and prioritization of prospect opportunities. Prior to joining Aquila Energy Capital, Mr. Swai was with Koch Energy Inc. (the second largest private held company in the USA) in Houston, Texas. Mr. Swai's experience includes tenures with PriceWaterhouseCoopers, Washington DC (then Coopers & Lybrand) as an Auditor and Citicorp Securities (Citibank) in New York as an Associate in the Asset Backed Finance group.

Mr. Swai attended The University of Maryland and The University of the District of Columbia for his Undergraduate studies. Mr. Swai received his MBA in Finance from The Wharton School of Business.

Mr. Rafique Symonette - (Non Executive Director)

As an investment manager, he provides day-to-day advisory support to entrepreneurs and sources investment opportunities to provide equity investments and loans in the form of expansion capital.

Prior to SAEDF worked at GoodWorks International, Principal, Enterprise Development, was responsible for exploring new fund management opportunities in the enterprise and infrastructure development sectors. He also worked for the Monitor Company as a strategic management consultant advising on corporate strategy and operations in pharmaceuticals, transportation, telecommunications and consumer goods industries. While at Monitor, Mr. Symonette worked throughout North America and Europe, extensively in New York, London, Toronto, and Stockholm.

Mr. Symonette has a Bachelors of Science in Economics from the Wharton School at the University of Pennsylvania. He is a member of the Wharton Private Equity Alumni Network. Prior to Wharton, Mr. Symonette attended the United Nations International School in New York City, and the Crescent School in Toronto.

Mr. Gert van Rooyen – (Operations Director)

- 27 years drilling experience in South Africa and throughout Africa
- Gert has drilled for almost every significant mining House in Africa

4.2 Project Objectives and Content

The project is expected to provide Drilling Services to Exploration Companies. The company has engaged highly experienced engineers, drillers, and geologists who have the relevant experience both in Tanzania and other countries in the region.

4.3 Project Sponsors

The project is sponsored by Chimba Resources (T) Limited Company. The major shareholders of the company are:

- ASPEN RESOURCES (T) LIMITED COMPANY (TANZANIAN) 10%
- SOUTHERN AFRICA ENTERPRISE DEVELOPMENT FUND (AMERICAN) 90%

It is expected that the sponsors of the project will contribute 100% of the planned project cost, currently estimated at US\$ 5.0 Million.

CONTRIBUTOR	EQUITY (USD)	DEBT	SHARES
Aspen Resources (T) Ltd P.O. Box 71140, DSM		NIL	1,000
Southern Africa Enterprise Development Fund P.O. Box 2241, Saxonwold, South Africa	5,000,000	NIL	9,000
	5,000,000	NIL	10,000

4.4 Project Directors and Management

DIRECTORS PROFILE

The first directors of the project are expected to include:

- Malcolm Pryor (American) – Chairman
- Richard Swai (Tanzanian) – Executive Director
- Rafique Symonette (Canadian) – Non Executive Director

Mr. Malcolm Pryor – (Chairman)

Malcolm D. Pryor has over 35 years experience in the finance services industry.

Prior to SAEI F, Mr. Pryor was the Chairman of Pryor, Counts & Co., a leading minority-owned investment banking and brokerage firm with offices in six cities and total underwriting of municipal and governmental securities in excess of \$49 billion. Prior to establishing Pryor, Counts & Co. Mr. Pryor was an institutional sales representative for Goldman, Sachs & Co. where he was responsible for establishing and expanding the government and money market securities business. He subsequently became a member of the Philadelphia Stock Exchange in

Market

Although there are significant barriers to entry into the Tanzanian exploration drilling market, it is possible that the situation may change with the entry of new players into the industry. Should the market in Tanzania become flooded, there are opportunities for forming consortiums with new and existing players or moving the business to other countries like Uganda, Zambia, Mozambique or the DRC.

Labour

Regional growth in terms of mining and exploration projects could affect the availability of qualified drillers. The industry is fairly competitive and this could adversely affect drilling programmes or could result in labour costs becoming prohibitive.

Operational Environment

The mining and exploration operations of a Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to weather conditions, fire, explosions, and other accidents at the drilling site. These risks and hazards could result in damage to, or destruction of, equipment or production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage it believes to be consistent with industry practice, there is no assurance that it will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover all claims. However, all contracts the Company will enter into will take this into consideration and will pass most risks to the contracting partners.

Environmental Considerations (Appendix A – Full Independent Analysis by SRK)

Exploration drilling is carried out on behalf of mining or exploration companies. These companies are required to comply with environmental legislation as their activities may cause damage to the environment. Before a mining or exploration company commences exploration, it normally carries out an environmental impact study and included in it is the impact of the exploration and how any negative impact would be addressed.

4 The Project, Sponsors and Management

4.1 Project Profile

The company CHIMBA RESOURCES (T) LIMITED COMPANY was established in 2008 as a company limited by shares. The company was incorporated in Tanzania on October 24th, 2008 under the Certificate of Incorporation Number 68100. The core business of the company will be to provide mineral drilling services to exploration companies throughout Tanzania.

CHIMBA Resources (T) Limited will have a strong management and technical skill pool to provide high quality drilling services to its clients.

skills base which will be used in the project and this should reduce the risks associated with the project.

Good Asset Base in South Africa

The project promoters already have a good asset base in South Africa and are experienced in managing new and ongoing projects. Although the South African assets will not be part of the Tanzania project, the synergies between the two operations can be beneficial to both operations.

3.2 RISKS

Mineral Prices

All of the company's revenue will be derived from drilling in mining and exploration. Consequently the earnings of the company will be closely related to the performance of the mining industry. Many factors influence metal and mineral price fluctuations and therefore the level of exploration undertaken by Companies. These factors include demand for minerals, forward selling by producers, and economic performance of consuming nations. Mineral prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and currency exchange rates. Therefore although mineral prices are favourable at present, unexpected declines in prices would make exploration and development unattractive, which could in turn affect the company's profitability. Forecasts at present indicate that prices should remain favourable in the next five to ten years.

In addition, the purchase of the additional three rigs during 2011 and 2012 is dependent on the demand for drilling remaining vibrant within the Southern and Eastern African regions. Should demand slow down considerably, the additional equipment may not be purchased.

Political and Economic Environment

Political uncertainties may lead to unfavourable legislative and taxation framework changes, exchange control restrictions, international monetary fluctuations, civil unrest or any other political instability. Tanzania at present is relatively stable and therefore no immediate threat to the operations of the company is foreseen. Investors are protected against nationalization with property guarantees provided by the Multilateral Investment Guarantee Agency (MIGA) of which Tanzania is a member. Tanzania is also a member of the International Centre for Settlements of Investment Disputes (ICSID), a body affiliated to the World Bank. Settlements of disputes between a foreign investor and the Government of Tanzania or the TIC in respect of a business enterprise will be through negotiations for an amicable settlement. A dispute not settled through negotiation maybe settled through arbitration laws of Tanzania or through the ICSID or through any multilateral or bilateral investment agreement between Tanzania and the country from which the investor originates.

Should the political and economic situation in Tanzania change for the worse, then there are opportunities to redeploy the equipment to neighbouring countries like Uganda, Zambia, Mozambique or the DRC.

High Growth Prospects

There is an opportunity to grow the business and set up operations in other countries like the DRC, Zambia, Mozambique and Uganda if the Tanzanian operations are successful.

Due to the good demand for drilling services in Tanzania and the region, it is anticipated that two additional diamond drilling rigs and one reverse circulation rig will be commissioned in 2011 and 2012. This will increase the Company's capacity and therefore lower fixed costs particularly management costs.

Further more, drilling business is not limited to the mining industry but may be expanded to include construction, oil and gas and geotechnical industry sectors as well.

There is also an opportunity to provide consultancy to the small scale miners using the expertise already resident within CHIMBA and its Partners. This could be in the form of exploration management, capital raising, mine establishment and operation of mines.

Good Regulatory Environment

The Tanzanian government has put in place legislative structures to encourage foreign investment. Foreign investors are protected against nationalisation. Property guarantees are provided under the Multilateral Investment Guarantee Agency MIGA. Disputes between foreign investors and the Government of Tanzania take place through the Tanzanian Investment Centre. The Mineral Sector Policy of 1997 aims at encouraging the private sector to invest in exploration and mining activities in the country. The government is no longer directly involved in mineral exploration and mining but rather oversees activities in the sector. Fiscal terms for the sector are also favourable, with customs and excise duty and value added tax being exempt for mining equipment and supplied directly related to the mining operations of the project for up to one year after production has commenced. Thereafter customs duty of up to a maximum of 5% will be charged on all such imports. Holders of mineral rights are also exempt from domestic withholding tax on goods and services that they supply.

From an income tax perspective the mining sector is ring fenced and corporate tax is charged at 30% on the company's taxable income. Depreciation is allowed on all mining capital expenditure and on exploration and production rights. Tax losses may be carried forward for recovery without limit. An entity may also keep accounts for tax purposes in any convertible foreign currency, thus simplifying the financial reporting process.

High Profitability of Project

The project generates positive cash very early in the project life and has a short payback period based on the financial projections. Because of the shortage of drilling equipment in Tanzania, the project should have a reasonable cushion in terms of prices and work.

Sensitivity analysis done on the project shows that the project has robust cash flows and the drilled metres and prices have to come down significantly before the project becomes unviable.

Experienced Project Promoters and Managers

The project promoters and its partners are well experienced in exploration and mining having worked in Anglo American Corporation for a long time. The project promoters have a good

Currently exploration and mining companies have to wait up to nine weeks to secure the services of exploration drilling companies. This situation is unlikely to change in the medium term.

Based on the current market situation and the anticipated growth of the Tanzanian mining industry, there is an opportunity to grow the business particularly after 2010 when the set up challenges will have been overcome. It is anticipated that an additional two diamond drilling rigs will be commissioned in 2011 and another reverse circulation rig will be commissioned in 2012. This will give the Company critical mass in terms of attracting good quality customers as well as an opportunity to look at other markets like Uganda, Mozambique and the DRC.

In the medium term efforts will be focussed towards providing drilling services to other countries in the region where extensive exploration work is being carried out. These include the DRC, Zambia, Mozambique and Uganda.

2.3 Financial Appraisal

The shareholders will contribute the full capitalization of the business. The projects financial projections have been prepared for a period of ten years. These projections show an overall return of 35%, which is way above similar industry average in countries such as South Africa.

2.4 Implementation

Full implementation programme will be achieved within a three year period.

3 ANALYSIS OF MERITS AND RISKS

3.1 MERITS

Forecast High Metal Prices

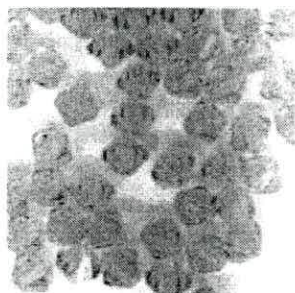
Exploration and development of mineral resources and ore reserves is a booming business world wide on the back of strong metal prices. Current forecasts suggest this will continue for the next five to ten years and this should be good for companies involved in the supply of goods and services to the mining industry.

Community Development

Generally minerals are found in remote areas where invariably there are no roads, electricity, water, schooling or houses. The discovery of minerals normally precipitates the development of such facilities and therefore the development of surrounding communities. By providing exploration drilling services to mining companies in Tanzania, Cf IMBA RESOURCES will help in bringing development to the people of Tanzania.

2 MARKET ASSESSMENT

2.1 Size of Market



Burundi border.

Tanzania has significant unexplored mineral potential and the opportunities for accelerating the revival of the mining industry are plentiful in an atmosphere of political stability and economic development and growth. Since 1990, Tanzania has risen from an insignificant gold producer to become Africa's third largest producer. There are also unexplored opportunities particularly in industrial minerals including diamonds, coal, graphite, evaporates, kaolin, limestone, dimension stones, phosphates and gypsum. Exploration is mostly concentrated in the northern region at present around the Lake Victoria Gold Fields Area but recent discoveries have been made in the south and west towards

2.2 Outlook

Tanzania continues to be one of Africa's biggest mining success stories endowed with geology which is highly prospective for gold and other minerals. The country has statistically opened a new mine per year since 1998 and is blessed with a range of mineral resources ranging from metallic mineral deposits, precious metals, platinum group metals, gemstones, industrial minerals and fossil fuels. Of all these major mineral resources, gold, diamonds and tanzanite provide the biggest financial boost to Tanzania's economy. Structural reforms in the mining sector instituted in the mid 80s have opened doors for private investment, thus earning the country millions of dollars in foreign exchange.

Some of the world class multinationals with a strong presence in Tanzania include Barrick Gold, Resolute Resources, AngloGold Ashanti, Placer Dome, MDN Northern Mining, TanzaniteOne and De Beers. Companies involved in exploration include Xstrata, Coeur d'Alene Mines, Canaco Resources, Pan African Management and Development Company, Western Metals Limited, Atlas Africa Limited, Thorn Tree Minerals Limited and Tanzanian Royalty Exploration Corporation.

In addition, there exists an opportunity for CHIMBA RESOURCES to offer consultancy services to artisanal miners who will need exploration done for them. Discussions are at an advanced stage with the National Development Corporation, whose mandate it is to help develop the artisanal mining sector. CHIMBA RESOURCES will draw on the expertise of GAT, whose shareholders will be the principal shareholders of CHIMBA RESOURCES, and which already operates mines in Zimbabwe. GAT already has experienced geologists, miners, engineers and metallurgists in its employment in Zimbabwe and can provide these skills to CHIMBA RESOURCES for the development of mining ventures.

The challenge the Tanzanian Government faces is maintaining competitiveness for investment in a bid to increase the sector's contribution to GDP from the current 3.5% to at least 10% in 2025.

1 EXECUTIVE SUMMARY

1.1 *Project Overview*

CHIMBA RESOURCES (T) LTD. is a Tanzanian registered company. The company is incorporated under the companies Act. Of 2002 and holds a certificate of incorporation number 68100 issued on October 24th, 2008. Its offices will be situated at house number MSN/OBY/269, Msasani area, Oysterbay in Kinondoni District , Dar es Salaam, Tanzania. The project is expected to start operations in February 2009.

Tanzania has over 800 000 square kilometres of varied geological terrains with potential mineral resources. Ongoing exploration work has resulted in the discovery of resources in excess of 45 million ounces of gold, 1,5 million tonnes of nickel and 50 million carats of tanzanite. This has resulted in the establishment of new mines by well financed international companies such as Barrick, AngloGold Ashanti, De Beers and Placer Dome among others.

Up until the late 90s, there was very little mining activity in Tanzania. Since 2000, a lot of exploration and mining companies have set up operations in Tanzania. The Country is currently experiencing a boom in its mining industry mainly due to its attractive investment environment and the current worldwide boom in demand for minerals. Due to the boom in the exploration and mining industry, there is a serious shortage of exploration drilling capacity in Tanzania, the Democratic Republic of Congo, Zambia, Uganda and Mozambique. CHIMBA RESOURCES has identified exploration drilling as an area with potential for growth in Tanzania given that Tanzania is relatively unexplored when compared to countries like South Africa, Zimbabwe and Australia.

1.2 *Investment Environment in Tanzania*

The investment environment has improved since the liberalization of trade in 1985. The National Investment (Promotion and Protection) Act of 1990 created a conducive environment for investors. The Act established the Tanzania Investment Centre (TIC) and made specific fiscal adjustments that make Tanzania a globally competitive destination for mining investment.

Investors are protected against nationalization with property guarantees provided by the Multilateral Investment Guarantee Agency (MIGA) of which Tanzania is a member. Tanzania is also a member of the International Centre for Settlements of Investment Disputes (ICSID), a body affiliated to the World Bank. Settlements of disputes between a foreign investor and the Government of Tanzania or the TIC in respect of a business enterprise will be through negotiations for an amicable settlement. A dispute not settled through negotiation maybe settled through arbitration laws of Tanzania or through the ICSID or through any multilateral or bilateral investment agreement between Tanzania and the country from which the investor originates.

Project Summary

• Name:	CHIMBA RESOURCES (T) Ltd.
• Total funding:	US\$ 5.0 M
• SAEDF Portion:	US\$ 5.0 M (Equity)
• Co-investors Portion:	N/A
• Purpose of funding:	Establishment of a Mineral Drilling Company
• Country:	Tanzania
• Industry:	Mineral Drilling
• Proposed Capital Structure:	Southern Africa Enterprise Development Fund - 90% ASPEN Resources (T) Ltd. - 10%
• No. of employment Opportunities:	100

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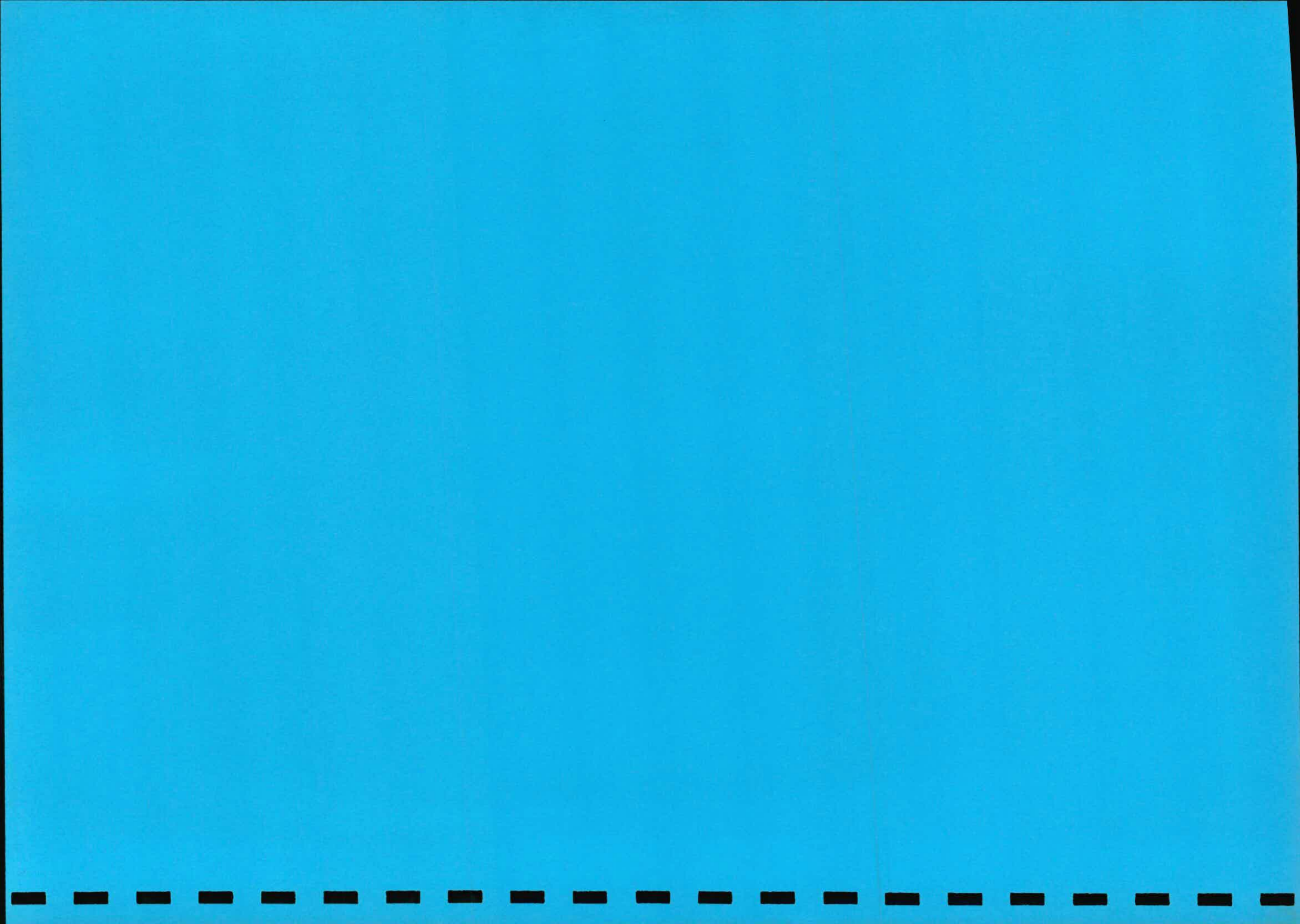
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CHIMBA RESOURCES LIMITED

BUSINESS PLAN FOR ASSEMBLING AND LEASING DRILLING AND MINING EQUIPMENT AND MACHINERY

January 2009

**Prepared by:
Mr. Richard Shad Swai
P.O. Box 106155,
Oysterbay Area, Msasani Area,
House No. MSN/OBY/ 269,
Dar es Salaam**



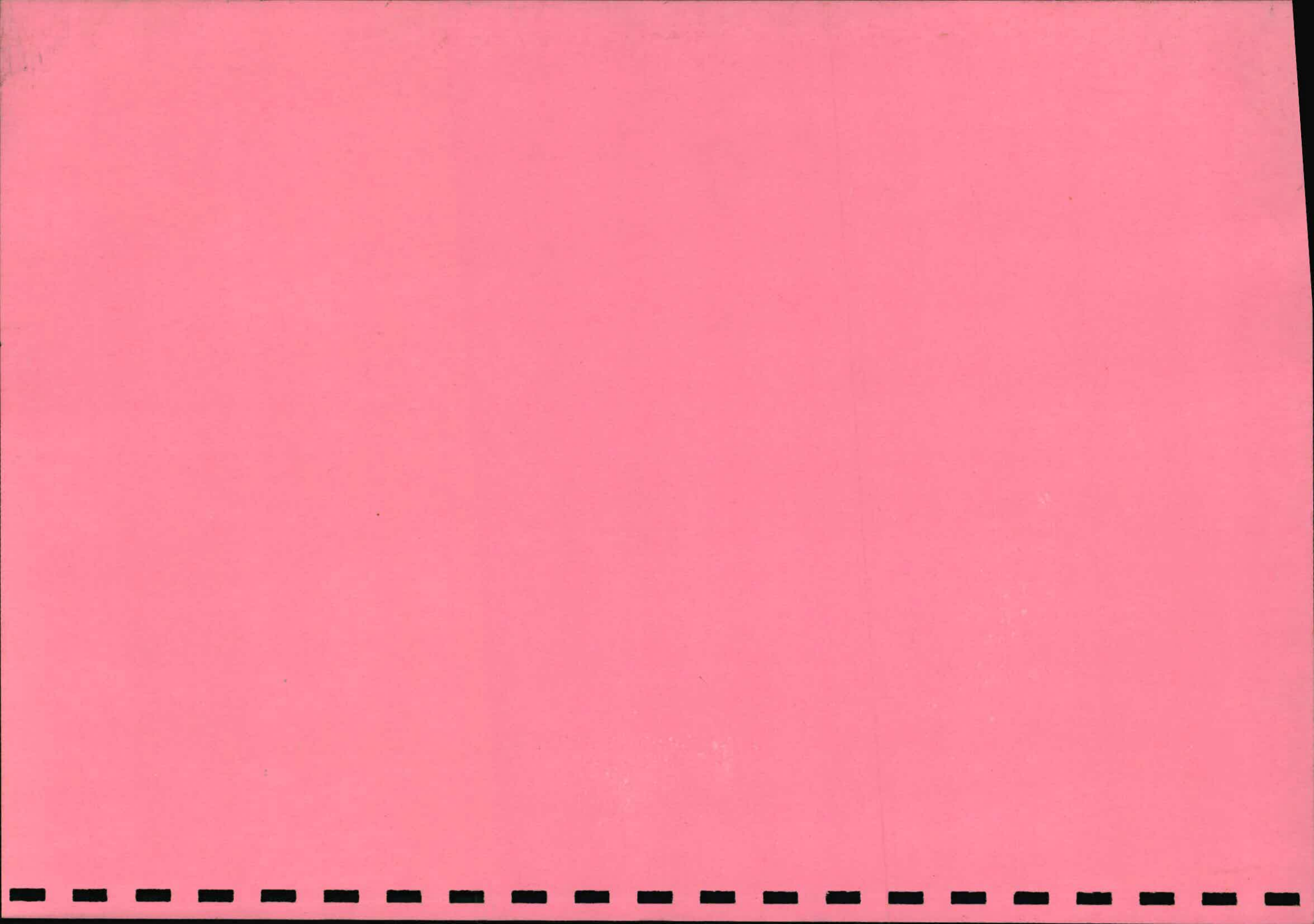
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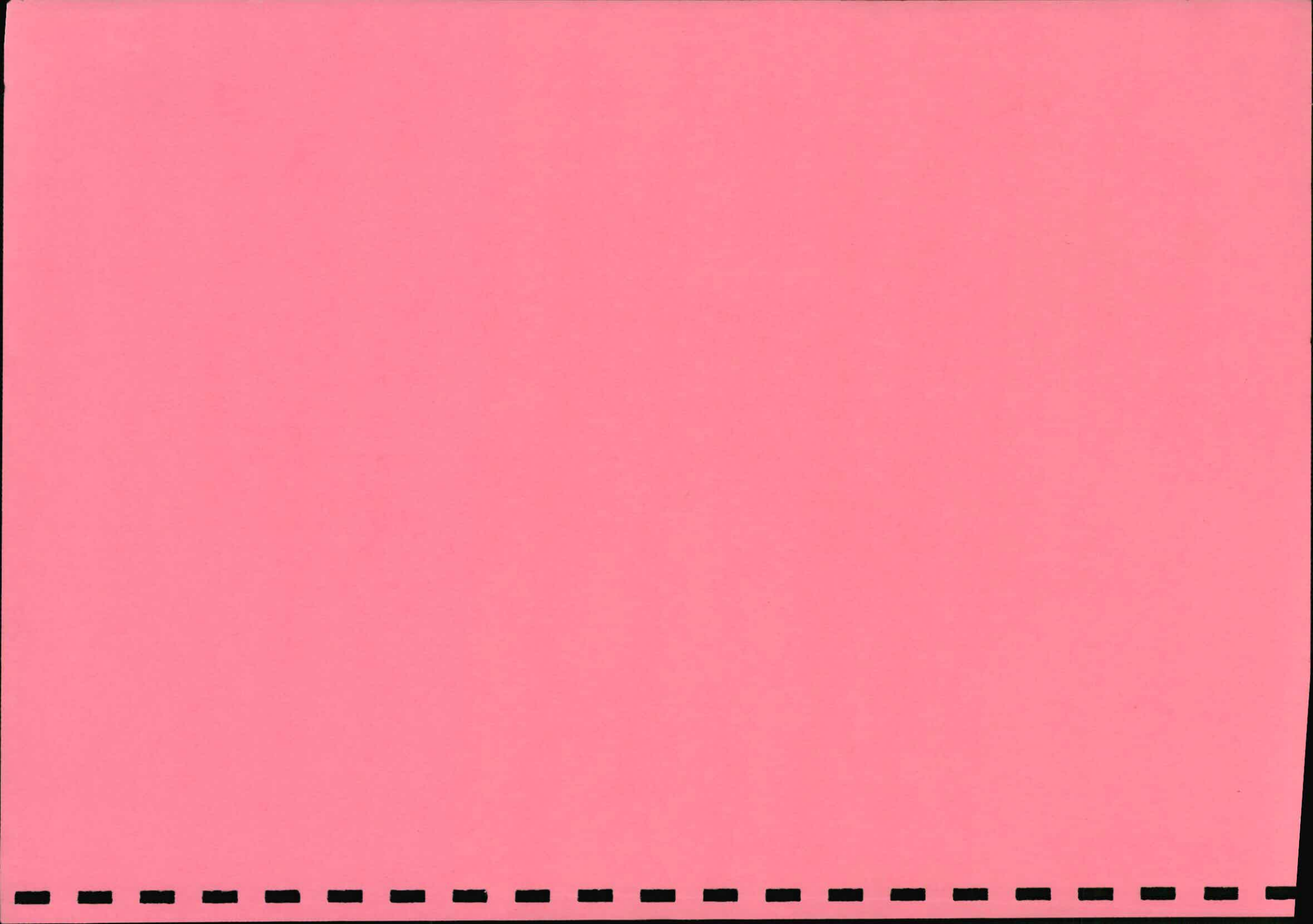
BUSINESS PLAN FOR ASSEMBLING AND LEASING DRILLING AND MINING EQUIPMENT AND MACHINERY

January 2009

Prepared by:

**Mr. Richard Shad Swai
P.O. Box 10615,
Oysterbay Area, Msasani Area,
House No. MSN/OBY/ 269,
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7.0 CONCLUSIONS AND RECOMMENDATIONS

The establishment of another drilling company servicing the mining sector in Tanzania is highly unlikely to have any significant direct negative impact of any facet the environment. As such, apart from urging the adoption and logical implementation of sound environmental procedures and health and safety practices, similar to those presented in Appendix B, it is considered highly unlikely that a drilling company servicing the mining sector will be required to implement any notable actions directed at either protecting the environment or safeguarding the health and safety of local inhabitants.

That Tanzania possesses outstanding mineral potential is unchallengeable and, as stated in Section 3.0, with the creation of a business ambience that further promotes development the country possesses the capability of becoming the mining centre for the greater East African region. Accurately assessing the growth of this potential, the pace of the development of the mining sector in Tanzania, is problematic as it is dependent on a host of factors including world market prices and internal politico-economic decisions. However, provided that the Presidential Committee tasked with reviewing the mining sector in Tanzania does not recommend anything that significantly deters foreign investment, it is likely that the exploration and mining activity, and with it the demand for drilling rigs, will remain at a similar level for the next number of years. If this assumption is correct the demand for drilling rigs in Tanzania should remain relatively constant with, despite an increase in drill rig numbers, clients having to wait months to acquire drilling services. Accordingly, it is probable that a new entrant providing drilling services to the mining sector could secure sufficient work to ensure financial success provided that it offers a professional and competent service at competitive prices. Towards achieving this goal it is recommended that the points raised in Section 5 be given adequate consideration.

Brent Barber
Principal Geologist
SRK Consulting – Eastern Africa

23rd February 2008

Consideration also need be given to the fact that the costs of establishing and then operating a business in Tanzania are high. Factors that contribute to this include the:

- (i) Slow process of registering a business and obtaining investment approval.
- (ii) Overall want of good governance and transparency in Tanzania.
- (iii) High level of Government bureaucracy with which it is readily acknowledged, it is sometimes impossible to comply.
- (iv) Propensity of individual civil servants and occasionally arms of Government to exact retribution on business concerns or individuals that openly challenge or criticise performance and/or decisions.
- (v) Relatively low overall educational level and experience of the workforce.
- (vi) Lack of managerial and technical skills available.
- (vii) Dearth of competent support services and low level of business and professional ethics.
- (viii) Necessity of carrying an abnormally high level of spare parts and consumables as even mundane items are commonly unavailable and have to be imported.
- (ix) Low level of infrastructure.
- (x) The reluctance of many Tanzanians, including some of those in Government, to recognise the benefits of, or accept the necessity for, foreign investment in the country.
- (xi) Requirement of having to re-apply bi-annually for Resident Permits regardless of whether all investment criteria have been met.

Finally, GAT envisages that major technical repairs to the drilling rigs will be undertaken by the suppliers, Atlas Copco, with minor breakdowns being attended to by an internal technical support team consisting of *two maintenance technicians and two auto electricians*. In the longer term it will probably be found cost effective to establishment of a workshop staffed by trained, skilled mechanics in Tanzania. All the other large drilling companies servicing the mining sector in the country have developed such facilities in Mwanza – the most suitable location from which to meet the demand for drilling in the predominant LVGF.

6.0 IDENTIFICATION OF ANY LIKELY POTENTIAL RISKS TO THE ENVIRONMENT

GAT have requested funding from SAEDF to assist in establishing a drilling company servicing the mining sector in Tanzania. All such work will be undertaken in mining or exploration licenses and it is the holder of these tenements, the drilling company's clients, who are primarily responsible for ensuring that no activities deleteriously effect the wellbeing of local inhabitants or impact the environment. As such, no funding provided will be directly used in any of the fourteen fields listed in the *Environmental Screening Form* provided. A completed copy of this is attached as Appendix A. However, the adoption of environmental procedures and health and safety practices, such as those presented in Appendix B, would be a significant action that could be taken to (a) safeguard the health and safety of local inhabitants and the drilling company's employees and (b) further the protection of the environment.

5.0 PRELIMINARY EVALUATION OF THE VIABILITY OF ESTABLISHING A COMPANY PROVIDING EXPLORATION AND DRILLING SERVICES IN TANZANIA

Tanzania is a member of the Multilateral Investment Guarantee Agency (MIGA), which protects international investments against nationalisation, and the International Centre For Settlements Of Disputes (ICSAD). Internally the National Investment (Promotion And Protection) Act of 1990 forms the platform that regulates capital investment into the country. In addition, the fiscal regime put in place to promote the development of the mining sector is, at present, reasonably favourable.

GAT have proposed to purchase four Diamond and one RC drilling rigs. It is projected that READ-T will initially be run by a staff of 95 employees. It is envisaged that 78 of these individuals, 82.1% of the workforce, will man the drilling rigs and the remaining 17 people, 17.9% of the workforce, will staff the office. It is planned to recruit experience drillers from Tanzania and, taking that the requisite Work Permits can be obtained, also Zambia and Zimbabwe. In addition, training will be conducted by the equipment suppliers and received during attachment to SMC Limited, a Zimbabwean drilling company, prior to the commencement of operations.

It is planned that GAT would provide management services to READ-T. However, it should be noted that an increase in the level of Withholding Tax payable on outside management fees is under consideration. In addition, although possessing extensive knowledge of the mining sector in southern Africa and Zimbabwe in particular, none of the Directors listed in the *Project Proposal* appear to possess knowledge of exploration drilling company management or experience of working in Tanzania. Considering this it is strongly recommended, if not already contemplated, that a seasoned drilling manager should be recruited to operate READ-T and that, at least initially, a Tanzanian knowledgeable on importation procedures should be engaged in a senior capacity to advise and assist with the establishment of the business.

Assessment of the financial projections made by GAT are outside the scope of the contract awarded to SRK-EA. However, it is suggested that the business proposal, including financial projections, be re-appraised taking into consideration that:

- (i) The drilling rates utilised, Table 5, are towards the top end of those charged for both Diamond and RC drilling in Tanzania.
- (ii) The high projected drilling rate targets used, 80% for Diamond rigs and 71% for the RC rig, Table 5, could be unattainable – especially if mining sector activity decreases which, if the economic measures implemented to prevent economic recession in the USA fail, is a distinct possibility.
- (iii) Presently there is a greater demand for AC, RAB and RC drilling than diamond drilling by the mining sector in Tanzania.

Table 5

Projected Monthly Drilling Metreage And Revenue Of READ - Tanzania

DRILLING RIG TYPE	NUMBER OF DRILLING RIGS	MONTHLY DRILLING CAPACITY (m)	PROJECTED MONTHLY DRILLING (m)	RATE / METRE (US\$)	MONTHLY REVENUE (US\$)
Diamond	4	1,500	1,200	145	696,000
RC	1	7,000	5,000	45-70 (Av. 50)	250,000

- (i) Outcome of the Presidential Committee tasked with reviewing the mining industry in Tanzania
- (ii) Government of Tanzania honouring signed Mining Agreements and adhering to stipulated rates of taxation
- (iii) Necessity of reducing the length of time taken to award to exploration and mining licenses - currently it takes over one year for a Prospecting License Application to be processed.
- (iv) Needed reform of the non-transparent and over-complicated exploration and mining licensing and reporting system.
- (v) The prevention of frivolous legal challenges against property rights filed for unjust gain.

Table 3:

Main Drilling Companies Serving The Mining Sector In Tanzania

Drilling Company	Drilling Rigs		Located
	Diamond	Percussion	
Stanley Mining Services	5 - 1 ^(a)	6 + 2	Mwanza, Tanzania
Capital Drilling	7 ^(b)		Mwanza, Tanzania
Major Drilling	7 ^(b)		Mwanza, Tanzania
Warren Drilling (Geosearch)	9	5	Mwanza, Tanzania
Total Number Drilling Rigs:	> 42		Mwanza, Tanzania

Note: ^(a) Large wireline rig being imported capable of drilling deep holes
^(b) No response received to enquiries by the time of report compilation.

Table 4:

Known Exploration And Development Drilling Charges In Tanzania - First Quarter 2008

Diamond Core			Percussion		
Core Size:	Depth (m)	Cost Range (US\$)	Drill Type	Depth (m)	Cost Range (US\$)
PQ	0 - 50	190 / m	AC	To Refusal	22 - 23 / m
HQ	0 - 300	155 / m	RAB	To Refusal	14 - 18 / m
HQ	0 - 300	130 - 150 / m	RC	0 - 50	39 - 45 / m
NQ	0 - 300	130 - 145 / m		50 - 100	43 - 45 / m
	300 - 700	155 / m		100 - 150	48 - 55 / m
Slow Drilling - All		340 - 380 / hr		150 - 200	53 - 55 / m
Rig Time - All		260 - 380 / hr		200 - 205	58 / m
Standby - All		220 - 250 / hr	Slow Drilling	475 / hr	
Water - 10,000l		Variable / km	Interhole Moves - All		0 - 220 / hr
Interhole Moves - All		0 - 220 / hr	Intersite Moves - All		150 - 300 / hr
Intersite Moves - All		150 - 300 / hr	Drilling Consumables		Variable
Drilling Consumables		Variable	Rig Mobilisation		23 - 25 / km
Rig Mobilisation		23 - 25 / km			

Table 2:

Known Deposits In Tanzania Possessing Economic Mineral Potential

Bauxite: Amanzi
Coal: Galula, Kerevaka, Liweta, Mchuchuma, Ngaka-Mbawala, Njuga, Songwe-Kiwira, etc.
Copper: Kambe Hill, Kigugwe, Lufusi, Nyamori Hills, Pare, etc.
Diamonds: Over 300 known kimberlites - some 200 in the Shinyanga area
Dimension Stones: Various
Evaporites: Bahi Swamp and Lakes Balangida, Eyasi and Natron
Gemstones: Deposits beryl, chrysoberyl, garnet, emerald, ruby, sapphire, etc.
Gold: Lake Victoria and Lupa Gold Fields and other areas
Graphite: Mererani and Nachingwea areas
Iron: Iteve, Ligonza, Mbabala, Manyoro and Uiguru
Kaolin: Pugu Hills
Kyanite: Handeni, Mpwapwa and Pare Mountains
Lead: Old Mkwamba Mine
Phosphate: Over 20 known carbonatites
Pyrite: Samena
Nickel: Kabanga, Kapalagulu, Nachingwea and Zanzu
Rare Earth Elements: Over 20 known carbonatites
Tin: Karagwe Tin Field including the Kyerwa Mine
Tungsten: Chamanyana, Karugu, Kazimero and Kibanda in the Karagwe Tin Field
Uranium: Bahi Swamp, Gallapo Carbonatite, Madaba, Mkuju, etc.
Vermiculite: Over 20 known carbonatites

The mining sector in Tanzania is serviced predominantly by the four drilling companies: *Capital Drilling, Major Drilling, Stanley Mining Services and Warren Drilling*. All four were contacted and asked to supply details of the numbers and type of drilling rigs presently operated, current drill rig availability and drilling charges. Syntheses of the number of rigs operated by the companies and drilling charges, compiled from replies received from Stanley Mining Services and Warren Drilling, plus non-confidential records, are presented in Tables 3 and 4. Services commonly provided by the exploration and mining companies that contract drillers include:

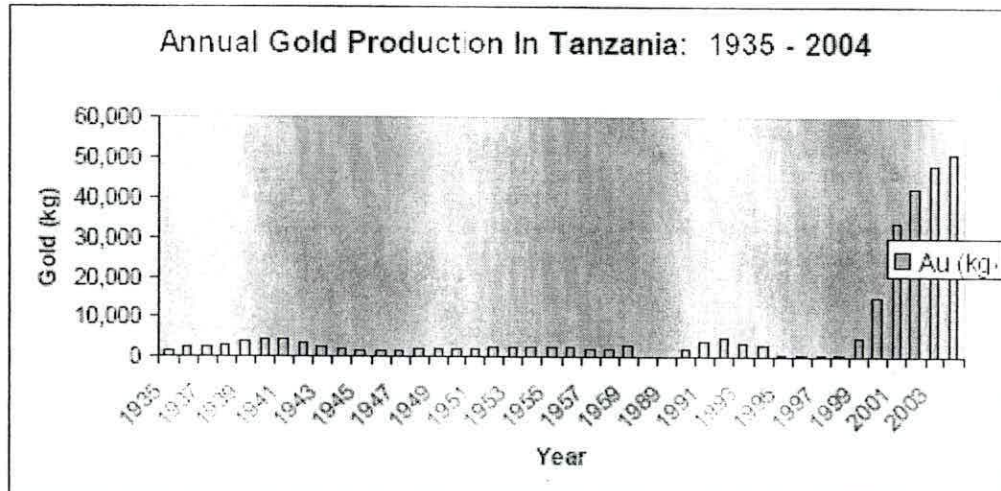
- Safety Instruction
- Site Access
- Drill Pad (incl. sump) Preparation
- Sampling Personnel
- Security
- Accommodation
- Fuel

During the past numbers of years, reflecting the high price of metals on the world market, which in the Tanzanian context is largely reflected in the amount of exploration and development drilling being undertaken on diamond, gold, nickel, platinum group element and uranium deposits, clients have commonly had to wait several months for drill rigs to become available. However, the continuation of this demand for drilling rigs in Tanzania is not only dependent on international mineral prices remaining buoyant but also on, amongst other internal factors, the:

enacted to promote good governance and facilitate business investment. Tanzania possesses the capability of becoming the mining hub for the greater East African region. This potential was one of the fundamental factors behind SRK Consulting establishing an office in Dar es Salaam, the commercial capital of the nation, in April 2006.

Table 1:

Annual Declared Gold Production In Tanzania



Note: No Data Presently Available 1960 To 1983

4.0 BRIEF ASSESSMENT OF THE SIZE OF THE EXPLORATION DRILLING MARKET IN TANZANIA

Drilling activity in the Mining Sector in Tanzania is presently dominated by the development and exploration drilling undertaken in the LVGF to:

- (i) Develop further *Ore Reserves* of international classification standing on or adjacent to the five large gold mines presently in operation: Bulyanhulu, Geita, Golden Pride, North Mara and Tulawaka, and
- (ii) Evaluate the *Resources* potential of gold and copper - nickel prospects being investigated in the Geita, Inamba-Sekenke, Kahama, Kilimafedha, Mabale-Buhungukira, Musoma-Mara, and Rwamagaza Greenstone Belts.

On average from 80 - 90% of the drill rigs available in the country are deployed in the LVGF. The remainder being involved on the exploration projects periodically undertaken on coal, copper-nickel, diamonds, dimension stone, gemstones, industrial rock and mineral, gold, pegmatite mineral, platinum group element, rare earth element and radio-active mineral deposits located throughout the country. Only some thirty to forty enterprises, ranging in size from junior exploration companies to major mining houses, are presently active in Tanzania.

- (iii) Undertaking a preliminary review of the perceived financial viability of establishing a Company providing drilling services to the mining sector in Tanzania – Section 5.
- (iv) Identifying any potential risks of an environmental nature associated with the Project – Section 6.

2.0 QUALIFICATIONS OF CONSULTANTS

SRK Consulting is an international group with over six hundred members of staff that provides expertise in a wide range of scientific and engineering disciplines. The independence of SRK Consulting is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its personnel. SRK Consulting has a demonstrated track record in project evaluation and auditing, exploration project design and implementation, mineral resource and reserve estimation, the completion of competent person's reports and the undertaking of independent feasibility evaluations to bankable standards for mining companies and financial institutions worldwide.

This document was prepared for SRK-EA by a senior consultant who is a member in good standing of the Australasian Institute of Mining and Metallurgy [AusIMM] and the American Association of Petroleum Geologists [AAPG].

Neither SRK-EA nor any of its staff employed in producing this report have any known beneficial interest in the Project assessed. SRK-EA will be paid a fee for undertaking the work completed in accordance with normal accounting practise.

3.0 OVERVIEW OF THE MINERAL POTENTIAL OF TANZANIA

Gold mining flourished in Tanzania during both German and then British colonial times in the Lake Victoria Gold Field [LVGF] and Lupa Gold Field in north-western and south-western Tanzania respectively. However, production collapsed shortly after Independence in 1961 when, driven by the implementation of African Socialism, the mining sector, together with all else in Tanzania including private housing, was nationalised. In order to 'protect state assets' some mines, such as Kiabakari, were turned into military bases. This situation lasted for over thirty years until, after the Government of Tanzania accepted that it's politico-economic policies had failed in the early 1990's, the country was opened-up to foreign investment. This generated considerable exploration activity. The successful re-entry of the formal mining sector into Tanzania is clearly evident from it's rise, from a position where virtually no gold was declared mined, to that of the 3rd largest gold producing country in Africa after South Africa and Ghana, Table 1. Virtually all of this production, following the recent closure of the Buhemba Gold Mine, now comes five large gold mines situated in the LVGF operated by AngloGold - Ashanti Gold, Barrick Gold and Resolute: Bulyanhulu, Geita, Golden Pride, North Mara and Tulawaka. This will be increased when Buzwagi, which is located immediately south of the Kahama Greenstone Belt, is commissioned by Barrick Gold. Other materials presently mined commercially in Tanzania include coal (Songwe-Kiwira - Kiwira Coal), diamonds (Mwadui - Williamson Diamonds), limestone (Dar es Salaam - Tanzania Portland Cement, Mbeya - Mbeya Cement and Tanga - Tanga Cement), phosphate (Minjingu - Minjingu Phosphate, ruby (Longido - Longido Gemstones Mining and Umba - Afro-Asian Precious Stones), tanzanite (Merelani - AFGEM). In addition, some of the deposits known in Tanzania possessing significant possible economic potential are listed in Table 2.

Tanzania possesses outstanding mineral potential. A good overview of this is given in the promotional booklet produced by the Ministry of Energy And Minerals, *Tanzania - Opportunities For Mineral Resource Development*. This potential is of such significance that, provided that the adroit policies are

**OVERVIEW OF THE LIKELY ENVIRONMENTAL IMPACTS
AND BUSINESS POTENTIAL OF ESTABLISHING A
DRILLING COMPANY SERVING THE
MINING SECTOR IN TANZANIA**

1.0 INTRODUCTION

The Southern Africa Enterprise Development Fund (SAEDF) has been approached by GAT Investment (Private) Limited (GAT) for financing towards establish an exploration drilling operation serving the mining sector in Tanzania. GAT is a Zimbabwe based company whose holdings include Bilboes Holdings (Private) Limited, which operates the Bubi, Isabella, McCays and When Gold Mines and produces pyrites, which is predominantly used for the manufacture of sulphuric acid, from the Iron Duke Mine.

GAT proposes, in order to avoid the effects of the current politico-economic problems being experience in Zimbabwe, that an independent company, Resource Exploration And Drilling Services Mauritius Limited (READ-M), will be registered in Mauritius. READ-M will in turn own the company established in Tanzania, Resource Exploration And Drilling Services Tanzania Limited (READ-T). GAT notes that the two companies will have different Board Members independent of its Zimbabwe operations. GAT would provide management services to READ-T.

It is envisaged that READ T would commence operations with a fleet of four Diamond and one Reverse Circulation (RC) drilling rigs. These would be purchased new, complete with ancillary equipment, at a cost of US\$6,139,000.00. The total project costs, following the addition of US\$990,000 as working capital, are projected to be US\$7.2 million. Nearly 75% of this sum, US\$ 5.0 million, would be raised in the form of equity with the remaining US\$2.2 million being loan financed.

SRK Consulting – Eastern Africa (Private) Limited (SRK-EA) have been engaged by SAEDF to assist in reach an educated decision on the business merits of the Project by:

- (i) Providing an overview of the mineral potential of Tanzania – Section 3.
- (ii) Assessing the size of the drilling market in the mining sector in Tanzania – Section 4.

Appendix 2 – Environmental Assessment

SAEDF: Overview Environmental Impacts And Business
Potential Establishing Drilling Company In Tanzania

OVERVIEW OF THE LIKELY ENVIRONMENTAL IMPACTS AND BUSINESS POTENTIAL OF ESTABLISHING A DRILLING COMPANY SERVING THE MINING SECTOR IN TANZANIA

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**CHIMBA RESOURCES LIMITED
INVESTMENT COST ESTIMATES**

Figures in US \$.

ITEM	ESTIMATED INVESTMENT	2009	2010	2011
Land and Buildings	990,000	490,000	400,000	100,000
Machinery and Equipment	2,842,500	100,000	1,342,500	1,400,000
Motor Vehicles	545,000	0	545,000	0
Furniture & Fittings	302,000		221,700	80,300
Pre – Operating Costs	204,000	26,000	53,500	124,500
Initial Working Capital	116,500	46,000	40,000	30,500
TOTAL PROJECT INVESTMENT	5,000,000	662,000	2,602,700	1,735,300

Estimates at current market prices

Appendix 1 – Income Statement

Chimba Resources (T) Ltd.

Income Statement (US Dollars)	Projected				
	2009	2010	2011	2012	2013
Sales					
<i>Diamond Drilling</i>	5,040,000	6,300,000	7,560,000	8,820,000	10,080,000
<i>Reverse Circulation</i>					
<i>Core Coal</i>					
Turnover	5,040,000	6,300,000	7,560,000	8,820,000	10,080,000
Cost of Sales	-2,620,800	-3,341,520	-4,009,824	-4,678,128	-5,346,432
Gross Profit	2,419,200	2,958,480	3,550,176	4,141,872	4,733,568
<i>Gross profit margin %</i>	48.0%	47.0%	47.0%	47.0%	47.0%
<i>Sundry Revenue</i>					
Operating Expenses	-1,260,000	-1,619,383	-1,730,921	-1,842,972	-1,955,548
EBITDA	1,159,200	1,339,097	1,819,255	2,298,900	2,778,020
<i>Depreciation</i>	334,217	375,892	417,567	459,242	483,167
EBIT	824,983	963,205	1,401,689	1,839,658	2,294,853
<i>Abnormal Item</i>	-140,000	0	0	0	0
<i>Investment Income</i>	0	0	0	0	0
<i>Finance Costs</i>	(223,630)				
EBT	461,353	963,205	1,401,689	1,839,658	2,294,853
<i>Taxation</i>	138,406	288,962	420,507	551,897	688,456
Net Profit After Tax	322,947	674,244	981,182	1,287,761	1,606,397
<i>Ordinary Share Dividends</i>	0	0	0	0	0
	322,947	674,244	981,182	1,287,761	1,606,397
<i>Outside Shareholders (SAEDF)</i>	0	471,970	588,709	643,880	642,559
Retained Income	322,947	202,273	392,473	643,880	963,838
Ratio Analysis	2009	2010	2011	2012	2013
<i>Turnover growth rate %</i>	23.8%	25.0%	20.0%	16.7%	14.3%
<i>Cost of Sales %</i>	52.0%	53.0%	53.0%	53.0%	53.0%
<i>Gross profit margin %</i>	48.0%	47.0%	47.0%	47.0%	47.0%
<i>Expenses to Turnover %</i>	25.0%	25.7%	22.9%	20.9%	19.4%
<i>EBITDA to Turnover</i>	23.0%	21.3%	24.1%	26.1%	27.6%
<i>EB T to Turnover</i>	16.4%	15.3%	18.5%	20.9%	22.8%
<i>EB T to Turnover</i>	9.2%	15.3%	18.5%	20.9%	22.8%
<i>Ne profit margin</i>	6.4%	10.7%	13.0%	14.6%	15.9%

7 RECOMMENDATION

Provided that all other aspects and factors remain substantially constant, it is strongly recommended that the project be implemented with immediate effect. Further, it is recommended that the company applies for the Certificate of Incentive with the Tanzania Investment Center (TIC), with the view of benefiting from investment incentives and protection given to potential investors like CHIMBA RESOURCES (T) LIMITED, as the statutory provides under the Tanzania Investment Act, 1997.

- Gert has worked for Murray & Roberts and Geosearch as area manager and General Manager respectively, managing a business with over 20 rigs, drilling to depths of 3000 meters
- He is renowned for his drilling ability and is considered the country's leading drilling expert

The drilling team in the field has experience in various drilling techniques;

- 1 Diamond core drilling of sizes ranging from AQ to PQ.
- 2 Directional drilling
- 3 RC drilling
- 4 Geotechnical drilling
- 5 Underground drilling

Water well drilling also large diameter de-watering holes

5 FINANCIAIL ANALYSIS

5.1 Methodology and Key Assumptions

Key Assumptions

- Investment Capital will be US\$ 5,000,000
- Exchange Rate (USD/TSHS) Tshs. 1,300 per USD
- Depreciation on Fixed Assets 25% r.b. on Motor Vehicle, 12.5% s.l. on Plant and Machinery, 10% r.b on furniture and fittings, and 5% s.l on land and building
- 30% Corporate tax
- 20% Social Security Contribution
- 2% Revenue Growth per annum

See Appendix 1 – Projected Income Statement

6 CONCLUSION

With the increase in mining exploration in the region CHIMBA RESOURCES (T) LTD will have a huge impact fairly quickly. In the medium to long term the company believes it will begin to service markets in countries such as Uganda, Zambia and the Democratic Republic of Congo where extensive exploration activities are also taking place.

There is also an opportunity for CHIMBA to start an advisory service to the small scale mining sector which should contribute to the development of the small scale mining industry in Tanzania.

Securities 1981 where he traded options on equity securities until 1983. Mr. Pryor is currently a Director of the Pep Boys Co., Inc.

Mr. Pryor holds an undergraduate degree in Marketing and Economics from Howard University, and a Masters of Business Administration from the University of Pennsylvania's Wharton School. Mr. Pryor holds NASD licenses 7, 24 and 63.

Mr. Richard Swai – (Executive Director)

Mr. Richard Swai has over 15 years experience in the finance related industry, of that 8 years in private equity.

In 2003, Mr. Swai joined Southern Africa Enterprise Development Fund (SAEDF) as the Head of Investments where he sits on several boards.

Before the appointment, Mr. Swai was a Senior Financial Analyst with Aquila Energy Capital Corporation in Houston, Texas. At his capacity, Mr. Swai was responsible for leading an analytical support team within the transaction group that included screening, evaluating, and prioritization of prospect opportunities. Prior to joining Aquila Energy Capital, Mr. Swai was with Koch Energy Inc. (the second largest private held company in the USA) in Houston, Texas. Mr. Swai's experience includes tenures with PriceWaterhouseCoopers, Washington DC (then Coopers & Lybrand) as an Auditor and Citicorp Securities (Citibank) in New York as an Associate in the Asset Backed Finance group.

Mr. Swai attended The University of Maryland and The University of the District of Columbia for his Undergraduate studies. Mr. Swai received his MBA in Finance from The Wharton School of Business.

Mr. Rafique Symonette - (Non Executive Director)

As an investment manager, he provides day-to-day advisory support to entrepreneurs and sources investment opportunities to provide equity investments and loans in the form of expansion capital.

Prior to SAEDF worked at GoodWorks International, Principal, Enterprise Development, was responsible for exploring new fund management opportunities in the enterprise and infrastructure development sectors. He also worked for the Monitor Company as a strategic management consultant advising on corporate strategy and operations in pharmaceuticals, transportation, telecommunications and consumer goods industries. While at Monitor, Mr. Symonette worked throughout North America and Europe, extensively in New York, London, Toronto, and Stockholm.

Mr. Symonette has a Bachelors of Science in Economics from the Wharton School at the University of Pennsylvania. He is a member of the Wharton Private Equity Alumni Network. Prior to Wharton, Mr. Symonette attended the United Nations International School in New York City, and the Crescent School in Toronto.

Mr. Gert van Rooyen – (Operations Director)

- 27 years drilling experience in South Africa and throughout Africa
- Gert has drilled for almost every significant mining House in Africa

4.2 Project Objectives and Content

The project is expected to provide Drilling Services to Exploration Companies. The company has engaged highly experienced engineers, drillers, and geologists who have the relevant experience both in Tanzania and other countries in the region.

4.3 Project Sponsors

The project is sponsored by Chimba Resources (T) Limited Company. The major shareholders of the company are:

- ASPEN RESOURCES (T) LIMITED COMPANY (TANZANIAN) 10%
- SOUTHERN AFRICA ENTERPRISE DEVELOPMENT FUND (AMERICAN) 90%

It is expected that the sponsors of the project will contribute 100% of the planned project cost, currently estimated at US\$ 5.0 Million.

CONTRIBUTOR	EQUITY (USD)	DEBT	SHARES
Aspen Resources (T) Ltd P.O. Box 71140, DSM		NIL	1,000
Southern Africa Enterprise Development Fund P.O. Box 2241, Saxonwold, South Africa	5,000,000	NIL	9,000
	5,000,000	NIL	10,000

4.4 Project Directors and Management

DIRECTORS PROFILE

The first directors of the project are expected to include:

- Malcolm Pryor (American) – Chairman
- Richard Swai (Tanzanian) – Executive Director
- Rafique Symonette (Canadian) – Non Executive Director

Mr. Malcolm Pryor – (Chairman)

Malcolm D. Pryor has over 35 years experience in the finance services industry.

Prior to SAEDF, Mr. Pryor was the Chairman of Pryor, Counts & Co., a leading minority-owned investment banking and brokerage firm with offices in six cities and total underwriting of municipal and governmental securities in excess of .49 billion. Prior to establishing Pryor, Counts & Co. Mr. Pryor was an institutional sales representative for Goldman, Sachs & Co. where he was responsible for establishing and expanding the government and money market securities business. He subsequently became a member of the Philadelphia Stock Exchange in

Market

Although there are significant barriers to entry into the Tanzanian exploration drilling market, it is possible that the situation may change with the entry of new players into the industry. Should the market in Tanzania become flooded, there are opportunities for forming consortiums with new and existing players or moving the business to other countries like Uganda, Zambia, Mozambique or the DRC.

Labour

Regional growth in terms of mining and exploration projects could affect the availability of qualified drillers. The industry is fairly competitive and this could adversely affect drilling programmes or could result in labour costs becoming prohibitive.

Operational Environment

The mining and exploration operations of a Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to weather conditions, fire, explosions, and other accidents at the drilling site. These risks and hazards could result in damage to, or destruction of, equipment or production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage it believes to be consistent with industry practice, there is no assurance that it will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover all claims. However, all contracts the Company will enter into will take this into consideration and will pass most risks to the contracting partners.

Environmental Considerations (Appendix A – Full Independent Analysis by SRK)

Exploration drilling is carried out on behalf of mining or exploration companies. These companies are required to comply with environmental legislation as their activities may cause damage to the environment. Before a mining or exploration company commences exploration, it normally carries out an environmental impact study and included in it is the impact of the exploration and how any negative impact would be addressed.

4 The Project, Sponsors and Management

4.1 Project Profile

The company CHIMBA RESOURCES (T) LIMITED COMPANY was established in 2008 as a company limited by shares. The company was incorporated in Tanzania on October 24th, 2008 under the Certificate of Incorporation Number 68100. The core business of the company will be to provide mineral drilling services to exploration companies throughout Tanzania.

CHIMBA Resources (T) Limited will have a strong management and technical skill pool to provide high quality drilling services to its clients.

skills base which will be used in the project and this should reduce the risks associated with the project.

Good Asset Base in South Africa

The project promoters already have a good asset base in South Africa and are experienced in managing new and ongoing projects. Although the South African assets will not be part of the Tanzania project, the synergies between the two operations can be beneficial to both operations.

3.2 RISKS

Mineral Prices

All of the company's revenue will be derived from drilling in mining and exploration. Consequently the earnings of the company will be closely related to the performance of the mining industry. Many factors influence metal and mineral price fluctuations and therefore the level of exploration undertaken by Companies. These factors include demand for minerals, forward selling by producers, and economic performance of consuming nations. Mineral prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and currency exchange rates. Therefore although mineral prices are favourable at present, unexpected declines in prices would make exploration and development unattractive, which could in turn affect the company's profitability. Forecasts at present indicate that prices should remain favourable in the next five to ten years.

In addition, the purchase of the additional three rigs during 2011 and 2012 is dependent on the demand for drilling remaining vibrant within the Southern and Eastern African regions. Should demand slow down considerably, the additional equipment may not be purchased.

Political and Economic Environment

Political uncertainties may lead to unfavourable legislative and taxation framework changes, exchange control restrictions, international monetary fluctuations, civil unrest or any other political instability. Tanzania at present is relatively stable and therefore no immediate threat to the operations of the company is foreseen. Investors are protected against nationalization with property guarantees provided by the Multilateral Investment Guarantee Agency (MIGA) of which Tanzania is a member. Tanzania is also a member of the International Centre for Settlements of Investment Disputes (ICSID), a body affiliated to the World Bank. Settlements of disputes between a foreign investor and the Government of Tanzania or the TIC in respect of a business enterprise will be through negotiations for an amicable settlement. A dispute not settled through negotiation maybe settled through arbitration laws of Tanzania or through the ICSID or through any multilateral or bilateral investment agreement between Tanzania and the country from which the investor originates.

Should the political and economic situation in Tanzania change for the worse, then there are opportunities to re employ the equipment to neighbouring countries like Uganda, Zambia, Mozambique or the DRC.

High Growth Prospects

There is an opportunity to grow the business and set up operations in other countries like the DRC, Zambia, Mozambique and Uganda if the Tanzanian operations are successful.

Due to the good demand for drilling services in Tanzania and the region, it is anticipated that two additional diamond drilling rigs and one reverse circulation rig will be commissioned in 2011 and 2012. This will increase the Company's capacity and therefore lower fixed costs particularly management costs.

Further more, drilling business is not limited to the mining industry but may be expanded to include construction, oil and gas and geotechnical industry sectors as well.

There is also an opportunity to provide consultancy to the small scale miners using the expertise already resident within CHIMBA and its Partners. This could be in the form of exploration management, capital raising, mine establishment and operation of mines.

Good Regulatory Environment

The Tanzanian government has put in place legislative structures to encourage foreign investment. Foreign investors are protected against nationalisation. Property guarantees are provided under the Multilateral Investment Guarantee Agency MIGA. Disputes between foreign investors and the Government of Tanzania take place through the Tanzanian Investment Centre. The Mineral Sector Policy of 1997 aims at encouraging the private sector to invest in exploration and mining activities in the country. The government is no longer directly involved in mineral exploration and mining but rather oversees activities in the sector. Fiscal terms for the sector are also favourable, with customs and excise duty and value added tax being exempt for mining equipment and supplied directly related to the mining operations of the project for up to one year after production has commenced. Thereafter customs duty of up to a maximum of 5% will be charged on all such imports. Holders of mineral rights are also exempt from domestic withholding tax on goods and services that they supply. From an income tax perspective the mining sector is ring fenced and corporate tax is charged at 30% on the company's taxable income. Depreciation is allowed on all mining capital expenditure and on exploration and production rights. Tax losses may be carried forward for recovery without limit. An entity may also keep accounts for tax purposes in any convertible foreign currency, thus simplifying the financial reporting process.

High Profitability of Project

The project generates positive cash very early in the project life and has a short payback period based on the financial projections. Because of the shortage of drilling equipment in Tanzania, the project should have a reasonable cushion in terms of prices and work.

Sensitivity analysis done on the project shows that the project has robust cash flows and the drilled metres and prices have to come down significantly before the project becomes unv able.

Experienced Project Promoters and Managers

The project promoters and its partners are well experienced in exploration and mining having worked in Anglo American Corporation for a long time. The project promoters have a good

Currently exploration and mining companies have to wait up to nine weeks to secure the services of exploration drilling companies. This situation is unlikely to change in the medium term.

Based on the current market situation and the anticipated growth of the Tanzanian mining industry, there is an opportunity to grow the business particularly after 2010 when the set up challenges will have been overcome. It is anticipated that an additional two diamond drilling rigs will be commissioned in 2011 and another reverse circulation rig will be commissioned in 2012. This will give the Company critical mass in terms of attracting good quality customers as well as an opportunity to look at other markets like Uganda, Mozambique and the DRC.

In the medium term efforts will be focussed towards providing drilling services to other countries in the region where extensive exploration work is being carried out. These include the DRC, Zambia, Mozambique and Uganda.

2.3 Financial Appraisal

The shareholders will contribute the full capitalization of the business. The projects financial projections have been prepared for a period of ten years. These projections show an overall return of 35%, which is way above similar industry average in countries such as South Africa.

2.4 Implementation

Full implementation programme will be achieved within a three year period.

3 ANALYSIS OF MERITS AND RISKS

3.1 MERITS

Forecast High Metal Prices

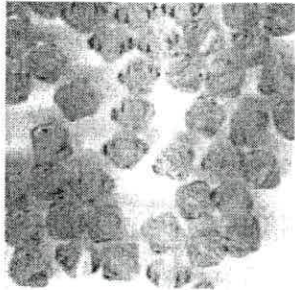
Exploration and development of mineral resources and ore reserves is a booming business world wide on the back of strong metal prices. Current forecasts suggest this will continue for the next five to ten years and this should be good for companies involved in the supply of goods and services to the mining industry.

Community Development

Generally minerals are found in remote areas where invariably there are no roads, electricity, water, schooling or houses. The discovery of minerals normally precipitates the development of such facilities and therefore the development of surrounding communities. By providing exploration drilling services to mining companies in Tanzania, CHIMBA RESOURCES will help in bringing development to the people of Tanzania.

2 MARKET ASSESSMENT

2.1 Size of Market



Burundi border.

Tanzania has significant unexplored mineral potential and the opportunities for accelerating the revival of the mining industry are plentiful in an atmosphere of political stability and economic development and growth. Since 1990, Tanzania has risen from an insignificant gold producer to become Africa's third largest producer. There are also unexplored opportunities particularly in industrial minerals including diamonds, coal, graphite, evaporates, kaolin, limestone, dimension stones, phosphates and gypsum. Exploration is mostly concentrated in the northern region at present around the Lake Victoria Gold Fields Area but recent discoveries have been made in the south and west towards

2.2 Outlook

Tanzania continues to be one of Africa's biggest mining success stories endowed with geology which is highly prospective for gold and other minerals. The country has statistically opened a new mine per year since 1998 and is blessed with a range of mineral resources ranging from metallic mineral deposits, precious metals, platinum group metals, gemstones, industrial minerals and fossil fuels. Of all these major mineral resources, gold, diamonds and tanzanite provide the biggest financial boost to Tanzania's economy. Structural reforms in the mining sector instituted in the mid 80s have opened doors for private investment, thus earning the country millions of dollars in foreign exchange.

Some of the world class multinationals with a strong presence in Tanzania include Barrick Gold, Resolute Resources, AngloGold Ashanti, Placer Dome, MDN Northern Mining, TanzaniteOne and De Beers. Companies involved in exploration include Xstrata, Coeur d'Alene Mines, Canaco Resources, Pan African Management and Development Company, Western Metals Limited, Atlas Africa Limited, Thorn Tree Minerals Limited and Tanzanian Royalty Exploration Corporation.

In addition, there exists an opportunity for CHIMBA RESOURCES to offer consultancy services to artisanal miners who will need exploration done for them. Discussions are at an advanced stage with the National Development Corporation, whose mandate it is to help develop the artisanal mining sector. CHIMBA RESOURCES will draw on the expertise of GAT, whose shareholders will be the principal shareholders of CHIMBA RESOURCES, and which already operates mines in Zimbabwe. GAT already has experienced geologists, miners, engineers and metallurgists in its employment in Zimbabwe and can provide these skills to CHIMBA RESOURCES for the development of mining ventures.

The challenge the Tanzanian government faces is maintaining competitiveness for investment in a bid to increase the sector's contribution to GDP from the current 3.5% to at least 10% in 2025.

1 EXECUTIVE SUMMARY

1.1 Project Overview

CHIMBA RESOURCES (T) LTD. is a Tanzanian registered company. The company is incorporated under the companies Act. Of 2002 and holds a certificate of incorporation number 68100 issued on October 24th, 2008. Its offices will be situated at house number MSN/OBY/269, Msasani area, Oysterbay in Kinondoni District , Dar es Salaam, Tanzania. The project is expected to start operations in February 2009.

Tanzania has over 800 000 square kilometres of varied geological terrains with potential mineral resources. Ongoing exploration work has resulted in the discovery of resources in excess of 45 million ounces of gold, 1,5 million tonnes of nickel and 50 million carats of tanzanite. This has resulted in the establishment of new mines by well financed international companies such as Barrick, AngloGold Ashanti, De Beers and Placer Dome among others.

Up until the late 90s, there was very little mining activity in Tanzania. Since 2000, a lot of exploration and mining companies have set up operations in Tanzania. The Country is currently experiencing a boom in its mining industry mainly due to its attractive investment environment and the current worldwide boom in demand for minerals. Due to the boom in the exploration and mining industry, there is a serious shortage of exploration drilling capacity in Tanzania, the Democratic Republic of Congo, Zambia, Uganda and Mozambique. CHIMBA RESOURCES has identified exploration drilling as an area with potential for growth in Tanzania given that Tanzania is relatively unexplored when compared to countries like South Africa, Zimbabwe and Australia.

1.2 Investment Environment in Tanzania

The investment environment has improved since the liberalization of trade in 1985. The National Investment (Promotion and Protection) Act of 1990 created a conducive environment for investors. The Act established the Tanzania Investment Centre (TIC) and made specific fiscal adjustments that make Tanzania a globally competitive destination for mining investment.

Investors are protected against nationalization with property guarantees provided by the Multilateral Investment Guarantee Agency (MIGA) of which Tanzania is a member. Tanzania is also a member of the International Centre for Settlements of Investment Disputes (ICSID), a body affiliated to the World Bank. Settlements of disputes between a foreign investor and the Government of Tanzania or the TIC in respect of a business enterprise will be through negotiations for an amicable settlement. A dispute not settled through negotiation maybe settled through arbitration laws of Tanzania or through the ICSID or through any multilateral or bilateral investment agreement between Tanzania and the country from which the investor originates.

Project Summary

• Name:	CHIMBA RESOURCES (T) Ltd.
• Total funding:	US\$ 5.0 M
• SAEDF Portion:	US\$ 5.0 M (Equity)
• Co-investors Portion:	N/A
• Purpose of funding:	Establishment of a Mineral Drilling Company
• Country:	Tanzania
• Industry:	Mineral Drilling
• Proposed Capital Structure:	Southern Africa Enterprise Development Fund - 90% ASPEN Resources (T) Ltd. - 10%
• No. of employment Opportunities:	100

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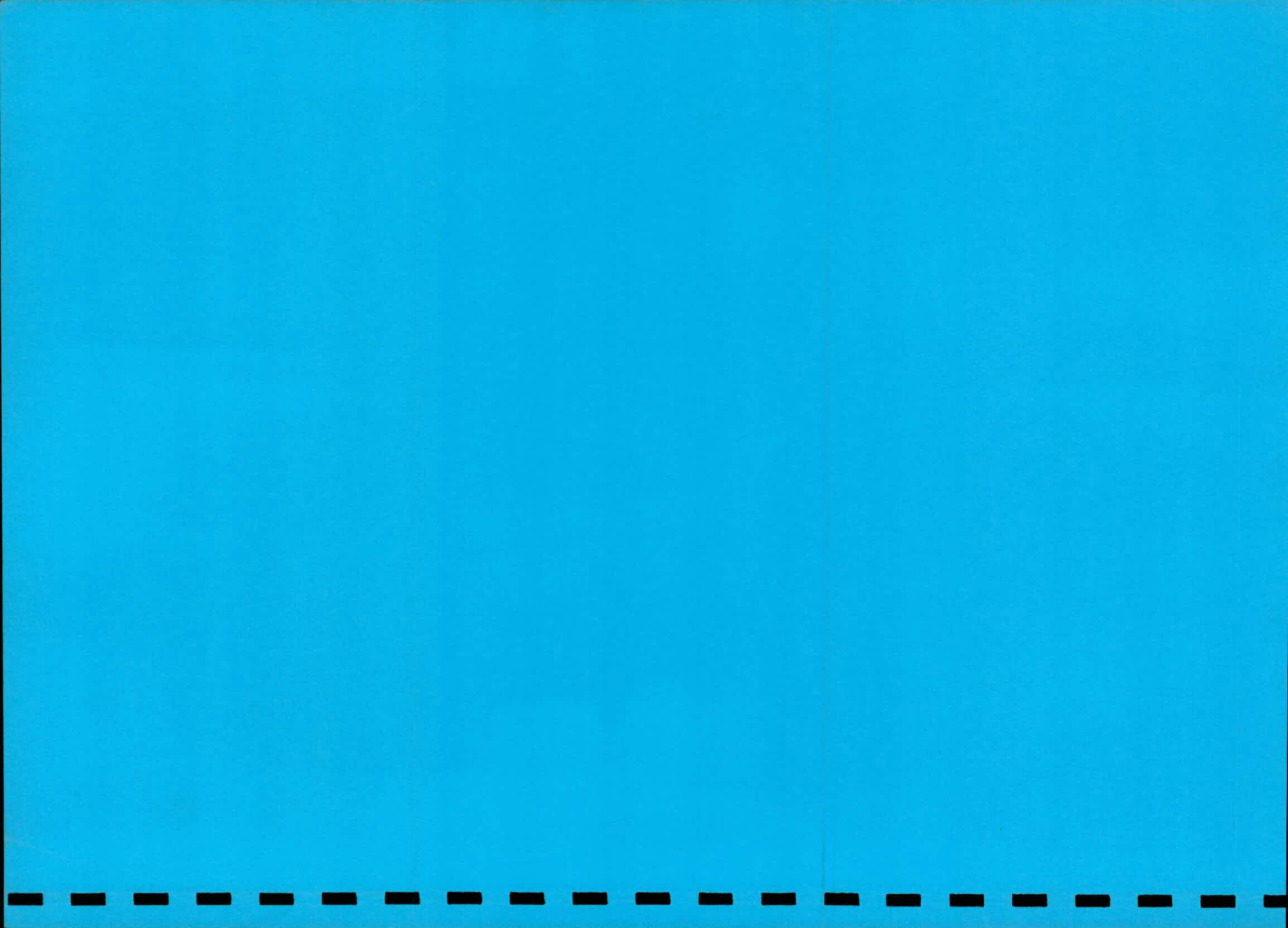
CHIMBA RESOURCES LIMITED

BUSINESS PLAN FOR ASSEMBLING AND LEASING DRILLING AND MINING EQUIPMENT AND MACHINERY

January 2009

Prepared by:

**Mr. Richard Shad Swai
P.O. Box 106155,
Oysterbay Area, Ms: sani Area,
House No. MSN/OBY/ 269,
Dar es Salaam**



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7.0 CONCLUSIONS AND RECOMMENDATIONS

The establishment of another drilling company servicing the mining sector in Tanzania is highly unlikely to have any significant direct negative impact of any facet the environment. As such, apart from urging the adoption and logical implementation of sound environmental procedures and health and safety practices, similar to those presented in Appendix B, it is considered highly unlikely that a drilling company servicing the mining sector will be required to implement any notable actions directed at either protecting the environment or safeguarding the health and safety of local inhabitants.

That Tanzania possesses outstanding mineral potential is unchallengeable and, as stated in Section 3.0, with the creation of a business ambience that further promotes development the country possesses the capability of becoming the mining centre for the greater East African region. Accurately assessing the growth of this potential, the pace of the development of the mining sector in Tanzania, is problematic as it is dependent on a host of factors including world market prices and internal politico-economic decisions. However, provided that the Presidential Committee tasked with reviewing the mining sector in Tanzania does not recommend anything that significantly deters foreign investment, it is likely that the exploration and mining activity, and with it the demand for drilling rigs, will remain at a similar level for the next number of years. If this assumption is correct the demand for drilling rigs in Tanzania should remain relatively constant with, despite an increase in drilling numbers, clients having to wait months to acquire drilling services. Accordingly, it is probable that a new entrant providing drilling services to the mining sector could secure sufficient work to ensure financial success provided that it offers a professional and competent service at competitive prices. Towards achieving this goal it is recommended that the points raised in Section 5 be given adequate consideration.

Brent Barber
Principal Geologist
SRK Consulting – Eastern Africa

23rd February 2008

Consideration also need be given to the fact that the costs of establishing and then operating a business in Tanzania are high. Factors that contribute to this include the:

- (i) Slow process of registering a business and obtaining investment approval.
- (ii) Overall want of good governance and transparency in Tanzania.
- (iii) High level of Government bureaucracy with which, it is readily acknowledged, it is sometimes impossible to comply.
- (iv) Propensity of individual civil servants and occasionally arms of Government to exact retribution on business concerns or individuals that openly challenge or criticise performance and/or decisions.
- (v) Relatively low overall educational level and experience of the workforce.
- (vi) Lack of managerial and technical skills available.
- (vii) Dearth of competent support services and low level of business and professional ethics.
- (viii) Necessity of carrying an abnormally high level of spare parts and consumables as even mundane items are commonly unavailable and have to be imported.
- (ix) Low level of infrastructure
- (x) The reluctance of many Tanzanians, including some of those in Government, to recognise the benefits of, or accept the necessity for, foreign investment in the country.
- (xi) Requirement of having to re-apply bi-annually for Resident Permits regardless of whether all investment criteria have been met

Finally, GAT envisages that major technical repairs to the drilling rigs will be undertaken by the suppliers, Atlas Copco, with minor breakdowns being attended to by an internal technical support team consisting of 'two maintenance technicians and two auto electricians'. In the longer term it will probably be found cost effective to establishment of a workshop staffed by trained, skilled mechanics in Tanzania. All the other large drilling companies servicing the mining sector in the country have developed such facilities in Mwanza - the most suitable location from which to meet the demand for drilling in the predominant LVGF.

6.0 IDENTIFICATION OF ANY LIKELY POTENTIAL RISKS TO THE ENVIRONMENT

GAT have requested funding from SAEDF to assist in establishing a drilling company servicing the mining sector in Tanzania. All such work will be undertaken in mining or exploration licenses and it is the holder of these tenements, the drilling company's clients, who are primarily responsible for ensuring that no activities deleteriously effect the wellbeing of local inhabitants or impact the environment. As such, no funding provided will be directly used in any of the fourteen fields listed in the *Environmental Screening Form* provided. A completed copy of this is attached as Appendix A. However, the adoption of environmental procedures and health and safety practices, such as those presented in Appendix B, would be a significant action that could be taken to (a) safeguard the health and safety of local inhabitants and the drilling company's employees and (b) further the protection of the environment.

5.0 PRELIMINARY EVALUATION OF THE VIABILITY OF ESTABLISHING A COMPANY PROVIDING EXPLORATION AND DRILLING SERVICES IN TANZANIA

Tanzania is a member of the Multilateral Investment Guarantee Agency (MIGA), which protects international investments against nationalisation, and the International Centre For Settlements Of Disputes (IC S.A.D). Internally the National Investment (Promotion And Protection) Act of 1990 forms the platform that regulates capital investment into the country. In addition, the fiscal regime put in place to promote the development of the mining sector is, at present, reasonably favourable.

GAT have proposed to purchase four Diamond and one RC drilling rigs. It is projected that READ-T will initially be run by a staff of 95 employees. It is envisaged that 78 of these individuals, 82.1% of the workforce, will man the drilling rigs and the remaining 17 people, 17.9% of the workforce, will staff the office. It is planned to recruit experience drillers from Tanzania and, taking that the requisite Work Permits can be obtained, also Zambia and Zimbabwe. In addition, training will be conducted by the equipment suppliers and received during attachment to SMC Limited, a Zimbabwean drilling company, prior to the commencement of operations.

It is planned that GAT would provide management services to READ-T. However, it should be noted that an increase in the level of Withholding Tax payable on outside management fees is under consideration. In addition, although possessing extensive knowledge of the mining sector in southern Africa and Zimbabwe in particular, none of the Directors listed in the *Project Proposals* appear to possess knowledge of exploration drilling company management or experience of working in Tanzania. Considering this it is strongly recommended, if not already contemplated, that a seasoned drilling manager should be recruited to operate READ-T and that, at least initially, a Tanzanian knowledgeable on importation procedures should be engaged in a senior capacity to advise and assist with the establishment of the business.

Assessment of the financial projections made by GAT are outside the scope of the contract awarded to SRK-EA. However, it is suggested that the business proposal, including financial projections, be re-appraised taking into consideration that:

- (i) The drilling rates used, Table 5, are towards the top end of those charged for both Diamond and RC drilling in Tanzania.
- (ii) The high projected drilling rate targets used, 80% for Diamond rigs and 71% for the RC rig, Table 5, could be unattainable – especially if mining sector activity decreases which, if the economic measures implemented to prevent economic recession in the USA fail, is a distinct possibility.
- (iii) Presently there is a greater demand for AC, RAB and RC drilling than diamond drilling by the mining sector in Tanzania.

Table 5
Projected Monthly Drilling Metreage And Revenue Of READ - Tanzania

DRILLING RIG TYPE	NUMBER OF DRILLING RIGS	MONTHLY DRILLING CAPACITY (m)	PROJECTED MONTHLY DRILLING (m)	RATE / METRE (US\$)	MONTHLY REVENUE (US\$)
Diamond	4	1,500	1,200	145	696,000
RC	1	7,000	5,000	45-70 (Av. 50)	250,000

- (i) Outcome of the Presidential Committee tasked with reviewing the mining industry in Tanzania
- (ii) Government of Tanzania honouring signed Mining Agreements and adhering to stipulated rates of taxation.
- (iii) Necessity of reducing the length of time taken to award to exploration and mining licenses - currently it takes over one year for a Prospecting License Application to be processed.
- (iv) Needed reform of the non-transparent and over-complicated exploration and mining licensing and reporting system.
- (v) The prevention of frivolous legal challenges against property rights filed for unjust gain.

Table 3:

Main Drilling Companies Serving The Mining Sector In Tanzania

Drilling Company	Drilling Rigs		Located
	Diamond	Percussion	
Stanley Mining Services	5 + 1 ^(a)	6 + 2	Mwanza, Tanzania
Capital Drilling	-	-	Mwanza, Tanzania
Major Drilling	-	-	Mwanza, Tanzania
Warren Drilling (Geosearch)	9	5	Mwanza, Tanzania
Total Number Drilling Rigs:	15-42		Mwanza, Tanzania

Note: ^(a) Large wireline rig being imported capable of drilling deep holes
^(b) No response received to enquiries by the time of report compilation.

Table 4:

Known Exploration And Development Drilling Charges In Tanzania - First Quarter 2008

Diamond Core			Percussion		
Core Size:	Depth (m)	Cost Range (US\$)	Drill Type	Depth (m)	Cost Range (US\$)
PQ	0 - 50	190 / m	AC	To Refusal	22 - 23 / m
HQ	0 - 300	155 / m	RAB	To Refusal	14 - 18 / m
HQ	0 - 300	130 - 150 / m	RC	0 - 50	39 - 45 / m
NQ	0 - 300	130 - 145 / m		50 - 100	43 - 45 / m
	300 - 700	155 / m		100 - 150	48 - 55 / m
Slow Drilling - All		340 - 380 / hr		150 - 200	53 - 55 / m
Rig Time - All		260 - 380 / hr		200 - 205	58 / m
Standby - All		220 - 350 / hr	Slow Drilling	475 / hr	
Water - 10,000l		Variable / km	Interhole Moves - All		0 - 220 / hr
Interhole Moves - All		0 - 220 / hr	Intersite Moves - All		150 - 300 / hr
Intersite Moves - All		150 - 300 / hr	Drilling Consumables		Variable
Drilling Consumables		Variable	Rig Mobilisation		23 - 25 / km
Rig Mobilisation		23 - 25 / km			

Table 2:

Known Deposits In Tanzania Possessing Economic Mineral Potential

Bauxite: Amani
Coal: Galula, Ketewaka, Lowera, Mchuchuma, Ngaha-Mbawala, Njuga, Songwe-Kimura, etc.
Copper: Kamba Hill, Kigugwe, Lufusi, Nyamori Hills, Pare, etc.
Diamonds: Over 300 known kimberlites - some 200 in the Shinyanga area
Dimension Stone: Various
Evaporites: Bahi Swamp and Lakes Balangida, Eyasi and Naron.
Gemstones: Deposits beryl, chrysoberyl, garnets, emerald, ruby, sapphire, etc.
Gold: Lake Victoria and Lupa Gold Fields and other areas
Graphite: Merelani and Nachingwea areas
Iron: Iteve, Liganga, Mbabala, Manyoro and Unguja
Kaolin: Pugu Hills
Kyanite: Handeni, Mpwapwa and Pare Mountains
Lead: Old Mkwamba Mine
Phosphate: Over 20 known carbonatites
Pyrite: Samena
Nickel: Kabanga, Kapalagulu, Nachingwea and Zanza.
Rare Earth Elements: Over 20 known carbonatites
Tin: Karagwe Tin Field including the Kyerwa Mine
Tungsten: Chamunya, Karuga, Kazumeru and Kibanda in the Karagwe Tin Field
Uranium: Bahi Swamp, Gallapo Carbonatite, Madaba, Mingoju, etc.
Vermiculite: Over 20 known carbonatites

The mining sector in Tanzania is serviced predominantly by the four drilling companies: *Capital Drilling, Major Drilling, Stanley Mining Services And Warren Drilling*. All four were contacted and asked to supply details of the numbers and type of drilling rigs presently operated, current drill rig availability and drilling charges. Syntheses of the number of rigs operated by the companies and drilling charges, compiled from replies received from Stanley Mining Services and Warren Drilling, plus non-confidential records, are presented in Tables 3 and 4. Services commonly provided by the exploration and mining companies that contract drillers include:

- Safety Induction
- Site Access
- Drill Pad (incl. pump) Preparation
- Sampling Personnel
- Security
- Accommodation
- Fuel

During the past numbers of years, reflecting the high price of metals on the world market, which in the Tanzanian context is largely reflected in the amount of exploration and development drilling being undertaken on diamond, gold, nickel, platinum group element and uranium deposits, clients have commonly had to wait several months for drill rigs to become available. However, the continuation of this demand for drilling rigs in Tanzania is not only dependent on international mineral prices remaining buoyant but also on, amongst other internal factors, the

7.0

CONCLUSIONS

The mining sector in Tanzania is highly unlikely to have any significant mineral potential is unchallengeable and, as stated in Section 3.1, the establishment of a drilling centre for the greater East African region. Accurately assessing the pace of the development of the mining sector in Tanzania, is problematic as it depends on a number of factors including world market prices and internal politico-economic decisions. That the Presidential Committee tasked with reviewing the mining sector in Tanzania should remain active and with it the demand for drilling rigs, will remain at a similar level for the next few years. If this assumption is correct the demand for drilling rigs in Tanzania should remain relatively constant with, despite an increase in drilling numbers, clients having to wait months to acquire drilling services. Accordingly, it is probable that a new entrant providing drilling services to the mining sector could secure sufficient work to ensure financial success provided that it offers a professional and competent service at competitive prices. Towards achieving this goal it is recommended that the points raised in Section 5 be given adequate consideration.

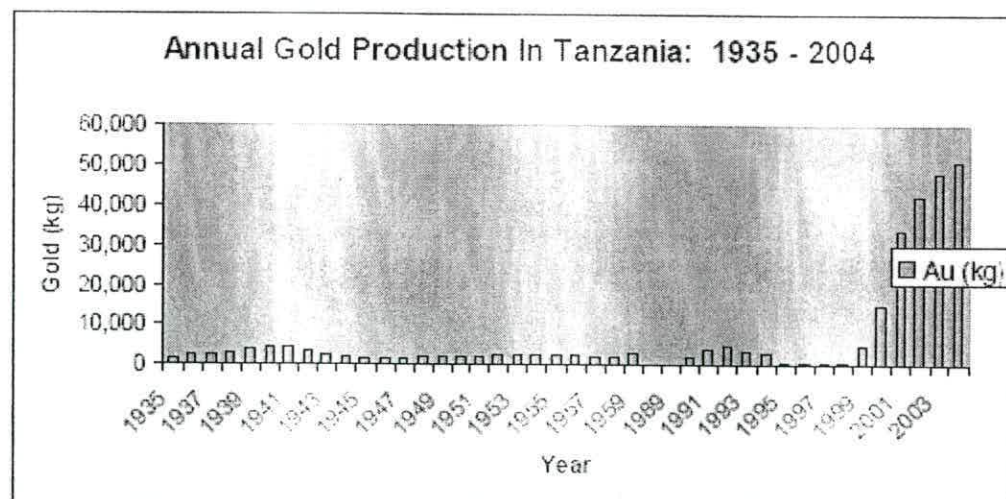
Brent Barber
Principal Geologist
SRK Consulting - Eastern Africa

23rd February 2008

enabled to promote good governance and facilitate business investment, Tanzania possesses the capability of becoming the mining hub for the greater East African region. This potential was one of the fundamental factors behind SRK Consulting establishing an office in Dar es Salaam, the commercial capital of the nation, in April 2006.

Table 1:

Annual Declared Gold Production In Tanzania



Note: No Data Presently Available 1960 To 1963

4.0 BRIEF ASSESSMENT OF THE SIZE OF THE EXPLORATION DRILLING MARKET IN TANZANIA

Drilling activity in the Mining Sector in Tanzania is presently dominated by the development and exploration drilling undertaken in the LVGF to:

- (i) Develop further *Ors Reserves* of international classification standing on or adjacent to the five large gold mines presently in operation: Bulyanhulu, Geita, Golden Pride, North Mara and Tulawaka, and
- (ii) Evaluate the *Reserves* potential of gold and copper - nickel prospects being investigated in the Geita, Iramba-Selente, Kahama, Klimafedha, Mabale-Buhungukira, Musoma-Mara, and Rwamagaza Greenstone Belts.

On average from 80 - 90% of the drill rigs available in the country are deployed in the LVGF. The remainder being involved on the exploration projects periodically undertaken on coal, copper-nickel, diamonds, dimension stone, gemstones, industrial rock and mineral, gold, pegmatite mineral, platinum group element, rare earth element and radio-active mineral deposits located throughout the country. Only some thirty to forty enterprises, ranging in size from junior exploration companies to major mining houses, are presently active in Tanzania.

7.0 CONCLUSIONS AND RECOMMENDATIONS

The establishment of another drilling company servicing the mining sector in Tanzania is highly unlikely to have any significant direct negative impact of any facet the environment. As such, apart from urging the adoption and logical implementation of sound environmental procedures and health and safety practices, similar to those presented in Appendix B, it is considered highly unlikely that a drilling company servicing the mining sector will be required to implement any notable actions directed at either protecting the environment or safeguarding the health and safety of local inhabitants.

That Tanzania possesses outstanding mineral potential is unchallengeable and, as stated in Section 3.0, with the creation of a business ambience that further promotes development the country possesses the capability of becoming the mining centre for the greater East African region. Accurately assessing the growth of this potential, the pace of the development of the mining sector in Tanzania, is problematic as it is dependent on a host of factors including world market prices and internal politico-economic decisions. However, provided that the Presidential Committee tasked with reviewing the mining sector in Tanzania does not recommend anything that significantly deters foreign investment, it is likely that the exploration and mining activity, and with it the demand for drilling rigs, will remain at a similar level for the next number of years. If this assumption is correct the demand for drilling rigs in Tanzania should remain relatively constant with, despite an increase in drill rig numbers, clients having to wait months to acquire drilling services. Accordingly, it is probable that a new entrant providing drilling services to the mining sector could secure sufficient work to ensure financial success provided that it offers a professional and competent service at competitive prices. Towards achieving this goal it is recommended that the points raised in Section 5 be given adequate consideration.

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23rd February 2008

- (iii) Undertaking a preliminary review of the perceived financial viability of establishing a Company providing drilling services to the mining sector in Tanzania – Section 5.
- (iv) Identifying any potential risks of an environmental nature associated with the Project – Section 6.

2.0 QUALIFICATIONS OF CONSULTANTS

SRK Consulting is an international group with over six hundred members of staff that provides expertise in a wide range of scientific and engineering disciplines. The independence of SRK Consulting is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its personnel. SRK Consulting has a demonstrated track record in project evaluation and auditing, exploration project design and implementation, mineral resource and reserve estimation, the completion of competent person's reports and the undertaking of independent feasibility evaluations to bankable standards for mining companies and financial institutions worldwide.

This document was prepared for SRK-EA by a senior consultant who is a member in good standing of the Australasian Institute of Mining and Metallurgy [AusIMM] and the American Association of Petroleum Geologists [AAPG].

Neither SRK-EA nor any of its staff employed in producing this report have any known beneficial interest in the Project assessed. SRK-EA will be paid a fee for undertaking the work completed in accordance with normal accounting practice.

3.0 OVERVIEW OF THE MINERAL POTENTIAL OF TANZANIA

Gold mining flourished in Tanzania during both German and then British colonial times in the Lake Victoria Gold Field [LVGF] and Lupa Gold Field in north-western and south-western Tanzania respectively. However, production collapsed shortly after Independence in 1961 when, driven by the implementation of African Socialism, the mining sector, together with all else in Tanzania including private housing, was nationalised. In order to 'protect state assets' some mines, such as Kiabakari, were turned into military bases. This situation lasted for over thirty years until, after the Government of Tanzania accepted that its politico-economic policies had failed in the early 1990's, the country was opened-up to foreign investment. This generated considerable exploration activity. The successful re-entry of the formal mining sector into Tanzania is clearly evident from its rise, from a position where virtually no gold was declared mined, to that of the 3rd largest gold producing country in Africa after South Africa and Ghana. Table 1. Virtually all of this production, following the recent closure of the Buhemba Gold Mine, now comes from five large gold mines situated in the LVGF operated by AngloGold - Ashanti Gold, Barrick Gold and Resolute - Bulyanhulu, Geita, Golden Pride, North Mara and Tulawaka. This will be increased when Buzwagi, which is located immediately south of the Kahama Greenstone Belt, is commissioned by Barrick Gold. Other materials presently mined commercially in Tanzania include coal (Songwe-Kiwira - Kiwira Coal), diamonds (Mwadui - Williamson Diamonds), limestone (Dar es Salaam - Tanzania Portland Cement, Mbeya - Mbeya Cement and Tanga - Tanga Cement), phosphate (Minjingu - Minjingu Phosphate, ruby (Longido - Longido Gemstones Mining and Umba - Afro-Asian Precious Stones), tanzanite (Merelani - AFGEM). In addition, some of the deposits known in Tanzania possessing significant possible economic potential are listed in Table 2.

Tanzania possesses outstanding mineral potential. A good overview of this is given in the promotional booklet produced by the Ministry of Energy And Minerals, *Tanzania - Opportunities For Mineral Resource Development*. This potential is of such significance that, provided that the adroit policies are

**OVERVIEW OF THE LIKELY ENVIRONMENTAL IMPACTS
AND BUSINESS POTENTIAL OF ESTABLISHING A
DRILLING COMPANY SERVING THE
MINING SECTOR IN TANZANIA**

1.0 INTRODUCTION

The Southern Africa Enterprise Development Fund [SAEDF] has been approached by GAT Investments (Private) Limited [GAT] for financing towards establish an exploration drilling operation serving the mining sector in Tanzania. GAT is a Zimbabwe based company whose holdings include Bilboes Holdings (Private) Limited, which operates the Bubi, Isabella, McCays and When Gold Mines and produces pyrites, which is predominantly used for the manufacture of sulphuric acid, from the Iron Duke Mine.

GAT proposes, in order to avoid the effects of the current politico-economic problems being experience in Zimbabwe, that an independent company, Resource Exploration And Drilling Services Mauritius Limited [READ-M], will be registered in Mauritius. READ-M will in turn own the company established in Tanzania, Resource Exploration And Drilling Services Tanzania Limited [READ-T]. GAT notes that the two companies will have different Board Members independent of its Zimbabwe operations. GAT would provide management services to READ-T.

It is envisaged that READ T would commence operations with a fleet of four Diamond and one Reverse Circulation [RC] drilling rigs. These would be purchased new, complete with ancillary equipment, at a cost of US\$6,139,000.00. The total project costs, following the addition of US\$990,000 as working capital, are projected to be US\$7.2 million. Nearly 75% of this sum, US\$ 5.0 million, would be raised in the form of equity with the remaining US\$2.2 million being loan financed.

SRK Consulting – Eastern Africa (Private) Limited [SRK-EA] have been engaged by SAEDF to assist it reach an educated decision on the business merits of the Project by:

- (i) Providing an overview of the mineral potential of Tanzania – Section 3.
- (ii) Assessing the size of the drilling market in the mining sector in Tanzania – Section 4.

**CHIMBA RESOURCES LIMITED
INVESTMENT COST ESTIMATES**

Figures in US \$.

ITEM	ESTIMATED INVESTMENT	2009	2010	2011
Land and Buildings	990,000	490,000	400,000	100,000
Machinery and Equipment	2,842,500	100,000	1,342,500	1,400,000
Motor Vehicles	545,000	0	545,000	0
Furniture & Fittings	302,000		221,700	80,300
Pre – Operating Costs	204,000	26,000	53,500	124,500
Initial Working Capital	116,500	46,000	40,000	30,500
TOTAL PROJECT INVESTMENT	5,000,000	662,000	2,602,700	1,735,300

Estimates at current market prices

Appendix 2 – Environmental Assessment

SAEDF: Overview Environmental Impacts And Business
Potential Establishing Drilling Company In Tanzania

OVERVIEW OF THE LIKELY ENVIRONMENTAL IMPACTS AND BUSINESS POTENTIAL OF ESTABLISHING A DRILLING COMPANY SERVING THE MINING SECTOR IN TANZANIA

CONFIDENTIALITY

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Appendix 1 – Income Statement

Chimba Resources (T) Ltd.

Income Statement (US Dollars)	Projected				
	2009	2010	2011	2012	2013
Sales					
<i>Diamond Drilling</i>	5,040,000	6,300,000	7,560,000	8,820,000	10,080,000
<i>Reverse Circulation</i>					
<i>Core Coal</i>					
Turnover	5,040,000	6,300,000	7,560,000	8,820,000	10,080,000
Cost of Sales	-2,620,800	-3,341,520	-4,009,824	-4,678,128	-5,346,432
Gross Profit	2,419,200	2,958,480	3,550,176	4,141,872	4,733,568
<i>Gross profit margin %</i>	<i>48.0%</i>	<i>47.0%</i>	<i>47.0%</i>	<i>47.0%</i>	<i>47.0%</i>
<i>Sundry Revenue</i>					
Operating Expenses	-1,260,000	-1,619,383	-1,730,921	-1,842,972	-1,955,548
EBITDA	1,159,200	1,339,097	1,819,255	2,298,900	2,778,020
<i>Depreciation</i>	<i>334,217</i>	<i>375,892</i>	<i>417,567</i>	<i>459,242</i>	<i>483,167</i>
EBIT	824,983	963,205	1,401,689	1,839,658	2,294,853
<i>Abnormal Item</i>	<i>-140,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Investment Income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Finance Costs</i>	<i>(223,630)</i>				
EBT	461,353	963,205	1,401,689	1,839,658	2,294,853
<i>Taxation</i>	<i>138,406</i>	<i>288,962</i>	<i>420,507</i>	<i>551,897</i>	<i>688,456</i>
Net Profit After Tax	322,947	674,244	981,182	1,287,761	1,606,397
<i>Ordinary Share Dividends</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
	322,947	674,244	981,182	1,287,761	1,606,397
Outside Shareholders (SAEDF)	0	471,970	588,709	643,880	642,559
Retained Income	322,947	202,273	392,473	643,880	963,838
Ratio Analysis	2009	2010	2011	2012	2013
<i>Turnover growth rate %</i>	<i>23.8%</i>	<i>25.0%</i>	<i>20.0%</i>	<i>16.7%</i>	<i>14.3%</i>
<i>Cost of Sales %</i>	<i>52.0%</i>	<i>53.0%</i>	<i>53.0%</i>	<i>53.0%</i>	<i>53.0%</i>
<i>Gross profit margin %</i>	<i>48.0%</i>	<i>47.0%</i>	<i>47.0%</i>	<i>47.0%</i>	<i>47.0%</i>
<i>Expenses to Turnover %</i>	<i>25.0%</i>	<i>25.7%</i>	<i>22.9%</i>	<i>20.9%</i>	<i>19.4%</i>
<i>EBITDA to Turnover</i>	<i>23.0%</i>	<i>21.3%</i>	<i>24.1%</i>	<i>26.1%</i>	<i>27.6%</i>
<i>EBIT to Turnover</i>	<i>16.4%</i>	<i>15.3%</i>	<i>18.5%</i>	<i>20.9%</i>	<i>22.8%</i>
<i>EBT to Turnover</i>	<i>9.2%</i>	<i>15.3%</i>	<i>18.5%</i>	<i>20.9%</i>	<i>22.8%</i>
<i>Net profit margin</i>	<i>6.4%</i>	<i>10.7%</i>	<i>13.0%</i>	<i>14.6%</i>	<i>15.9%</i>

7 RECOMMENDATION

Provided that all other aspects and factors remain substantially constant, it is strongly recommended that the project be implemented with immediate effect. Further, it is recommended that the company applies for the Certificate of Incentive with the Tanzania Investment Center (TIC), with the view of benefiting from investment incentives and protection given to potential investors like CHIMBA RESOURCES (T) LIMITED, as the statutory provides under the Tanzania Investment Act, 1997.

- Gert has worked for Murray & Roberts and Geosearch as area manager and General Manager respectively, managing a business with over 20 rigs, drilling to depths of 3000 meters
- He is renowned for his drilling ability and is considered the country's leading drilling expert

The drilling team in the field has experience in various drilling techniques;

- 1 Diamond core drilling of sizes ranging from AQ to PQ.
- 2 Directional drilling
- 3 RC drilling
- 4 Geotechnical drilling
- 5 Underground drilling

Water well drilling also large diameter de-watering holes

5 FINANCIAIL ANALYSIS

5.1 Methodology and Key Assumptions

Key Assumptions

- Investment Capital will be US\$ 5,000,000
- Exchange Rate (USD/TSHS) Tshs. 1,300 per USD
- Depreciation on Fixed Assets 25% r.b. on Motor Vehicle, 12.5% s.l. on Plant and Machinery, 10% r.b on furniture and fittings, and 5% s.l on land and building
- 30% Corporate tax
- 20% Social Security Contribution
- 2% Revenue Growth per annum

See Appendix 1 – Projected Income Statement

6 CONCLUSION

With the increase in mining exploration in the region CHIMBA RESOURCES (T) LTD will have a huge impact fairly quickly. In the medium to long term the company believes it will begin to service markets in countries such as Uganda, Zambia and the Democratic Republic of Congo where extensive exploration activities are also taking place.

There is also an opportunity for CHIMBA to start an advisory service to the small scale mining sector which should contribute to the development of the small scale mining industry in Tanzania.

Securities 1981 where he traded options on equity securities until 1983. Mr. Pryor is currently a Director of the Pep Boys Co., Inc.

Mr. Pryor holds an undergraduate degree in Marketing and Economics from Howard University, and a Masters of Business Administration from the University of Pennsylvania 's Wharton School . Mr. Pryor holds NASD licenses 7, 24 and 63.

Mr. Richard Swai – (Executive Director)

Mr. Richard Swai has over 15 years experience in the finance related industry, of that 8 years in private equity.

In 2003, Mr. Swai joined Southern Africa Enterprise Development Fund (SAEDF) as the Head of Investments where he sits on several boards.

Before the appointment, Mr. Swai was a Senior Financial Analyst with Aquila Energy Capital Corporation in Houston, Texas. At his capacity, Mr. Swai was responsible for leading an analytical support team within the transaction group that included screening, evaluating, and prioritization of prospect opportunities. Prior to joining Aquila Energy Capital, Mr. Swai was with Koch Energy Inc. (the second largest private held company in the USA) in Houston, Texas. Mr. Swai's experience includes tenures with PriceWaterhouseCoopers, Washington DC (then Coopers & Lybrand) as an Auditor and Citicorp Securities (Citibank) in New York as an Associate in the Asset Backed Finance group.

Mr. Swai attended The University of Maryland and The University of the District of Columbia for his Undergraduate studies. Mr. Swai received his MBA in Finance from The Wharton School of Business.

Mr. Rafique Symonette - (Non Executive Director)

As an investment manager, he provides day-to-day advisory support to entrepreneurs and sources investment opportunities to provide equity investments and loans in the form of expansion capital.

Prior to SAEDF worked at GoodWorks International, Principal, Enterprise Development, was responsible for exploring new fund management opportunities in the enterprise and infrastructure development sectors. He also worked for the Monitor Company as a strategic management consultant advising on corporate strategy and operations in pharmaceuticals, transportation, telecommunications and consumer goods industries. While at Monitor, Mr. Symonette worked throughout North America and Europe, extensively in New York, London, Toronto, and Stockholm.

Mr. Symonette has a Bachelors of Science in Economics from the Wharton School at the University of Pennsylvania. He is a member of the Wharton Private Equity Alumni Network. Prior to Wharton, Mr. Symonette attended the United Nations International School in New York City, and the Crescent School in Toronto.

Mr. Gert van Rooyen – (Operations Director)

- 27 years drilling experience in South Africa and throughout Africa
- Gert has drilled for almost every significant mining House in Africa

4.2 Project Objectives and Content

The project is expected to provide Drilling Services to Exploration Companies. The company has engaged highly experienced engineers, drillers, and geologists who have the relevant experience both in Tanzania and other countries in the region.

4.3 Project Sponsors

The project is sponsored by Chimba Resources (T) Limited Company. The major shareholders of the company are:

- ASPEN RESOURCES (T) LIMITED COMPANY (TANZANIAN) 10%
- SOUTHERN AFRICA ENTERPRISE DEVELOPMENT FUND (AMERICAN) 90%

It is expected that the sponsors of the project will contribute 100% of the planned project cost, currently estimated at US\$ 5.0 Million.

CONTRIBUTOR	EQUITY (USD)	DEBT	SHARES
Aspen Resources (T) Ltd P.O. Box 71140, DSM		NIL	1,000
Southern Africa Enterprise Development Fund P.O. Box 2241, Saxonwold, South Africa	5,000,000	NIL	9,000
	5,000,000	NIL	10,000

4.4 Project Directors and Management

DIRECTORS PROFILE

The first directors of the project are expected to include:

- Malcolm Pryor (American) – Chairman
- Richard Swai (Tanzanian) – Executive Director
- Rafique Symonette (Canadian) – Non Executive Director

Mr. Malcolm Pryor – (Chairman)

Malcolm D. Pryor has over 35 years experience in the finance services industry.

Prior to SAEDF, Mr. Pryor was the Chairman of Pryor, Counts & Co., a leading minority-owned investment banking and brokerage firm with offices in six cities and total underwriting of municipal and governmental securities in excess of \$49 billion. Prior to establishing Pryor, Counts & Co. Mr. Pryor was an institutional sales representative for Goldman, Sachs & Co. where he was responsible for establishing and expanding the government and money market securities business. He subsequently became a member of the Philadelphia Stock Exchange in

Market

Although there are significant barriers to entry into the Tanzanian exploration drilling market, it is possible that the situation may change with the entry of new players into the industry. Should the market in Tanzania become flooded, there are opportunities for forming consortiums with new and existing players or moving the business to other countries like Uganda, Zambia, Mozambique or the DRC.

Labour

Regional growth in terms of mining and exploration projects could affect the availability of qualified drillers. The industry is fairly competitive and this could adversely affect drilling programmes or could result in labour costs becoming prohibitive.

Operational Environment

The mining and exploration operations of a Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to weather conditions, fire, explosions, and other accidents at the drilling site. These risks and hazards could result in damage to, or destruction of, equipment or production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage it believes to be consistent with industry practice, there is no assurance that it will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover all claims. However, all contracts the Company will enter into will take this into consideration and will pass most risks to the contracting partners.

Environmental Considerations (Appendix A – Full Independent Analysis by SRK)

Exploration drilling is carried out on behalf of mining or exploration companies. These companies are required to comply with environmental legislation as their activities may cause damage to the environment. Before a mining or exploration company commences exploration, it normally carries out an environmental impact study and included in it is the impact of the exploration and how any negative impact would be addressed.

4 The Project, Sponsors and Management

4.1 Project Profile

The company CHIMBA RESOURCES (T) LIMITED COMPANY was established in 2008 as a company limited by shares. The company was incorporated in Tanzania on October 24th, 2008 under the Certificate of Incorporation Number 68100. The core business of the company will be to provide mineral drilling services to exploration companies throughout Tanzania.

CHIMBA Resources (T) Limited will have a strong management and technical skill pool to provide high quality drilling services to its clients.

skills base which will be used in the project and this should reduce the risks associated with the project.

Good Asset Base in South Africa

The project promoters already have a good asset base in South Africa and are experienced in managing new and ongoing projects. Although the South African assets will not be part of the Tanzania project, the synergies between the two operations can be beneficial to both operations.

3.2 RISKS

Mineral Prices

All of the company's revenue will be derived from drilling in mining and exploration. Consequently the earnings of the company will be closely related to the performance of the mining industry. Many factors influence metal and mineral price fluctuations and therefore the level of exploration undertaken by Companies. These factors include demand for minerals, forward selling by producers, and economic performance of consuming nations. Mineral prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and currency exchange rates. Therefore although mineral prices are favourable at present, unexpected declines in prices would make exploration and development unattractive, which could in turn affect the company's profitability. Forecasts at present indicate that prices should remain favourable in the next five to ten years.

In addition, the purchase of the additional three rigs during 2011 and 2012 is dependent on the demand for drilling remaining vibrant within the Southern and Eastern African regions. Should demand slow down considerably, the additional equipment may not be purchased.

Political and Economic Environment

Political uncertainties may lead to unfavourable legislative and taxation framework changes, exchange control restrictions, international monetary fluctuations, civil unrest or any other political instability. Tanzania at present is relatively stable and therefore no immediate threat to the operations of the company is foreseen. Investors are protected against nationalization with property guarantees provided by the Multilateral Investment Guarantee Agency (MIGA) of which Tanzania is a member. Tanzania is also a member of the International Centre for Settlements of Investment Disputes (ICSID), a body affiliated to the World Bank. Settlements of disputes between a foreign investor and the Government of Tanzania or the TIC in respect of a business enterprise will be through negotiations for an amicable settlement. A dispute not settled through negotiation maybe settled through arbitration laws of Tanzania or through the ICSID or through any multilateral or bilateral investment agreement between Tanzania and the country from which the investor originates.

Should the political and economic situation in Tanzania change for the worse, then there are opportunities to redeploy the equipment to neighbouring countries like Uganda, Zambia, Mozambique or the DRC.

High Growth Prospects

There is an opportunity to grow the business and set up operations in other countries like the DRC, Zambia, Mozambique and Uganda if the Tanzanian operations are successful.

Due to the good demand for drilling services in Tanzania and the region, it is anticipated that two additional diamond drilling rigs and one reverse circulation rig will be commissioned in 2011 and 2012. This will increase the Company's capacity and therefore lower fixed costs particularly management costs.

Further more, drilling business is not limited to the mining industry but may be expanded to include construction, oil and gas and geotechnical industry sectors as well.

There is also an opportunity to provide consultancy to the small scale miners using the expertise already resident within CHIMBA and its Partners. This could be in the form of exploration management, capital raising, mine establishment and operation of mines.

Good Regulatory Environment

The Tanzanian government has put in place legislative structures to encourage foreign investment. Foreign investors are protected against nationalisation. Property guarantees are provided under the Multilateral Investment Guarantee Agency MIGA. Disputes between foreign investors and the Government of Tanzania take place through the Tanzanian Investment Centre. The Mineral Sector Policy of 1997 aims at encouraging the private sector to invest in exploration and mining activities in the country. The government is no longer directly involved in mineral exploration and mining but rather oversees activities in the sector. Fiscal terms for the sector are also favourable, with customs and excise duty and value added tax being exempt for mining equipment and supplied directly related to the mining operations of the project for up to one year after production has commenced. Thereafter customs duty of up to a maximum of 5% will be charged on all such imports. Holders of mineral rights are also exempt from domestic withholding tax on goods and services that they supply. From an income tax perspective the mining sector is ring fenced and corporate tax is charged at 30% on the company's taxable income. Depreciation is allowed on all mining capital expenditure and on exploration and production rights. Tax losses may be carried forward for recovery without limit. An entity may also keep accounts for tax purposes in any convertible foreign currency, thus simplifying the financial reporting process.

High Profitability of Project

The project generates positive cash very early in the project life and has a short payback period based on the financial projections. Because of the shortage of drilling equipment in Tanzania, the project should have a reasonable cushion in terms of prices and work.

Sensitivity analysis done on the project shows that the project has robust cash flows and the drilled metres and prices have to come down significantly before the project becomes unviable.

Experienced Project Promoters and Managers

The project promoters and its partners are well experienced in exploration and mining having worked in Anglo American Corporation for a long time. The project promoters have a good

Currently exploration and mining companies have to wait up to nine weeks to secure the services of exploration drilling companies. This situation is unlikely to change in the medium term.

Based on the current market situation and the anticipated growth of the Tanzanian mining industry, there is an opportunity to grow the business particularly after 2010 when the set up challenges will have been overcome. It is anticipated that an additional two diamond drilling rigs will be commissioned in 2011 and another reverse circulation rig will be commissioned in 2012. This will give the Company critical mass in terms of attracting good quality customers as well as an opportunity to look at other markets like Uganda, Mozambique and the DRC.

In the medium term efforts will be focussed towards providing drilling services to other countries in the region where extensive exploration work is being carried out. These include the DRC, Zambia, Mozambique and Uganda.

2.3 Financial Appraisal

The shareholders will contribute the full capitalization of the business. The projects financial projections have been prepared for a period of ten years. These projections show an overall return of 35%, which is way above similar industry average in countries such as South Africa.

2.4 Implementation

Full implementation programme will be achieved within a three year period.

3 ANALYSIS OF MERITS AND RISKS

3.1 MERITS

Forecast High Metal Prices

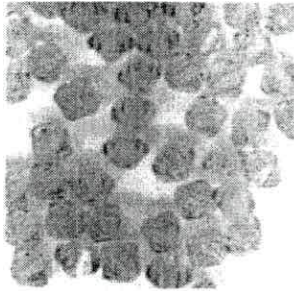
Exploration and development of mineral resources and ore reserves is a booming business world wide on the back of strong metal prices. Current forecasts suggest this will continue for the next five to ten years and this should be good for companies involved in the supply of goods and services to the mining industry.

Community Development

Generally minerals are found in remote areas where invariably there are no roads, electricity, water, schooling or houses. The discovery of minerals normally precipitates the development of such facilities and therefore the development of surrounding communities. By providing exploration drilling services to mining companies in Tanzania, CHIMBA RESOURCES will help in bringing development to the people of Tanzania.

2 MARKET ASSESSMENT

2.1 Size of Market



Burundi border.

Tanzania has significant unexplored mineral potential and the opportunities for accelerating the revival of the mining industry are plentiful in an atmosphere of political stability and economic development and growth. Since 1990, Tanzania has risen from an insignificant gold producer to become Africa's third largest producer. There are also unexplored opportunities particularly in industrial minerals including diamonds, coal, graphite, evaporates, kaolin, limestone, dimension stones, phosphates and gypsum. Exploration is mostly concentrated in the northern region at present around the Lake Victoria Gold Fields Area but recent discoveries have been made in the south and west towards

2.2 Outlook

Tanzania continues to be one of Africa's biggest mining success stories endowed with geology which is highly prospective for gold and other minerals. The country has statistically opened a new mine per year since 1998 and is blessed with a range of mineral resources ranging from metallic mineral deposits, precious metals, platinum group metals, gemstones, industrial minerals and fossil fuels. Of all these major mineral resources, gold, diamonds and tanzanite provide the biggest financial boost to Tanzania's economy. Structural reforms in the mining sector instituted in the mid 80s have opened doors for private investment, thus earning the country millions of dollars in foreign exchange.

Some of the world class multinationals with a strong presence in Tanzania include Barrick Gold, Resolute Resources, AngloGold Ashanti, Placer Dome, MDN Northern Mining, TanzaniteOne and De Beers. Companies involved in exploration include Xstrata, Coeur d'Alene Mines, Canaco Resources, Pan African Management and Development Company, Western Metals Limited, Atlas Africa Limited, Thorn Tree Minerals Limited and Tanzanian Royalty Exploration Corporation.

In addition, there exists an opportunity for CHIMBA RESOURCES to offer consultancy services to artisanal miners who will need exploration done for them. Discussions are at an advanced stage with the National Development Corporation, whose mandate it is to help develop the artisanal mining sector. CHIMBA RESOURCES will draw on the expertise of GAT, whose shareholders will be the principal shareholders of CHIMBA RESOURCES, and which already operates mines in Zimbabwe. GAT already has experienced geologists, miners, engineers and metallurgists in its employment in Zimbabwe and can provide these skills to CHIMBA RESOURCES for the development of mining ventures.

The challenge the Tanzanian Government faces is maintaining competitiveness for investment in a bid to increase the sector's contribution to GDP from the current 3.5% to at least 10% in 2025.

1 EXECUTIVE SUMMARY

1.1 *Project Overview*

CHIMBA RESOURCES (T) LTD. is a Tanzanian registered company. The company is incorporated under the companies Act. Of 2002 and holds a certificate of incorporation number 68100 issued on October 24th, 2008. Its offices will be situated at house number MSN/OBY/269, Msasani area, Oysterbay in Kinondoni District , Dar es Salaam, Tanzania. The project is expected to start operations in February 2009.

Tanzania has over 800 000 square kilometres of varied geological terrains with potential mineral resources. Ongoing exploration work has resulted in the discovery of resources in excess of 45 million ounces of gold, 1,5 million tonnes of nickel and 50 million carats of tanzanite. This has resulted in the establishment of new mines by well financed international companies such as Barrick, AngloGold Ashanti, De Beers and Placer Dome among others.

Up until the late 90s, there was very little mining activity in Tanzania. Since 2000, a lot of exploration and mining companies have set up operations in Tanzania. The Country is currently experiencing a boom in its mining industry mainly due to its attractive investment environment and the current worldwide boom in demand for minerals. Due to the boom in the exploration and mining industry, there is a serious shortage of exploration drilling capacity in Tanzania, the Democratic Republic of Congo, Zambia, Uganda and Mozambique. CHIMBA RESOURCES has identified exploration drilling as an area with potential for growth in Tanzania given that Tanzania is relatively unexplored when compared to countries like South Africa, Zimbabwe and Australia.

1.2 *Investment Environment in Tanzania*

The investment environment has improved since the liberalization of trade in 1985. The National Investment (Promotion and Protection) Act of 1990 created a conducive environment for investors. The Act established the Tanzania Investment Centre (TIC) and made specific fiscal adjustments that make Tanzania a globally competitive destination for mining investment.

Investors are protected against nationalization with property guarantees provided by the Multilateral Investment Guarantee Agency (MIGA) of which Tanzania is a member. Tanzania is also a member of the International Centre for Settlements of Investment Disputes (ICSID), a body affiliated to the World Bank. Settlements of disputes between a foreign investor and the Government of Tanzania or the TIC in respect of a business enterprise will be through negotiations for an amicable settlement. A dispute not settled through negotiation maybe settled through arbitration laws of Tanzania or through the ICSID or through any multilateral or bilateral investment agreement between Tanzania and the country from which the investor originates.

Project Summary

• Name:	CHIMBA RESOURCES (T) Ltd.
• Total funding:	US\$ 5.0 M
• SAEDF Portion:	US\$ 5.0 M (Equity)
• Co-investors Portion:	N/A
• Purpose of funding:	Establishment of a Mineral Drilling Company
• Country:	Tanzania
• Industry:	Mineral Drilling
• Proposed Capital Structure:	Southern Africa Enterprise Development Fund - 90% ASPEN Resources (T) Ltd. - 10%
• No. of employment Opportunities:	100

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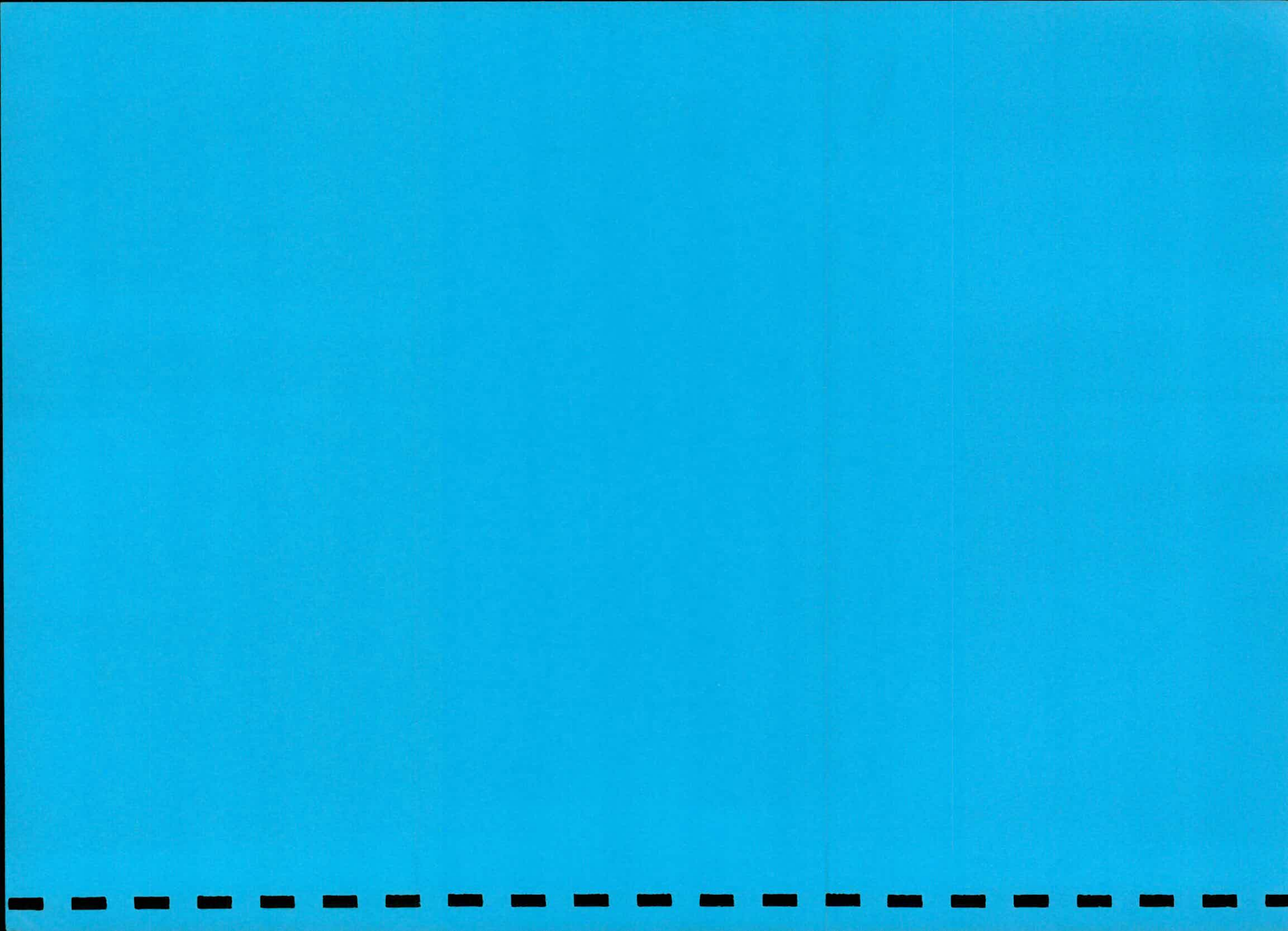
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CHIMBA RESOURCES LIMITED

BUSINESS PLAN FOR ASSEMBLING AND LEASING DRILLING AND MINING EQUIPMENT AND MACHINERY

January 2009

**Prepared by:
Mr. Richard Shad Swai
P.O. Box 106155,
Oysterbay Area, Msasani Area,
House No. MSN/OBY/ 269,
Dar es Salaam**



CHIMBA RESOURCES LIMITED

BUSINESS PLAN FOR ASSEMBLING AND LEASING DRILLING AND MINING EQUIPMENT AND MACHINERY

January 2009

**Prepared by:
Mr. Richard Shad Swai
P.O. Box 106155,
Oysterbay Area, Msasani Area,
House No. MSN/OBY/ 269,
Dar es Salaam**

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TICC/PP.10/041638/12

22/09/2010

Commissioner for Customs & Excise,
Tanzania Revenue Authority,
P.O. Box 9053,
DAR ES SALAAM

Dear Sir,

**RE: DUTY/ VAT EXEMPTION ON CAPITAL/ DEEMED CAPITAL
GOODS – CERTIFICATE OF INCENTIVES NO: 041638**

M/S Chimba Resources Tanzania Limited is a TIC registered company with certificate of incentives **No. 041638** which is valid up to **January 2012**

The company has been registered with objectives of establishing assembly facility for mining and drilling equipments.

Attached herewith please find a list of Capital/ Deemed Capital Goods for Duty/ VAT exemption approval.

Yours sincerely

TANZANIA INVESTMENT CENTRE


N.A. Senzia

FOR: EXECUTIVE DIRECTOR

10. New QL6 6" 61/8", 61/2" and 63/4" Bit (RH)
11. New QL8 8" Bit (RH)
12. New QL8 10" Bit (RH)
13. New QL8 12" Bit (RH)
14. Rerun 6" TO 61/2" TCI Bits
15. Rerun 7 7/8" TCI Bits
16. Under Reamer
17. Set of 1,000 hour Filter Service Kits
18. Hobart Welder
19. Stabilizer 7" x 10 FT
20. Sub Adapter 31/2 reg pinx41/2reg box 31/2"x2" flat
21. 6" Drive shoes, weld on
22. 8" Drive shoes, weld on
23. 10" Drive shoes, weld on

LIST OF CAPITAL GOODS

1. Ingersoll Rand T3 Drill Rig

Manufactured 1995, Serial Number 6106, 900/350 air compressor

Cat deck engine mounted on 1995 Ford L9000 truck: VIN# 1FDZY90X2SVA75110

Includes:

760' drill pipe

(1) 5" hammer

(1) 6" hammer

(1) 8" hammer

(1) 5" bit

(1) 6" bit

(1) 8" bit

(1) sub

(1) short stabilizer

(1) Wilden mud pump

CHIMBA RESOURCES (T) LTD.
P.O. Box 23169
DAR-ES-SALAAM

2. 1980 International Navistar F1954 Water Truck, VIN #1HTLKZ3R4KH677940

Manufactured 1980

3. 1987 INTERNATIONAL NAVISTAR F1954 WATER TRUCK, VIN No: HTLKZ3R4KH677940

1500 gallon Amthor water tank, 250 gallon fuel tank, electric hydraulic crane, welding cabinets, bit and supplies cabinets

Manufactured 1987

4. International Truck 6x4, Model 4900, SN 1HTSHAAR7YH257564, with a Failing Model 1500

Compound Mud Rotary Drill. Manufactured in 2000.

5. Drill Rod and Cross Over Subs (quantity: 37 pieces), Rod Size: 3 ½ inch by 20 feet, Flush

Joint with Wrench Flats.

6. Submersible Pump set and Triton 7KW Generator (SN 166631) with a John Deere Engine

(SN CD4045B010956), Including Submersible Pump, Control Box, Submersible Pump Cable, Drop Pipe and Electrical fitting

7. 1995 Ingersoll-Rand 900 cfm / 350 psi Air Compressor

CAT 3406 Diesel Engine:

Used Driltech Drill Pipe (20' x 4 ½")

8. New 6" DTH Hammer QL6 (RH)

9. New 8" DTH Hammer QL8 (RH)

CTIN.: 00312117



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION

FOR

TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 133 OF THE INCOME TAX ACT NO. 11 OF 2004)

THIS IS TO CERTIFY THAT

CHIMBA RESOURCES TANZANIA LIMITED

has been registered with the Tanzania Revenue
Authority and assigned the Taxpayer
Identification Number

107-425-594

with effect from 25-Nov-2008

JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders

Shareholders	Nationality	Shareholding (%)
Southern African Enterprise		
Development Fund	South African	90
Aspen Resources Tanzania Ltd	Tanzanian	10

2. Proposed Activities : To establish assembly facility for mining and drilling equipments
3. Sector: Manufacturing Subsector Assembling of machinery and equipment for mining
4. Investment cost:

Foreign	USD 4 m.	Local	USD 1.0m.	Total	USD 5.0m.
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5. Project Financing:

Equity	USD 5.0m.	Loans	-	Total	USD 5.0m.
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6. Source, terms and conditions of loan

7. Assets to be invested:

Capital items:	Foreign	Local	Total
	USD 4.0m.	USD 1.0m.	USD 5.0m.
8. Technology Agreement None
9. Date of TIC Registration: 19th February 2009
10. Implementation period: February 2009 - January 2012
11. Operative date: February 2012
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
 - (i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997
 - (ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)
 - (iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
 - (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
Finished goods are not allowed under this Certificate

Signed


Executive Director



Nº 00215594

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041533

This is to certify that

CHIMBA RESOURCES TANZANIA LTD

of address P.O. BOX 106155

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation/expansion~~
or equity of the enterprise known as

CHIMBA RESOURCES TANZANIA LTD

Which is located at PLOT NO. 108, MBEZI INDUSTRIAL AREA, MBEZI

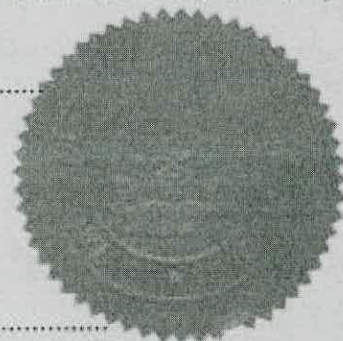
KINONDONI DISTRICT, DAR ES SALAAM

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf

Executive Director

Tanzania Investment Centre
P.O. Box 938, Dar es Salaam

Dated 20TH MAY 2009





CHIMBA

R E S O U R C E S (T) L T D

4

154 Embeti Street, Mikocheni B Area, Dar es Salaam, Tanzania. P.O. Box 23169 Dar es salaam
Tel: +255767200535 (www.chimbaresources.com)

Commissioner for Customs and Excise- TRA
P.O. Box 9053
Dar-Es-Salaam

15th September 2010

UFS
Executive Director,
Tanzania Investment Centre,
P.O. Box 938,
Dar-Es-Salaam



Dear Sir/Madam,

RE: Exemption for Capital Goods.

We humbly ask for an exemption in Excise duty and VAT for our drilling equipments. We have attached a list of all equipments that we are seeking the exemption for.

Chimba Resources (T) Ltd is a drilling company which was established with a vision of providing high quality and cost effective drilling services in Tanzania through the integration of advanced rig equipment, highly skilled people and safe operations.

Attached, please find the list of the equipments, copy of the Certificate of Incentive from TIC, copy of the Certificate of Registration for Tin from TRA.

Thank you,

Arthur M. Chacha

GENERAL MANAGER

CHIMBA RESOURCES (T) LTD.
P.O. Box 23169
DAR-ES-SALAAM

10

TICC/PP.10/041638/10

10/11/2009

Commissioner for Customs & Excise,
Tanzania Revenue Authority,
P.O. Box 9053,
DAR ES SALAAM

Dear Sir,

RE: VAT SPECIAL RELIEF ON CAPITAL GOODS (PLANT & MACHINERY)

M/S Chimba Resources Tanzania Limited is a TIC registered company with certificate of incentives **No. 041638** which is valid up to **January 2012**

The company has been registered with objectives of establishing assembly facility for mining and drilling equipments.

Attached herewith please find a list of **Capital Goods** for VAT special Relief approval.

Yours sincerely
TANZANIA INVESTMENT CENTRE


N.A. Senzia
FOR: EXECUTIVE DIRECTOR



CHIMBA

R E S O U R C E S (T) L T D

35 Ethiopia Crescent, Oysterbay Area, Dar es Salaam, Tanzania. P.O. Box 23169 Dar es salaam
Tel: +255 22 266 7711 (www.chimbaresources.com)

LIST OF EQUIPMENT

- 1) DRILLTECH MODEL D25K WATER WELL DRILLING MACHINE ,SN 731337, MOUNTED ON INTERNATIONAL MODEL 2070 TRUCK SN D1327FGB20320
- 2) S47 FORD LT 900 WATER DRILLING SUPPORT TRUCK, SN 1FDZ7790WXEVA17757, GALEEM FLAT WATER TANK AND 5000 LBS IMT CRANE
- 3) GARDNER DENVER 5 X 8 DUPLOT MUD PUMP TRAILER MOUNTED, DETROIT DIESEL ENGINE, DEEP HOLE, LOOSE FORMATION WATER BOREHOLE DRILLING
- 4) TWO ATLAS COPCO CS-14 DIAMOND CORE DRILLING RIGS, POWERED BY CATEPILLAR C6 TURBO CHARGED AFTER COOLED DIESEL ENGINE RATED AT 161KW (216HP) AT 1800 RPM
- 5) WATER SURVEY EQUIPMENT:
- 6) WDJD-3 MULTI-FUNCTION DIGITAL DC RESISTIVITY & IP INSTRUMENT FOR GROUND WATER EXPLORATION SURVEY, 10PCS STEEL ELECTRODE, NON-POLARIZING ELECTRODE, 1 PR, 10 A FUSE, 10 PCS, OPERATION MANUAL, COMMUNICATION SOFTWARE CD, COMMUNICATION CABLES
- 7) + TO 60-ELECTRODE WGMD-3 IN 10M SPACING, WDZ1-3 MULTIPLEX ELECTRODE CONVERTER, MULTI-ELECTRODE CABLE WITH 30 TAKE-OUTS IN 10M STACING, ELECTRODE WITH CLIP, 60 PCS
- 8) SPARES: ELECTRODE WITH CLIP, 1# BATTERY CASE, OUTPUT 30V, 63V, 90V DC
- 9) DOWN HOLE HAMMERS, TRICONE BITS STEEL TOOTH AND TCI, ADAPTOR SUBS, VARIOUS SIZE DHH BITS



No 00215594

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041633

This is to certify that

CHIMBA RESOURCES TANZANIA LTD

of address P.O. BOX 106155

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation~~/expansion or equity of the enterprise known as

CHIMBA RESOURCES TANZANIA LTD

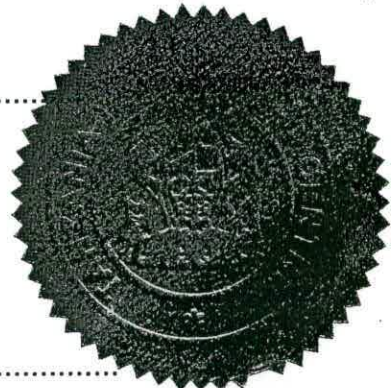
Which is located at PLOT NO. 108, MBEZI INDUSTRIAL AREA, MBEZI

KINONDONI DISTRICT, DAR ES SALAAM

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

Executive Director

Tanzania Investment Centre
P.O. Box 938, Dar es Salaam



Dated 20TH MAY 2009

CTIN.: 00312117



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 133 OF THE INCOME TAX ACT NO. 11 OF 2004)

THIS IS TO CERTIFY THAT

CHIMBA RESOURCES TANZANIA LIMITED
.....

has been registered with the Tanzania Revenue
Authority and assigned the Taxpayer
Identification Number

107-425-594
.....

with effect from 25-Nov-2008
.....


JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF



CHIMBA

R E S O U R C E S (T) L T D

a

35 Ethiopia Crescent, Oysterbay Area, Dar es Salaam, Tanzania. P.O. Box 23169 Dar es salaam
Tel: +255 22 266 7711 (www.chimbaresources.com)

Commissioner for Customs and Excise - TRA

P O Box 9053

Dar es Salaam.

UFS

Executive Director

Tanzania Investment Centre

P O Box 938

Dar es Salaam.



Dear Sir Madam,

RE: CAPITAL GOODS

We humbly ask for exemption in Excise Duty and VAT for our drilling and survey equipments. We have attached a list of all the equipments that we are seeking exemption for.

Chimba Resources is a Drilling Company which was established with the vision of providing drilling services in Tanzania while capitalizing on remarkable business opportunities present in Africa as well as at a global level.

Attached please find the list of the equipments, copy of the Certificate of Incentive from TIC, copy of Certificate of Registration for TIN from TRA.

Thank you in advance and looking forward for working with you.

Kind Regards,

Richard Swai

PRESIDENT AND CHIEF EXECUTIVE OFFICER.

pp

CAPITAL GOODS
ONLY

Signed for and on behalf of }
Universal Electronic and Hardware }
by..... }
who is known to me personally/identified to me }
by _____ }
the latter being known to personally, this }
_____ day of _____ 2009. }

[Signature]
FOR THE LESSOR



Signature: *[Signature]*
Name: RACHTEL SAMWEL KAPELA
Address: P.O. BOX 22180, DSm
Qualification ADMIN ASSISTANT

BEFORE ME:

COMMISSIONER FOR OATHS

Signed for and on behalf of }
Chimba Resources Tanzania Limited }
by..... }
who is known to me personally/identified to me }
by TABITHA MARO }
the latter being known to personally, this }
4th day of June 2009 }

[Signature]
FOR THE LESSEE

Signature: *[Signature]*
Name: LUGANO J.S. MWANDAMBO
Address: _____
Qualification ADVOCATE



BEFORE ME:

COMMISSIONER FOR OATHS

registered post or left to its last known address, any notice to the **LESSOR** shall be sufficiently served if delivered to his registered office. Any notice sent by registered post shall be deemed to have been served within three (3) days following the day on which it is posted.

- (f) This Lease, its implementation and operation shall be construed and interpreted in accordance with the law of Mainland Tanzania.
- (g) This Lease may be terminated if the **LESSEE** or **LESSOR** fails to observe, fulfil or perform any material covenant or obligation under this Lease and such default continues for a period of not less than one month's after notice of such default is served upon such **LESSOR** or **LESSEE**. Upon termination of this Lease, all amounts due and owing between the parties shall become immediately due and payable.
- (h) Stamp duty, registration charges and other expenses in connection with or incidental to the preparation of this Lease shall be borne by the **LESSEE**.

IN WITNESS whereof the parties herein have hereto signed this Agreement on the day, month and year in the manner as hereinafter appearing.

It is **HEREBY AGREED AND DECLARED** by and between the **LESSOR** and **LESSEE** that:

- (a) If and whenever during the said term any installment of the said rent hereby reserved or made payable or any part thereof shall be in arrears and remain unpaid 30 (thirty) days next after becoming payable, whether formerly demanded or not; or if and whenever there shall be any breach or non-observance of any of the covenants and conditions conferred or implied in this Lease and on the part of the **LESSEE** to be observed and performed; or if the **LESSEE** becomes insolvent for any reasons whatsoever; it shall be lawful for the **LESSOR** at any time thereafter notwithstanding any previous waiver of re-entry, to enter into and upon the demised premises or any part thereof and repossess the demised premises. Upon such entry unto the demised premises the said term shall absolutely cease and determine but without prejudice to any rights or remedies which shall have accrued to the **LESSOR** against the **LESSEE** in respect of any antecedent breach of any of the covenants herein contained.
- (b) In case the demised premises or any part thereof shall at any time during the said term be so damaged or destroyed by fire, or any other force of nature which shall not have been caused or contributed to by the act, negligence or default of the **LESSEE** as to be unfit for occupation and use, then the rent hereby reserved or a fair proportion hereof according to the nature and extent of the damage sustained shall be suspended until the demises premises shall again be rendered fit for occupation and use.
- (c) After the expiration of the term of the Lease Agreement, an automatic renewal of to the Lease should be granted to the **LESSEE** on terms and conditions to be agreed upon by the parties.
- (d) If the **LESSEE** or the **LESSOR** shall be desirous of terminating the lease of the demised premises after the term hereby granted the **LESSEE** shall communicate of such desire to the **LESSOR** or send by registered post to the **LESSOR's** address in Tanzania notice in writing not less than Three (3) month before the expiration of the said term.
- (e) Any notice under the Lease shall be in writing. Any notice to the **LESSEE** shall be sufficiently served if left addressed to it on the demised premises or sent to it by

- (vi) Not to assign, sublet or otherwise part with possession of the demised premises or any parts thereof without prior written consent of the **LESSOR**, such consent not to be unreasonably withheld.
- (vii) Not to make or cause to be made any alterations in addition to the demised premises without the prior written consent of the **LESSOR** such consent not to be unreasonably withheld.
- (viii) To use the demised premises for commercial purposes only otherwise not to do or permit any activity inconsistent with the declared purpose.
- (ix) At the expiry of the Lease to take away movable fixtures, additions or structures placed in or upon or attached to the demised premises by the **LESSEE** unless otherwise covenanted upon written notice to the **LESSOR**, and the **LESSEE** shall make good to the satisfaction of the **LESSOR** all damages thereby occasioned to the demised premises and restore the same to their original state and condition, tear and wear excepted.
- (x) Not to do anything that will invalidate any possible policy of insurance against fire or that which may increase the premium in respect of the demised premises and to pay the **LESSOR** sums paid by way of insurance premium, and any expenses incurred by the **LESSOR** due to the **LESSEE's** breach of this covenant.
- (xi) Not to store or bring upon the demised premises or building any articles of combustible, inflammable or dangerous nature and to comply with all recommendations of fire authorities as to fire precautions relating to the demised premises.
- (xii) To pay and make good to the **LESSOR** every loss and damage whatsoever incurred or sustained by the **LESSOR** as a consequence of every breach and non-observance of the **LESSEE'S** covenants herein contained and to indemnify the **LESSOR** against all actions, claims, liability, costs and expenses arising there from.
- (xiii) To keep on the demised premises prompt receptacles sufficient for the collection of all refuse and to ensure that the same are properly and regularly emptied.

indemnify the **LESSEE** against all actions, claims, liability, costs and expenses arising there from.

- (vi) To maintain the current rate of the rent payable under this Agreement throughout the period of the lease Agreement.
- (vii) To ensure that insurance is effected with such substantial and reputable insurance office or with such underwriters and through such agency as the Lessor may from time to time decide and the Lessor to pay all insurance costs to cover the demised premises.

3.0 AND the LESSEE hereby conveys with the LESSOR as follows :-

- (i) To pay rent in advance at a monthly interval to the **LESSOR**, commencing on the date of execution of the Lease, for every month, for five years.
- (ii) At all material times of the Lease period to keep the interior of the demised premises and appurtenances thereof including doors, windows and other fixtures, fittings, electrical wires and fittings, water drains and other pipes and sanitary water apparatus herein, painting and decoration, thereof in good repair and fair condition reasonable wear and tear excepted and to clean regularly the internal and external parts of the demised premises including the yard and surroundings.
- (iii) To permit the **LESSOR** and its agents and other persons authorised in writing by the **LESSOR** to enter the demised premises at all reasonable times during the day time with prior consent of the **LESSEE**, such consent not to be unreasonably withheld for the purposes of viewing the demised premises and undertaking any repairs necessary under the covenants herein contained.
- (iv) At the expiration or sooner determination of the said term, to peacefully surrender and yield upon to the **LESSOR** the demised premises in good and maintenance repair and condition reasonable wear and tear excepted.
- (v) From the date of signature and actual occupation of the demised premises, to pay all rates, taxes and other charges for the use of garbage collection, water, electricity and telephone in respect of the demised premises during the said term payable in respect of the demised premises.

*AK
Ame*

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1.0 The **LESSOR** hereby demises unto the **LESSEE** all that demised premises comprising of an area of **900** square metres together with the right to access thereto, **TO HOLD** the same unto the **LESSEE** for a period of five years commencing at the date indicated herein above, at the rate of **United States Dollars One Thousand (USD 1000)** per month (or its equivalent in Tanzania shillings running on each date of payment as per the Bank of Tanzania selling rate) payable monthly. The above rate excludes Value Added Tax.

2.0 **The LESSOR hereby covenants with the LESSEE as follows: -**

- (i) The **LESSEE** upon paying the rents due and performing and observing the several covenants and stipulation herein on his part contained shall peacefully hold and enjoy the demised premises during the term created without unlawful intervention by the **LESSOR** or any person or persons rightfully claiming under or in trust of the **LESSOR**.
- (ii) To pay and discharge all rates, assessments, impositions, duties, charges and outgoing whatsoever save and except electricity charges, water rates, telephone and telex charges which are not or may hereinafter become imposed or charged upon the demised premises or payable by the **LESSEE** in respect thereof.
- (iii) During the continuance of the said term to keep and maintain the demised premises in a state of good structural repair and in a condition suitable for human habitation (proper state of repair) and on receipt of notice from **LESSEE** remedy major structural fault or faults of construction effecting the convenient and proper use or occupation provided that such faults are not attributable to neglect on the part of the **LESSEE**, his agents or employees.
- (iv) Upon sufficient notice and further written consent from the **LESSOR**, the **LESSEE** be allowed to assign or sublease the demised premises.
- (v) To pay and make good to the **LESSEE** every loss and damage whatsoever incurred or sustained by the **LESSEE** as a consequence of every breach and non- observance of the **LESSOR'S** covenants herein contained and to

This Lease Agreement is made on the 01 of June, 2009

BETWEEN

UNIVERSAL ELECTRONIC AND HARDWARE LIMITED, a body corporate established under the laws of Mainland Tanzania with its registered address at Mbezi Industrial Area, **P. O. Box 22180 DAR ES LAAM**, (hereinafter called "**the LESSOR**" which expression and when the context so admits shall include legal representatives, agents, assigns and successors in title) of the one part,

AND

CHIMBA RESOURCES TANZANIA LIMITED, a body corporate established under the laws of Mainland Tanzania with its registered address at 35 Ethiopia Crescent, P.O. Box 23169, Dar es Salaam (hereinafter called "**the LESSEE**" which expression and when the context so admits shall include its legal representatives, agents, assigns and successors in title) of the other part.

WHEREAS

The **LESSOR** is the owner of the demised premises known as "Ware House" situated at Plot No. 108, Mbezi Industrial Area, Mbezi, **DAR ES SALAAM** and described as a commercial property (hereinafter called "**The Demised Premises**").

The **LESSEE** has agreed to lease the demised premises, to hold and enjoy the same for commercial purposes (including but not limited to storing and assembling drilling equipments) for a period of Five years commencing on June1, 2009 on the terms and conditions hereinafter appearing.

8

This Lease Agreement is made on the 01 day of June, 2009

BETWEEN

UNIVERSAL ELECTRONIC AND HARDWARE LIMITED

AND

CHIMBA RESOURCES LIMITED

DRAWN BY:

ISHENGOMA, KARUME, MASHA & MAGAI
ADVOCATES,
IMMMA HOUSE
PLOT 357, UN ROAD, UPANGA,
P.O BOX 72484,
DAR ES SALAAM.

AMC

7

Company name: Chimba Resources Limited

NO. 68100

EXTRACT SHAREHOLDERS' RESOLUTION

On the 4th day of May, 2009, the Shareholders of Chimba Resources Limited ("the Company") at its Shareholders' meeting **RESOLVED** the following that:

1. That the Company should apply to the Tanzania Investment Centre for the purpose of acquiring a certificate of incentives; and
2. That the above resolution is without reservation and with immediate effect;

We, the undersigned hereby certify the foregoing to be a true and *bona fide* extract of the deliberation and resolution passed by the Shareholders of the Company on the 4th day of May, 2009

Name: RICHARD SWAI
Signature: [Signature]
Designation: DIRECTOR

Date: 15-5-2009

Name: IMMMA ADVOCATES
GASPER NYIKA
(Representing Immma Advocates)
Signature: [Signature]
Designation: COMPANY SECRETARY

Date: 15-05-2009

JAMHURI YA MUUNGANO WA TANZANIA
 THE UNITED REPUBLIC OF TANZANIA
 STAKABADHI YA SERIKALI
 EXCHEQUER RECEIPT

TFN. 614 (Rev. 8.94)

30325769 1

NIMEPOKEA KWA
 Received from

CHIMBA RESOURCES LTD



KIASI
 Amount

Shs.					Cts.
1150			7	50	

JUMLA YA SHILINGI (Kwa maneno)
 The Sum of Shillings (Words)

USD SEVEN HUNDRED FIFTY ONLY

NA SENTOR
 And Cents

KWA MALIPO YA
 In Respect of

CERTIFICATE OF INCENTIVE

KWA FEDHA TASLIM/HUNDI NAMBA
 By Cash/Cheque No.

CASH

KITUO - Station

DEM

SAHIHI YA MPOKEAJI - Receiving Officer's
 Signature.

[Signature]

CHEQ - Title

11/05/03 TAREHE - Date

Govt. Press, Dsm.

For Executive Director
 Tanzania Investment Centre

6

May 11, 2009

OCC/0023/09

**Executive Director
Tanzania Investment Centre (TIC)
P. O. Box 938
Dar es Salaam
Tanzania**

RE: CHIMBA RESOURCES TANZANIA LIMITED

This is to confirm that Chimba Resources Tanzania Limited is a customer of Standard Chartered Bank Tanzania Limited, operating various accounts at our International House Branch. Chimba Resources Tanzania has maintained satisfactory relationship and in our opinion the company is trustworthy and of integrity in their business obligations.

The present is given without any engagement of responsibility on our behalf.

Sincerely,




**Lewis Mlay
Assistant Relationship Manager**

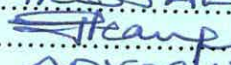
**Cc: Managing Director
Chimba Resources Tanzania
P.O. Box 71140
Dar es Salaam**

6. That the Main Tenant undertakes to obtain from the Landlord the required written consent to sublease the premises to the Sub-Tenant as herein agreed.
7. That should, for any reason that is not due to the fault of the Sub-Tenant, the Landlord withhold the required written consent to sub-lease then all the money paid by the Sub-Tenant hereunder shall immediately upon demand be refunded by the Tenant.

IN WITNESS WHEREOF the parties hereto have duly executed these presents on the days and in the manner hereinafter appearing:


SIGNED and DELIVERED at)
 Dar es salaam by ANGELA)
MBOGORD who is)
 For and on behalf of the said)
 GOODWORKS INTERNATIONAL E.A.) WOODWORKS INTERNATIONAL E.A LTD
 known to me personally / who is)
 identified to me by ARTHUR)
MWITA CHACHA)
 the latter being known to me personally)
 this 10 day of 03/2009.

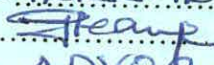
ANGELA MBOGORD 

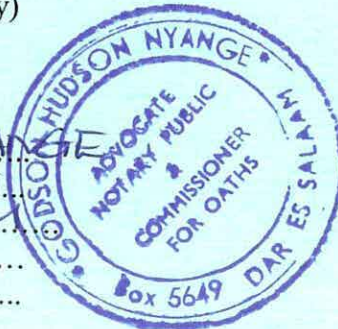
WITNESS
 Name: GODSON H. NYANGE
 Address: P.O. Box 5649
DARESSALAAM
 Signature: 
 Qualification: ADVOCATE



SIGNED and DELIVERED at)
 Dar es salaam by ARTHUR)
MWITA CHACHA who is)
 For and on behalf of the said)
 CHIMBA RESOURCES (T) LIMITED) CHIMBA RESOURCES TANZANIA LTD
 known to me personally / who is)
 identified to me by.....)
)
 the latter being known to me personally)
 this 10 day of 03/2009.

ARTHUR M. CHACHA - 

WITNESS
 Name: GODSON H. NYANGE
 Address: P.O. Box 5649
DARESSALAAM
 Signature: 
 Qualification: ADVOCATE



SUB-LEASE AGREEMENT



THIS SUB-LEASE AGREEMENT is entered into this ^{January} 01 day of ~~March~~ 2009 between **GOODWORKS INTERNATIONAL EAST AFRICA**, whose office is situated at **House Number 35 Ethiopian Crescent**, Oysterbay, Dar es salaam City, of Post Office Box Number 155 DAR ES SALAAM (hereinafter referred to as "the Main Tenant") of the One Part:

And **CHIMBA RESOURCES (T) LTD** of Post Office Box Number 71140 Dar es salaam ("hereinafter referred to as "the Sub-Tenant") of the Other Part:

- I: WHEREAS the Main Tenant is a tenant under the Main Tenancy between **OYSTERBAY RENOVATIONS LIMITED** and **GOODWORKS INTERNATIONAL EAST AFRICA LIMITED**.
- II: WHEREAS the Sub-Tenant is desirous of sub-leasing from the Main Tenant office premises measuring Square Metres (herein "the premises");
- III: AND WHEREAS the Main Tenant is willing to sub-lease to the Sub-Tenant the premises;
- IV: AND WHEREAS both the Main Tenant and the Sub-Tenant have agreed to enter into a Sub-Lease Agreement, subject to the terms and conditions set out herein:

NOW THEREFORE this Sub-Lease Agreement WITNESSES as follows:

- 1. That the Main Tenant shall sublet to the Sub-Tenant Square Metres of Office Space for a period of two years effective the 01st day of January 2009.
- 2. That the monthly rent payable to the Main Tenant by the Sub-Tenant for the sublease shall be United Stated Dollar **Three Thousand Five Hundred (US\$ 3,500. 00)**, the rent for the first year to be paid twelve (12) months in advance, that is **US \$ 3500. 00 X 12 = US \$ 42,000. 00**.
- 3. That the Main Tenant shall accordingly acknowledge receipt of the annual rent paid by the Sub-Tenant.
- 4. That the Main Tenant shall hand over to the Sub-Tenant copy of the Main Tenancy in respect of the premises and undertake to duly obtain written consent of the Landlord approving the Sub-Tenancy.
- 5. That the Sub-Tenant shall undertake to observe all the applicable terms and conditions of the Main Tenancy.

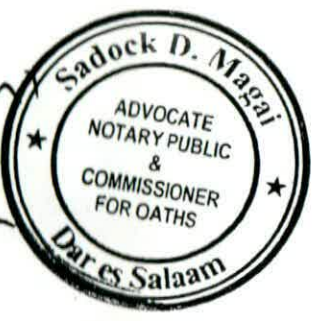
Names, Postal Address and Occupations of Subscribers	Number of Shares taken by each Subscriber	
ASPEN Resources Tanzania Limited Plot No. 442, Mahando Street, P.O. BOX 71140, DAR ES SALAAM. Body Corporate	1 000	
Southern African Enterprise Development Fund P.O. Box 2241, Saxon World, 2132, 2 nd Avenue, 1 st Floor Investment Place, Hyde Park, Gauteng South Africa. Body Corporate	9 000	

Dated at Dar es Salaam this 23rd day of October 2008.

WITNESS to the above Signatures: Schwager!

Witness to the above signatures:

Signature: Schwager!
 Name: Schwager!
 Address: Truere Str



Qualification: Advocate/Notary Public

INDEMNITY

128 Subject to the provisions of the Act every Director, Managing Agent, Auditor, Manager, Secretary or officer or Servant of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto.

*Indemnity of Directors
and officers or servants*

129 No Directors, Managing Agent, Auditor or other officers of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or bankruptcy or any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the insufficiency or tortuous act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in relation to the execution or duties of his office or in relation thereto, unless the same happen through his dishonesty.

INDEMNITY

128 Subject to the provisions of the Act every Director, Managing Agent, Auditor, Manager, Secretary or officer or Servant of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto.

*Indemnity of Directors
and officers or servants*

129 No Directors, Managing Agent, Auditor or other officers of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency or any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default or oversight on his part, or for any other loss, damages or misfortune whatsoever which shall happen in relation to the execution of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.


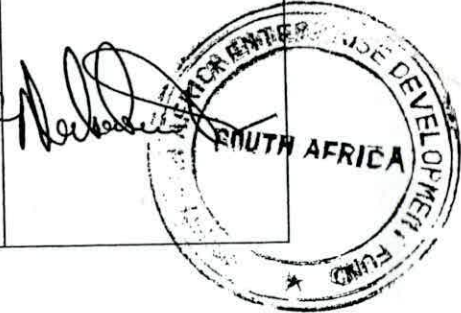
123. No director or other officer of the company or any person who is a partner of or in the employment of an officer of the company, or any corporation, shall be capable of being appointed Auditor of the company. *Directors not to be Auditors*

NOTICES

124. Any notice or document may be served by the Company on any Member wherever resident either personally or by fax or e-mail or telex or by sending it through the post in a prepaid letter addressed to such Member at his registered address as appearing in the Register of Members, provided that if such address is outside Tanzania, such letter shall be sent by air mail. In respect of joint holdings, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members, and notice so given shall be sufficient notice to all the joint holders. *Service of Notices*
125. Any notice or other document, if sent by fax or e-mail or telex shall be deemed to have been served as soon as the message has been transmitted, and if served by post, shall be deemed to have been served Ninety-six hours after the letter containing the same is posted, and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed, stamped and posted. *Proof of postage to be sufficient proof of service*
126. Any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these presents shall, notwithstanding that such Member be then dead or bankrupt, and whether or not the Company have notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. *Service to be sufficient notwithstanding death or bankruptcy of Member served*

WINDING - UP

127. If the company shall be wound up (whether liquidation is voluntary, or under supervision, or by Court), the liquidator may with the authority of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties or different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes or Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the company dissolved, but so that no contributory shall be compelled to accept any shares in respect of which there is a liability. *Provisions relating to liquidation*

Names, Postal Address and Occupations of Subscribers	Number of Shares taken by each Subscriber	Signature and Seals of Subscribers
ASPEN Resources Tanzania Limited Plot No. 442, Mahando Street, P.O. BOX 71140, DAR ES SALAAM. Body Corporate	1 000	
Southern African Enterprise Development Fund P.O. Box 2241, Saxon World, 2132, 2 nd Avenue, 1 st Floor Investment Place, Hyde Park, Gauteng South Africa. Body Corporate	9 000	

Dated at Dar es Salaam this 3rd day of October 2008.

WITNESS to the above Signatures: S. Mageri

Witness to the above signatures:

Signature: S. Mageri
 Name: S. Mageri
 Address: W. M. M. M.



Qualification: Advocate/Notary Public

securities to be allotted and distributed credited as fully paid up, to and amongst such Members in the proportion aforesaid, or partly in one way and partly in the other.

ACCOUNTS

118. The Directors shall cause proper books of account to be kept with respect to:-

Directors to keep proper accounts

- (a) all sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure takes place;
- (b) all sales and purchases of goods by the Company; and
- (c) the assets and liabilities of the Company.

119. The books of account shall be kept at the office or at such other place as the Directors think fit, and shall always be open to the inspection of the Directors. No Member (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Act or authorized by the Directors or by the Company in General Meeting.

Inspection of books

120. The Directors shall once at least in every year lay before the Company in General Meeting a profit and loss account and a balance sheet containing a general summary of the capital, the assets, and the liabilities of the Company arranged under suitable heads, both made up to a date not more than six months before the meeting.

Submission of balance sheets and profits and loss account

121. Every such balance sheet as aforesaid shall be signed on behalf of the Board by two of the Directors, and shall have attached to it a report of the Directors as to the state of the Company's affairs and the amount which they recommend to be paid by way of dividend to the Members, and the amount (if any) which they have carried or propose to carry to the Capital Reserve, Fund, general reserve or reserve account shown specifically on the balance sheet or to be shown specifically on a subsequent balance sheet. The balance sheet shall also have attached or annexed to it, the Auditors' report and such other documents as the Act may require.

Signature of balance sheets

AUDIT

122. The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office until the next ensuing Annual General Meeting. The Auditor's report shall be read before the Company at the Annual General Meeting and shall be open to inspection by any Member. The Auditors' duties shall be regulated in accordance with the Act.

Appointment of Auditors

RESERVES

115. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which shall at the discretion of the Directors be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works plant and machinery of the Company or for special dividends or bonuses or for equalizing dividends or for any other purposes to which the profits of the Company may properly be applied and pending such application may at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors think fit. The Directors may divide the reserve into such special funds as they think fit, and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as they think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide.

Carry profit to reserve

116. The Directors may establish a reserve to be called the Capital Reserve, which shall not be available for dividend, but which shall be available to meet depreciation or contingencies or for repairing, improving, or maintaining any property of the Company or for such other purposes as the Directors may in their discretion think conducive to the interests of the Company, and the Directors may invest the sums standing to the Capital Reserve in such investments as they think fit, other than shares or stock of the Company, and may from time to time deal with or vary such investments and dispose of all or any part thereof with full power to employ the Capital Reserve in the business of the Company, and that without keeping it separate from the other assets and with power to divide the said Capital Reserve into separate accounts or funds if they think fit.

Power to establish and deal with a Capital Reserve

CAPITALISATION OF PROFITS AND RESERVES

117. The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalize any undivided profits of the Company not required for paying the fixed dividends or Preference Shares if any (including profits carried and standing to the credit of any reserve or reserves or other special account), and accordingly that the Directors be authorized and directed to appropriate the profits resolved to be capitalized to the Members in the proportions in which such profits would have been divisible amongst them had the same been applied in paying dividends instead of being capitalized, and to apply such profits on their behalf, either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares, debentures or securities of the Company of a nominal amounts equal to such profits, such shares, debentures or

Power to capitalize profits

of the Company, and to certify copies thereof or extracts there from as true copies or extracts, and where any books, records, documents or accounts are else where than at the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

DIVIDENDS

107. Subject to any special rights as to dividend attached to any new class of shares in accordance with these presents, the profits of the Company available for dividend and resolved to be distributed in respect of any financial year or other period for which the Company's accounts are made up and submitted to the Company in General Meeting shall be apportioned and paid to the Members according to the amounts paid on the shares held by them respectively during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such share shall rank for dividends accordingly. *Payment of dividends*
108. No dividend shall be payable except out of the profits of the Company, or in excess of the amount recommended by the Directors. *Dividends payable only out of profits*
109. Any General Meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets, and in particular of paid up shares, debentures or debenture stock of the Company, or paid up shares, debentures or debenture stock of any other company, or in any one or more of such ways.
110. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay to the holders of any class of shares interim dividends thereon of such amounts and on such dates as they think fit. *Payment of interim dividends*
111. No unpaid dividend, bonus or interest shall bear interest as against the Company. *Dividends not to bear interest*
112. The Directors may retain any dividends and bonuses payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. *Retention of dividends*
113. The payment of the Directors of any unclaimed dividend into an unclaimed account shall not constitute the Company a trustee in respect thereof, and any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the Company. *Unclaimed dividends*
114. If several persons are registered as joint holders of any share any one of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share. *Dividends due to joint holders*

ALTERNATE DIRECTORS

103. Any Director may at any time appoint any person approved by the Board to be an Alternate Director of the Company and may at any time remove any Alternate Director so appointed by him from office. An Alternate Director so appointed shall not be entitled to receive any remuneration from the Company or to appoint an Alternate, but shall otherwise be subject to the provisions of these presents with regard to Directors. An alternate Director shall be entitled to receive notices of all meetings of the Board, and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in the absence of such appointor. An Alternate shall *ipso facto* cease to be an Alternate Director if his appointor ceases for any reason to be a Director. All appointments and removals of Alternate Directors shall be effected by writing under the hand of the Director making or revoking such appointment left at the office.

Provisions for appointing and removing Alternate Directors

MINUTES

104. The Directors shall cause proper minutes to be made in books to be provided for the purpose of all appointments of officers made by the Directors, of the proceedings of all meetings of Directors and committees of Directors and of the attendance thereat, and of the proceedings of all meetings of the Company and all business transacted, resolutions passed and orders made at such meetings, and any such minute of such meetings if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting of the Company or Directors or committee, as the case may be, shall be sufficient evidence without any further proof of the facts therein stated.

Records of appointments and proceedings to be kept

SEAL

105. The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board and shall be so affixed in the presence of at least one Director and Secretary or some other person approved by the Board, both of whom shall sign every instrument to which the Seal is affixed in their presence.

Formalities for affixing seal

AUTHENTICATION OF DOCUMENTS

106. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company (including the Memorandum and Articles of Association) and any resolutions passed by the Company or the Board, and any books, records, documents and accounts relating to the business

Power to authenticate documents

95.

The quorum necessary for the transaction of the business of the Directors shall be the majority of Directors if the number of Directors is three or more. If there are two Directors, the quorum shall be two.

Quorum

96.

The continuing Directors may act notwithstanding any vacancies in the Board, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these presents, the continuing Directors or Director may act for the purpose of filling up vacancies in the Board or of summoning General Meetings of the Company, but not for any other purpose. If there be no Directors or Director able or willing to act, then any shareholder may summon a General Meeting of shareholders for the purpose of appointing Directors.

Proceedings in case of vacancies

97.

If at any meeting the Chairman or Deputy Chairman, if any, shall be not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their members to be Chairman of the meeting.

Chairman and Deputy Chairman of Directors

98.

A resolution in writing, signed the by a minimum of two Directors for the time being, shall be effective as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form, each signed by one or more of the Directors.

Resolutions in writing

99.

A meeting of the Directors for the time being, at which a quorum is present, shall be competent to exercise all powers and discretion for the time being exercisable by the Directors.

Powers of meeting at which a quorum is present

100.

Without prejudice and in addition to the Provisions of Article 83, the Directors may delegate any of their powers to committees consisting of such number of members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Directors.

Power to appoint committees

101.

The meetings and proceedings of any such committee, consisting of two or more members, shall be governed by the provisions of these presents regulating the meetings and proceedings of the Directors, so far as the same are applicable and are not superseded by any regulations made by the Directors under the last preceding Article.

Proceedings at committee meetings

102.

All acts done by any meeting of Directors, or of a committee of Directors, or by any person acting as a Director, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director, or person acting as aforesaid, or that they or any of them were disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed, and was qualified and had continued to be a Director and had been entitled to vote.

Validity of acts of Directors in spite of some formal defect

BORROWING POWERS

91. The Directors may raise or borrow for the purposes of the Company's business such sum or sums of money as they may in their absolute discretion think fit. The Directors may secure the repayment or raise any such sums as aforesaid by legal or equitable Mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, including its uncalled capital, or by the issue at such price as they may think fit, of debentures and debenture stock either charged upon the whole or any part of the property and the assets (including its uncalled Capital) of the Company or not so charged, or in such other way as the Directors may think expedient. *Power to borrow and to give security*
92. Subject to the provisions of Article 77 of these presents, a Director of this Company may be or become a director or other officer of, or otherwise interested in, any company including but not limited to any company promoted by this Company or in which this Company may be interested as shareholder or otherwise, and no such Director shall be accountable for any remuneration or other benefits received by him as director or officer of, or from his interest in such other company. The Board may also exercise the voting power conferred by the shares in favour of any resolution appointing it or any of its number, directors or officers of such other company. Furthermore, any Director of this Company may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be or be about to become a director or officer of such other company and as such or in any other manner is or may be interested in the exercise of such voting rights in a manner aforesaid. *Holding of concurrent office*
93. All cheques, promissory notes, bills of exchange, and other negotiable or transferable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine. *Signature of cheques and bills*

PROCEEDINGS OF DIRECTORS

94. (a) The Directors may meet together for dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes; the Chairman shall not have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time, summon a meeting of the Directors. *Board Meetings*
- (b) Provided that the requisite notices are served upon Directors and subject to the consent of a majority of such Directors, Directors can conduct their meetings on telephone, and all meetings so conducted shall be deemed to have the same status as meetings at which the Directors have physically convened.

87. The Directors may arrange that any branch of the business carried on by the Company or any other business in which the Company may be interested shall be carried on by or through one or more subsidiary companies, and they may on behalf of the Company make such arrangements as they think advisable for taking the profits or bearing the losses of any branch or business so carried on or financing, assisting or subsidizing any such subsidiary company or guaranteeing its contracts, obligations or liabilities and they may appoint, remove and re-appoint any persons (whether members of their own body or not) to act as directors, executive Directors or managers of any such company or any other company in which the Company may be interested, and may determine the remuneration (whether by way of salary, commission on profits or otherwise) of any person so appointed, and any Directors of this Company may retain any remuneration so payable to them.

Organization of subsidiary companies

88. The Directors may from time to time and at any time by power of attorney under the Seal appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorize any such attorney to sub-delegate all or any of the powers, authorities and discretion vested in him.

Power to appoint attorneys

89. The Company may exercise the powers conferred by the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.

Power to have a seal for use abroad

90. The Company, or the Directors on behalf of the Company, may cause to be kept in any part of the world in which the Company transacts business, a Branch Register or Registers of Members resident there and the Directors may (subject to the provisions of the Act) make and vary such regulations as they may think fit respecting the keeping of any such Register.

81. The Directors shall elect from amongst their own body a Chairman and if need be, a Deputy Chairman of the Board of Directors on such terms and for such period (subject always to the provisions of these presents) as they may think fit. *Chairman*
82. Subject to any provisions to the contrary contained in the Act or in these presents, the Directors may entrust to and confer upon the Chairman and upon a Director holding any such executive office as aforesaid any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any such powers. *Powers of Chairman and Executive Directors*
83. The Company in General Meeting may from time to time increase or reduce the number of Directors. *Power to increase number of Directors*
84. The majority shareholder shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these presents. *Power to fill casual vacancies and to appoint additional Directors*
85. The majority shareholder may by written notice to the company's registered office remove any Director before the expiration of his period of office, and may by notice in writing to be served upon the company's register office appoint another person in his stead. *Removal of Directors*

POWERS OF DIRECTORS

86. The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Act or by these presents required to be exercised by the Company in the General Meeting, subject nevertheless to any regulations of these presents, to the provisions of the Act, and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article. *General power of Directors to manage Company's business*

79. The office of a Director shall be vacated in any of the following events, namely:-

Vacation of office of Directors

- (a) If (not being an Executive Director holding office as such for a fixed term) he resigns his office by writing under his hand left at the Office.
- (b) If he has a receiving order made against him or compounds with his creditors.
- (c) If he be found lunatic or of unsound mind.
- (d) If he be absent from meetings of the Directors for six months without leave and the Directors resolve that, by reason of such absence, his office be vacated.

If he be removed from office pursuant to Article 82.

80. A Director may hold any other office or place of profit under the Company (other than the office of Auditor) and may act in a professional capacity for the Company in conjunction with his office of Director, on such terms as to remuneration and otherwise as the Board may determine, and no Director or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any such other office or place of profit, or as vendor, purchaser or otherwise, nor shall any such contract, or any contract arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relating thereby established, provided that the nature of the interest of the Director in such contract or proposed contract or arrangement be declared at the meeting of the Directors at which the question is first taken into consideration if his interest then exists, or in any other case at the next meeting of the Directors held after he became interested. A Director may not vote in respect of any contract or arrangement in which he is interested and not be counted in ascertaining whether a quorum is present, provided that he gives notice of the nature of his interest in any such contract or arrangement in the same manner as aforesaid. A general notice sufficient given to the Board by a Director to the effect that he is a member of or beneficially interested in a specified firm or company and is to be regarded as interested in any contracts or arrangements which may be made with that firm or company after the date of such notice shall be sufficient declaration of interest under this Article.

Power of Directors to hold offices of profit and to contract with Company

74. An instrument of proxy may be in the usual common form or in such other form as the Directors shall prescribe. The proxy shall be deemed to include the right to demand, or join in demanding, a poll, and shall (except and to the extent to which the proxy is specially directed to vote for or against any proposal) include power generally to act at the meeting for the Member giving the proxy. A proxy, whether in the usual or common form or not shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, and need not be witnessed.

Form of proxies

75. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Intervening death or insanity of principal not to revoke proxy

DIRECTORS

76. Unless and until otherwise determined by the shareholders and by notice served upon the registered office of the company the number of Directors shall not be less than two nor more than five in number of whom one shall be the Chairman. All Directors shall be elected and removed by the shareholders. The first directors of the company shall be:-

Number of Directors

1. Richard Shad Swai
2. Malcolm Pryor

77. The Directors shall be paid out of the funds of the Company by way of remuneration for their services, such sum as the Company in General Meeting may from time to time determine. The Directors shall also be paid all reasonable traveling, hotel and other expenses incurred by them in connection with attending and returning from Board Meetings or otherwise in connection with the business of the Company.

Remuneration of Directors

78. Any Director who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine, which shall be charged as part of the Company's ordinary working expenses.

Extra remuneration

67. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his nominee, *curator bonis*, or other person in the nature of a nominee or *curator bonis* appointed by such Court, and such nominee, *curator bonis* or other person may on a poll vote by proxy, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than three days before the time for holding the meeting. *Voting rights of lunatic Members*
68. No Member shall, unless the Directors otherwise determine, be entitled to vote at a General Meeting either personally or by proxy, or to exercise any privilege as a Member unless all calls or other sums presently payable by him in respect of shares in the Company have been paid. *No right to vote where a call is unpaid*
69. No objection shall be raised to the qualifications of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive. *Objections*
70. Votes may be given either personally or by proxy. On a show of hands a Member (other than a corporation) present only by proxy shall have no vote, but a proxy for corporation may vote on a show of hands. A proxy need not be a Member of the Company. *Votes on a poll*
71. Any corporation which is a Member of the Company may, by resolution of its directors or other governing body, authorize any person to act as its representative at any meeting of the Company or of any class of members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represent as if he had been an individual shareholder, including power, when personally present, to vote on a show of hands. *Voting of corporation*
72. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorized. *Execution of proxies*
73. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarally certified copy of such power or authority, shall be deposited at the Office not later than the time appointed for holding the meeting or adjourned meeting, or in the case of a poll not later than the time appointed for the taking of the poll at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. *Deposit of proxies*

60. If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the resolution unless the same be pointed out at the same meeting, or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman of the meeting be of sufficient magnitude to vitiate the resolution.

Votes counted in error

61. If a poll is dully demanded, it shall be taken at such time and in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct, and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chairman may in the event of a poll, appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. The demand for a poll may with the consent of the Chairman of the meeting be withdrawn.

How poll to be taken

62. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Chairman's casting vote

63. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. No notice need be given of a poll not taken immediately.

Time for taking a poll

64. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

Continuance of business after demand for a poll

VOTES OF MEMBERS

65. Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, on a show of hands every Member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote irrespective of the number of shares he holds.

Voting rights of Members

66. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

Voting rights of joint holders

55. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business; save as herein otherwise provided two members present in person or by proxy shall be a quorum for all purposes. *Quorum*
56. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Members present in person or by proxy shall be a quorum. *Adjournment if Quorum not present*
57. The Chairman of the Board of Directors if any shall preside as Chairman at every General Meeting of the Company. If at any meeting the Chairman or Deputy Chairman, if any, be not present within fifteen minutes after the time appointed for holding the meeting, or be unwilling to act as Chairman, the Members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, they shall choose some Member present to be Chairman. *Chairman*
58. The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for fourteen days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. *Adjournments*
59. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by at least two Members present in person or by proxy and entitled to vote, or by a Member or Members entitled either by reason of their own holding or as representatives or as proxies, to cast one-tenth or more of the votes which could be cast in respect of that resolution if all persons entitled to vote thereon were present at the meeting. Unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, or not carried, and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution *method of Voting*

NOTICE OF GENERAL MEETINGS

50. All meetings of Members shall be called by twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day for which it is given, and shall specify the place, the day, and the hour of meeting, and in case of special business, the general nature of such business (and in the case of a meeting convened for passing a Special Resolution, the intention to propose such resolution as a Special Resolution), and shall be given in manner hereinafter mentioned to such persons as are, under the provisions herein contained, entitled to receive notices from the Company. With the consent in writing of all Members entitled to receive notices from the Company, a meeting may be convened by a shorter notice and in such manner as such Members may think fit. *Notice of General Meetings required*
51. The accidental omission to give notice to, or the non-receipt of notice by, any Member, shall not invalidate the proceedings at any General Meeting. *Omission and non receipt of notice*

PROCEEDINGS AT GENERAL MEETINGS

52. All business shall be deemed special that is transacted at an Extraordinary Meeting, and also all business that is transacted at an Annual General Meeting, with the exception of declaring dividends, the reading and consideration of the accounts and balance sheet and the ordinary reports of the Directors and documents required to be annexed to the balance sheet, the election of directors and appointment of Auditors and other officers in the place of those retiring by rotation or otherwise, the fixing of the remuneration of the Auditors and the voting of remuneration or extra remuneration to the Directors. *Special business*
53. Any person entitled to be present and vote at a meeting may submit any resolution or amendment to the meeting, provided that at least five and not more than fourteen clear days before the day appointed for the meeting he shall have served upon the Company a notice in writing signed by him, containing the proposed resolution or amendment and stating his intention to submit the same. *Notice of resolutions and amendments by Members*
54. Upon receipt of any such notice as in the last proceeding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution or amendments will be proposed. Any resolution or amendment of which such notice has not been given shall in the case of a resolution and may in the case of an amendment be ruled out of order, and the ruling of the Chairman shall be conclusive. *Issue of such notice*

STOCK

44. The Company may by Ordinary Resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination. *Conversion into stock*
45. The holders of stock may transfer the same, or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and the Directors may from time to time fix the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose. *Rights of stockholders to transfer stock*
46. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privileges or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage. *Other rights and privileges of stockholders*
47. Such of the regulations of the Company as are applicable, to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder". *Application of certain regulations to stock and stockholders*

GENERAL MEETINGS

48. A General Meeting shall be held as the Annual General Meeting once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. The General Meetings referred to in this Article shall be called "Annual General Meetings". All General Meetings other than Annual General Meetings shall be called "Extraordinary Meetings". *Annual General Meetings*
49. The Directors may call an Extraordinary Meeting whenever they think fit and shall, on requisition in accordance with the Act, proceed to convene an Extraordinary Meeting as required by the Act. In the case of Extraordinary General Meeting called in pursuance of a requisition, unless such meeting shall have been called by the Directors, no business other than that stated in the requisition as the objects of the meeting shall be transacted. *Extraordinary Meetings*

INCREASE OF CAPITAL

40. The Company may from time to time by Ordinary Resolution increase its share capital by such sum to be divided into shares of such amount as the resolution shall prescribe. *Power to increase capital*
41. The Company may by Ordinary Resolution direct that the new shares, or any of them shall be offered in the first instance, either at par or at a premium, to the then Members or to the holders of any class of shares for the time being, in proportion to the number of shares or shares of the class or group held by them respectively, or make any other provisions as to the issue of the new shares. *Allotment of new shares*
42. All new shares shall be subject to the provisions of these presents with reference to payment of calls, lien, transfer, transmission, forfeiture and otherwise and, unless otherwise provided in accordance with the powers contained in these presents, shall be Ordinary shares.

ALTERATIONS OF CAPITAL

43. The Company may by Ordinary Resolution: -
- (a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares. *Power to consolidate shares*
- (b) Cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken by any person, and diminish the amount of its capital by the amount of the shares so cancelled. *Power to cancel shares*
- (c) Sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights, or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares. *Power to sub-divide shares*

And may by Special Resolution:-

- (d) Reduce its capital or any capital redemption reserve fund or any share premium account in any manner authorized by the Act. *Power to reduce capital*

thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before forfeiture.

compliance with notice

36. When any share has been forfeited in accordance with these presents, notice of the forfeiture shall forthwith be given to the holder of the share, or the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given and of the forfeiture with the date thereof shall forthwith be made in the Register of Members opposite to the entry of the shares; but no forfeiture shall be in any manner invalidated by any accidental omission or neglect to give such notice or to make such entry as aforesaid.

Notice after forfeiture

37. A forfeited share shall become the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the person who was, before forfeiture, the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition, the forfeiture may be cancelled on such terms as the Directors think fit. The Directors may if necessary, authorize some person to transfer a forfeited share to any such other person as aforesaid.

Sale of forfeited shares

38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of the forfeiture, were payable by him to the Company in respect of the shares, with interest thereon as shall be determined by the Directors from the date of forfeiture until payment, but the Directors may waive payment of such interest either wholly or in part and the Directors may enforce payment without any allowance for the value of the shares at the time of forfeiture.

Rights and liabilities of Members whose shares have been forfeited

39. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the certificate of proprietorship of the share under seal delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share, and the person to whom the share is sold, re-allotted or disposed of, shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

Title to forfeited shares

30. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence as to his title being produced as may from time to time be required by the Directors, and subject as hereinafter provided, either be registered himself as holder of the share or elect to have some person nominated by him registered as the transferee thereof.

*Registration of
Executors and Trustees
in Bankruptcy*

31. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered, he shall testify his election by executing to his nominee a transfer of such share. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member.

*Notice of Election to be
registered and
registration of nominee*

32. A person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall be entitled to receive and may give a discharge for all dividends and other moneys payable in respect of the shares, but he shall not be entitled to receive notice of or to attend or vote at meetings of the Company or, save as aforesaid, to any of the rights or privileges of a Member until he shall have become a Member in respect of the share, and should he fail either to transfer the share or to elect to be registered as a Member in respect thereof within sixty days of being required so to do by the Directors, he shall in the case of shares which are fully paid up be deemed to have elected to be registered as a Member in respect thereof, and may be registered accordingly.

*Right of unregistered
executors and trustees*

FORFEITURE OF SHARES

33. If a Member fails to pay the whole or any part of any call or installment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and all expenses which may have been incurred by the Company by reason of such non-payment.

*Notice requiring
payment of Ca
lls*

34. The notice shall name a further day (not being less than seven days from the date of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed the shares in respect of which the call was made will be liable to be forfeited.

*Notice to state time and
place for payment*

35. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time

Forfeiture on non-

form in writing under hand approved by the Directors.

24. The instrument of transfer of a share shall be in writing and shall be signed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof, provided that the Directors may dispense with the execution of the instrument of transfer by the transferee in any case in which they think fit in their discretion so to do. *Execution*
25. The Directors may, in their absolute discretion and without specifying any ground, refuse to register a transfer of any share to any person who, in their opinion, is undesirable in the interests of the Company to admit to membership. No transfer shall be registered if by any reason thereof the number of members would exceed the limit hereinbefore prescribed. *Director's refusal to register, and closing register*
26. The Directors may refuse to register any transfer of a share where the Company has a lien on the share.
27. If the directors refuse to register a transfer, they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.
28. All instruments of transfers which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall on demand be returned to the person depositing it with the Company.

The Directors may decline to recognize any instrument of transfer unless:-

- (a) Such fee, as the Directors may from time to time require, is paid to the Company in respect thereof; and
- (b) The instrument of transfer is deposited at the Office or such other place as the Directors may appoint, accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

TRANSMISSION OF SHARES

29. In case of the death of a Member the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder shall be the only persons recognized by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him. *Transmission on death*

revoked or postponed as the Directors may determine.

17. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. A call may be made payable by installments. *Time when made*
18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. *Liability of joint holders*
19. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding the current interbank commercial lending rate, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part. *Interest on calls*
20. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date, whether on account of the amount of the shares or by way of premium, shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. *Sums due on allotment to be treated as calls*
21. The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the times of payment. *Power to differentiate*
22. The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the moneys unpaid upon the shares held by him beyond the sums actually called up thereon as a payment in advance of calls and such payment in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is advanced, and upon the moneys so received, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which it has been received the Company may pay interest at such rate as the Member paying such sum and the Directors agree upon. *Payment of calls in advance*

TRANSFER OF SHARES

23. Subject to the restrictions of these presents, all transfers of shares may be effected by transfer in writing in the usual common form or in any other *Form of transfer*

moneys (whether presently payable or not) called or payable at a fixed time in respect of such share; and the Company shall also have a first and paramount lien and charge on all shares (including fully paid shares) standing registered in the name of each Member (whether solely or jointly with others) for all the debts and liabilities of such Member or his estate to the Company and that whether the same shall have been incurred before or after notice to the Company of any equitable or other interest in any person other than such Member, and whether the period for the payment or discharge or the same shall have actually arrived or not and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member of the Company or not. The Company's lien (if any) on a share shall extend to all dividends payable thereon but the Directors may at any time declare any share to be exempt wholly or partially from the provisions of this Article.

14. The Company may sell, in such manner as the Directors think fit, any share on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of the sum presently payable, and giving notice of intention to sell in default, shall have been given to the holder for the time being of the share or the person entitled by reason of his death or bankruptcy to the shares.

Sale of shares subject to lien

For giving effect to any such sale, the Directors may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

15. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability in respect whereof the lien exists, so far as the same is presently payable and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale.

Application of proceeds of such sale

CALLS ON SHARES

16. The Directors may from time to time make calls upon the Members in respect of any moneys (whether on account of the amount of the shares or by way of premium) unpaid on their shares, provided that (except as otherwise fixed by the conditions of application or allotment) no call on any shares shall exceed one-fourth of the nominal amount of the share or be payable at less than fourteen days from the last call, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be

Calls

over, or otherwise dispose of them to such persons, at such times, and on such terms as they think proper, but so that no shares shall be issued at a discount, except in accordance with the Act.

9. In addition to all other powers of paying commissions, the Company (or the Directors on behalf of the Company) may exercise the powers of paying commissions conferred by the Act, provided that the rate per cent, or the amount of the commission paid or agreed to be paid, shall be disclosed in the manner required by the Act and the rate of the commission shall not exceed the rate of Ten per cent (10%) of the price at which the shares in respect of which the commission is paid are issued or an amount equivalent thereto. The Company (or the Directors on behalf of the Company) may also on any issue of shares pay such brokerage as may be lawful.

Power to pay commission and brokerage

Trustee shares

10. Shares may be held in the Company in trust for beneficial owner.

CERTIFICATES

11. Every person whose name is entered as a Member in the Register of Members shall be entitled without payment to receive within two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares of any one class or several certificates each for one or more of his shares upon payment of such sum, as the Directors shall from time to time determine. Every certificate shall be issued under the Seal. The certificate shall specify the shares or securities to which it relates and the amount paid up thereon. Provided that the Company shall not be bound to register more than three persons as the joint holders of any shares (except in the case of executors of trustees of a deceased Member), and, in case of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate therefore, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Issue of Certificates

12. If a share certificate be worn out, defaced, lost or destroyed, it may be renewed on payment of such fee (if any) and on such terms (if any) as to evidence, indemnity and the payment of out-of pocket expenses of the Company for investigating evidence, as the Directors think fit.

Renewal of Certificates

LIEN

13. The Company shall have a first and paramount lien on every share for all

Company's lien

*Company's own shares
not to be purchased*

5. No part of the funds of the Company shall be employed in the purchase of or in loans upon the security of the Company's shares. The Company shall not, except as authorized by the Act, give any financial assistance for the purpose of or in connection with any purchase of share in the Company.

RIGHTS OF SHARE HOLDERS

6. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares already issued (which special rights shall not be modified or abrogated except with such consent or sanction as is provided by the next following Article) any share in the Company (whether forming part of the original capital or not) may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine, and subject to the provisions of the Act the Company may issue Preference Shares which are, or which at the option of the Company are to be, liable to be redeemed.

*Issue of shares subject to
special conditions*

MODIFICATION OF RIGHTS

7. Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Act, be modified or abrogated, either with the consent in writing of the holders of three-fourths of the issued shares of the class, or with the sanction of a Special Resolution passed at a separate General Meeting of such holders (but not otherwise), and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company or to the proceedings thereat, shall *mutatis mutandis*, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-half in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Members who are present shall be a quorum), and that the holders of shares of the class shall, on a poll, have one vote in respect of every shares of the class held by them respectively.

*How rights of shares may
be modified*

SHARES

8. Subject to the provisions of Article 38, unissued shares shall be at the disposal of the Directors, and they may allot, grant options

*Unissued shares at the
disposal of Directors*

The expressions "Debenture" and "Debenture holder" shall include "Debenture Stock" and "Debenture Stockholder", and the expression "Secretary" shall include a temporary or assistant Secretary and any person appointed by the Directors to perform any of the duties of the Secretary.

Save as aforesaid any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these presents.

The marginal notes are inserted for convenience only and shall not affect the construction of these presents.

Words importing the singular number only shall include the plural and the converse shall also apply.

Words importing males shall include females.

3. The Company is a private Company and accordingly:-

Private Company

- (a) the right to transfer shares is restricted in manner as hereinafter prescribed.
- (b) the members of the company (exclusive of persons who are in the employment of the Company) is limited to fifty , **PROVIDED THAT**, where two or more persons hold one or more shares in the Company jointly, they shall, for the purpose of this Article, be treated as a single member;
- (c) any invitation to the public to subscribe for any shares or debentures of the company is prohibited;
- (d) the Company shall not have power to issue share warrants to bearer.

SHARE CAPITAL

4. The authorized share capital of the Company is Tanzania Shillings Twenty Five Million (Tshs 25 000, 000) only divided into Twenty Five Thousand (25 000) ordinary shares of Tanzania Shillings One Thousand (Tshs. 1 000) each.

Share Capital

LOANS BY THE COMPANY

TANZANIA

Stamp Duty Shs. 2,500/- Paid
Receipt No. 33286581 of 23/10/08
R. J. Teleso

Asstt Registrar of Companies

THE COMPANIES ACT NO. 12 OF 2002

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

CHIMBA RESOURCES TANZANIA LIMITED

TANZANIA

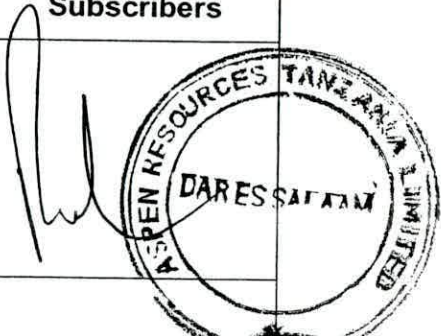
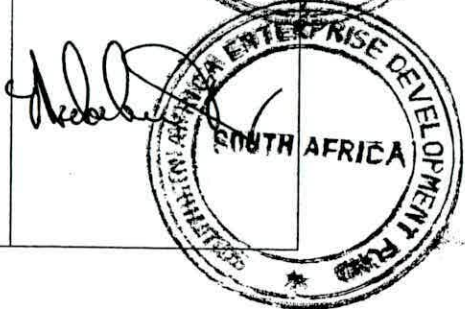
Stamp Duty Shs. 5,000/- PAID ON ORIGINAL
Receipt No. 33286581 of 23/10/08
R. J. Teleso

1. The regulations in Table "A" in the First Schedule to the Companies Act No. 12 of 2002 shall not apply to the Company. *Table "A" Not to Apply*
2. In these presents, if not inconsistent with the subject or context, the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof. *Interpretation*

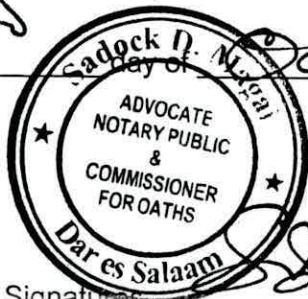
WORDS	MEANINGS
The Act	The Companies Act, Act No. 12 of 2002, and every other enactment for the time being in force concerning companies and affecting the Company.
These presents	These Articles of Association, as now framed, or as from time to time altered by Special Resolution.
Office	The Registered Office of the Company.
Seal	The Common Seal of the Company.
Month	Calendar month.
Year	Calendar year.
Writing	Unless the contrary intention appears, "writing" shall be construed as including references to printing, lithography, photography, and other modes of representing or reproducing words in a visible form.

4. The liability of the members is Limited.
5. The authorized share capital of the Company is Tanzania Shillings Twenty Five Million (Tshs 25 000, 000) only divided into Twenty Five Thousand (25 000) ordinary shares of Tanzania Shillings One Thousand (Tshs 1 000) each with such rights privileges or conditions as may be determined by or in accordance with the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.

We, the several persons whose names, addresses and descriptions are subscribed, are desirous of being formed into a company in pursuance of this Memorandum of Association and we respectively agree to take the numbers of shares in the capital of the company set opposite our respective names.

Names, Postal Address and Occupations of Subscribers	Number of Shares taken by each Subscriber	Signature and Seals of Subscribers
Aspen Resources Tanzania Limited Plot No. 442, Mahando Street, P.O. BOX 71140, DAR ES SALAAM. Body Corporate	1 000	
Southern African Enterprise Development Fund P.O. Box 2241, Saxon World, 2132, 2 nd Avenue, 1 st Floor Investment Place, Hyde Park, Gauteng South Africa. Body Corporate	9 000	

DATED this 23rd day of October, 2008



WITNESS to the above Signatures 

the allotment of shares, debentures or other securities of the Company credited as paid up in full or in part or otherwise.

- 3.29 To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuating funds for the benefit of and give or procure the giving of donations, gratuities, pensions, allowances, or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary company or who are or were at any time Directors or officers of the Company or any such other company as aforesaid, and the wives, widows, families and dependants of any such persons, and to establish and subsidise and subscribe to any institutions, associations, clubs, or funds calculated to be for the benefit of or to advance the interests and well being of the Company or of any such other company as aforesaid and make payments to or towards the insurance of any such person as aforesaid and to do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.
- 3.30 To procure the Company to be registered or recognised in any part of the world outside the Republic of Tanzania. To establish or promote or concur in the establishing or promoting any company or companies for the purpose or acquiring all or any of the property, rights and liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company.
- 3.31 To distribute among the members in specie any property of the Company, or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital shall be made except with the sanction, of any, for the time being required by law.
- 3.32 To act as agents, or brokers, and as trustees for any person or company and to undertaken and perform sub-contracts and to do all or any of the above things in any part of the world and either as principals, agents trustees, contractors, or otherwise and either alone or jointly with others, end either by or through agents, sub-contractors, trustees or otherwise.
- 3.33 To carry on the business of carriers by all means of transport by land, sea, inland waterway and air.
- 3.34 To do all such other things as may be deemed incidental or conducive to the attainment of the above objects or do any other things that the directors may deem necessary and beneficial to the Company.

AND IT IS HEREBY DECLARED that the word "Company" save when used in reference to this Company, in this clauses shall be deemed to include any partnership or other body of persons, whether domiciled in East Africa or elsewhere and the intention is that the objects specified otherwise expressed in each paragraph of this clause shall except where otherwise expressed in such paragraph be independent main objects and shall in no wise be limited or restricted by a reference to or inference from the terms of any other paragraph or the name of the company.

Company or which can be carried on in conjunction therewith or which is capable of being conducted so as to directly or indirectly benefit the Company.

- 3.20 To amalgamate, enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture or reciprocal concession or for limiting competition with any person or company carrying on or engaged in, any business or transaction which the company is authorised to carry on or engage in, or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company.
- 3.21 To improve, manage, develop, grant rights or privileges in respect of, or otherwise, deal with, all or any part of the property and rights of the company.
- 3.22 To subscribe for, take or otherwise, and hold shares, stocks, debentures, or other securities of any other company.
- 3.23 To invest and deal with moneys of the Company not immediately required in any manner.
- 3.24 To lend and advance money or give credit to such persons or companies and on such terms as may seem expedient and in particular to customers and other having dealings with the Company, and to guarantee the performance of any contract or obligation and the payment of money of or by any such persons or companies and generally to give guarantees and indemnities.
- 3.25 To apply for, promote and obtain any act of Parliament, charter, privilege, concession, license or authorisation of any government, state or municipality, provision order or license of any authority for enabling the Company to carry any of its objects into effect or for extending any of the powers of the Company or for effecting any modification of the constitution of the company or for any other purpose which may seem expedient and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the interests of the Company.
- 3.26 To enter into any arrangements with any governments or authorities, supreme, municipal, local or otherwise or any person or company that may seem conducive to the objects of the Company or any of them and to obtain from any such government authority, person or company any rights, privileges, charters, contracts, licenses and concessions which the Company may think fit or desirable to obtain and to carry out, exercise and comply therewith.
- 3.27 To pay out of the funds of the Company all expenses which the Company may lawfully with respect to the formation and registration of the Company or issue of its capital including brokerage and commissions for obtaining applications for or taking placing or underwriting or procuring the underwriting of shares, debentures of other securities of the Company.
- 3.28 To pay for any rights or property acquired by the Company and to remunerate any person or company whether by cash payment or by

including its unissued capital and to vary the investment of the Company.

- 3.14 To acquire by purchase, lease, exchange, hire or otherwise, lands and property of any tenure or any interest in the same and erect or construct houses, buildings or works of every description on any land of the company, or upon any other lands, or property and to pull down, rebuild, enlarge, alter and improve existing houses, buildings or works thereon, to convert and appropriate any such land into and for roads, streets, squares, gardens and pleasure grounds and other conveniences, and generally to deal with and improve the property of the company, to sell or otherwise lease, let, mortgage and dispose of the lands, houses, buildings any other property of the company.
- 3.15 To advance money to any person or persons or corporation either at interest or without, upon the security of the right of occupancy or leasehold property by way of mortgage, or upon marketable security and in particular to advance money to shareholders in the company, and others, upon the security of or for the purpose of enabling the person borrowing the same to erect, or purchase, or enlarge or repair any house or building, or to purchase, the fee simple or any less estate or interest in, or to take a demise for any term or terms of years of any right of occupancy or leasehold property in the United Republic of Tanzania, upon such terms and conditions as the company may think fit. To found, develop, manage, extend, establish and acquire, industrial, commercial or agricultural enterprises in all its fields and in particular workshops in all branches of work and industry whether alone or enter into partnership or into arrangement for sharing profits, union of interest, reciprocal concessions or co-operation with any person partnership or company in East Africa or overseas and also to form, constitute, float, lend money to and to assist and control any companies, associations or undertakings whatsoever.
- 3.16 To carry on any other business, which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the property or rights of the Company.
- 3.17 To purchase, take on lease or in exchange, hire or otherwise acquire, any immovable or movable property and any rights or privileges which the Company may think necessary or convenient for the purpose of its business.
- 3.18 To apply for, purchase, or otherwise acquire and protect and renew in any part of the world, any patents, trade marks, designs, licenses, concessions and the like, conferring any exclusive or non-exclusive or limited right to their use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the company, or indirectly to benefit the Company and to use, exercise, develop or grant licenses in respect of, or otherwise turn to account the property, rights, or information so acquired.
- 3.19 To acquire, and undertake the whole or any part of the business, property and liabilities of any person or company carrying on or proposing to carry on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of the

- 3.5 To carry on business as miners, metallurgists, metal workers, builders, and contractors, engineers, manufacturers, importers and exporters, and to buy, sell and deal in property of all kinds.
- 3.6 To carry on the business of a holding company with numerous subsidiaries for purposes of carrying on and fulfilling the objects of the Company by performing all the objectives of the company herein contained or any other objectives that the directors may deem necessary to be beneficial to the company whether incidental or not to the objectives of this company or to the objectives of any subsidiary of the company or any other objectives whatsoever.
- 3.7 To carry on the business of an investment Company and for that purpose to acquire and hold either in the name of the Company or in that of any nominee, shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world.
- 3.8 To acquire any such shares, stock, debenture stock, bonds, notices, obligations, or securities by original subscription, contract, tender, purchase, exchange, underwriting, participation in syndicates or otherwise and whether or not fully paid up, and to subscribe for the same subject to such terms and conditions as may be thought fit.
- 3.9 To raise and borrow money by the issue of shares, stock, debentures, debenture stock, bonds, obligations, deposit notices, and otherwise howsoever and to underwrite any such issue.
- 3.10 To invest the money so raised and borrowed in, and to hold, sell and deal with the stock, shares, bonds, debentures, debenture stock, obligations, notices and securities of any government, state, company, corporation, municipal or local or other body or authority.
- 3.11 To exercise and enforce all rights and powers conferred by or incident to the ownership of any such shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding of some special proportion of the issue or nominal amount thereof and to provide managerial and other executive supervisory and consultant services for or in relation to any company is interested upon such terms as may be thought fit.
- 3.12 To lend and advance money or credit to any person or company, to guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company, to secure or undertake in any way the repayment of money lent or advanced to or the liabilities incurred by any person or company.
- 3.13 To make advances upon, hold in trust, issue on commission, sell or dispose of any of the investment of the company. To mortgage or charge all or any part of the property and rights of the company

THE COMPANIES ACT NO. 12 OF 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

Of

CHIMBA RESOURCES TANZANIA LIMITED

1. The name of the Company is CHIMBA RESOURCES TANZANIA LIMITED
2. The registered office of the Company will be situated in the Republic of Tanzania.
3. The objects for which the Company is established are:
 - 3.1 To prospect, explore, open and work claims or mines, drill and sink shafts and raise, pump, dig and quarry for gold, silver, minerals, ores, diamonds and precious stones, oil, petroleum, coal, earth and other substances.
 - 3.2 To purchase, take on lease, or otherwise acquire rights of occupancy and other lands, properties, mines and mineral properties, and also grants, concessions, leases, claims, licences of or other interests in mines, mining rights, lands, mineral properties, and either absolutely or conditionally, and either solely or jointly with others.
 - 3.3 To acquire by purchase, concession or lease, or to take in exchange or otherwise, or to erect and construct, and wherever necessary to alter shafts, furnaces, quartz crushing and other machinery, works for smelting or otherwise for treating, removing and storing metals and minerals, and drawing and pumping appliance; and crushing, working manufacturing, purifying, cutting, polishing, or otherwise dealing with gold, silver, precious metals, minerals, ores, coals, diamonds and precious stones, earth and other substances.
 - 3.4 To employ and pay mining experts, agents, and other persons, partnerships, companies or corporations, and to organize, equip, and dispatch expeditions for prospecting, exploring, reporting on, surveying, working, developing lands and properties, and whether the same are the property of this company or otherwise, and to promote and assist in the settlement of any lands and properties, and to promote emigration or immigration for that purpose, and to make advances to, and pay for or contribute to the expense of, and otherwise assist persons or companies prospecting, acquiring, settling on properties or desirous of so doing.

Stamp Duty Shs. 2,500/-
Receipt No. 33286581 of 23/10/08
Asstt. Registrar of Companies

TANZANIA
Stamp Duty Shs. 5,000/-
PAID ON ORIGINAL
Receipt No. 33286581 of 23/10/08
Stamp Duty Officer

TANZANIA



Certificate of Incorporation

Section 15

No **68100**

I HEREBY CERTIFY THAT

CHIMBA RESOURCES TANZANIA LIMITED =====

is this day incorporated under the Companies Act, 2002 and that the Company is Limited

Given under my hand at Dar es salaam

this **24TH** day of **OCTOBER**

TWO THOUSAND AND EIGHT

A handwritten signature in cursive script, appearing to read "Ritaeebe".

Asst. Registrar of Companies



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
Regulation 42, Government Notice No. 318A of 2002)

Tanzania Investment Centre
9A & B Shaaban Robert Street
P. O. Box 938
DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT
(No. 26 of 1997)

APPLICATION FOR REGISTRATION
(Made under Regulation 42)

To: The Executive Director
Tanzania Investment Centre
P. O. Box 938
DAR ES SALAAM
Tanzania

1. I/we RICHARD SHAD SWAI
(director/directors/agent of CHIMBA RESOURCES LIMITED
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVE
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.

2. The registered office of the company will be situated at

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
- (ii) Certificate of Incorporation/Registration
- (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
- (iv) Evidence of financing and evidence of land ownership for the project

3. The Head Office of the Company will be situated at

4. The Principal Officers of the Company are ...1. MALCOLM PRYOR
2. RICHARD SHAD SWAI 3. RAPIQUE SYMONETTE

5. Auditors of the Company are

6. The authorized share capital of the Company is Tshs./US\$ 25,000,000.00
TWENTY FIVE MILLION ONLY.

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 5,000,000 (FIVE MILLION DOLLAR)
8. The month and day of the financial year end is 31st OCTOBER 2003

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the Tanzania Investment Centre for Tshs./US\$

100- Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, RICHARD SHAD SWAI of Post Office Number 10615

DSM do solemnly and sincerely declare that I am a director/duly authorized agent of CHIMBA RESOURCES (T) LTD

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam
The 26 day of JANUARY 2003

[Signature]
Applicant

Before me:

Taba Makene
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: CHIMBA RESOURCES LIMITED

Certificate of Incorporation Number: 68100 Status: LIMITED

Certificate of Incorporation Date: 24th OCTOBER 2008

Post Box: 106155

Town: DAR-ES-SALAAM

Sector: MANUFACTURING Sub-Sector: ASSEMBLING OF MACHINERY & EQUIPMENT FOR MINING

Investment Financing Plan in Million US\$/Tsh.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
4.00	1.0	—	—

Project Objectives: ① TO ASSEMBLE MINING & DRILLING MACHINERY & EQUIPMENT FOR LEASING;

② TO LEASE OUT DRILLING AND MINING EQUIPMENT & MACHINERY FOR AFFORDABLE COSTS.

Capacity: 7000 UNITS P.A

Employment: Foreign: 10 Local: 90 Total: 100

Implementation Period: 3 YEAR

Project Location

Site/Plot/Block No.: HSE NO.

Street: District: Region: (Attach sketch map showing project location)

Shareholders Nationality %

① ASPEN RESOURCES TANZANIA LTD TANZANIAN 10

② SOUTH AFRICAN INT. DEVELOPMENT SOUTH AFRICAN 90 FUND

Investment Breakdown .US\$/Tshs.M

Land/Building	995,000
Plant	2,842,500
Vehicles	545,000
Furniture & Fittings	302,000
Pre-expenses	204,000
Others	—
Working Capital	116,500
TOTAL	5,000,000

Contact Details:

Name: RICHARD SHAD SWAI

Title: DIRECTOR

Telephone: +255 786 207911

Fax: —

Email:

Payments to be made payable to:

TANZANIA INVESTMENT CENTRE
STANDARD CHARTERED BANK TANZANIA LTD.
SWIFT ADDRESS: SCBLTZTX
ACCOUNT NO.: 8702006002000



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

**(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
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Tanzania Investment Centre
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UNITED REPUBLIC OF TANZANIA

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(Made under Regulation 42)

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TWENTY FIVE MILLION ONLY

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8. The month and day of the financial year end is 31st OCTOBER 2000

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

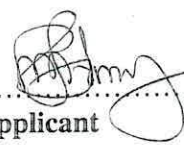
I/We enclose a cheque/cash made payable to the Tanzania Investment Centre for Tshs./US\$ 100- Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, RICHARD SHAD SWAI of Post Office Number 106133

DSM do solemnly and sincerely declare that I am a director/~~duly~~ authorized agent of CHIMBA RESOURCES (T) LTD

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }
The 26 day of JANUARY 2003/03


Applicant

Before me:

Emmanuel Tamila Makene
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: CHIMBA RESOURCES LIMITED

Certificate of Incorporation Number: 68100 Status: LIMITED

Certificate of Incorporation Date: 24th OCTOBER 2008

Post Box: 106155

Town: DAR-ES-SALAAM

Sector: MANUFACTURING Sub-Sector: ASSEMBLING OF MACHINERY & EQUIPMENT FOR MINING

Investment Financing Plan in Million US\$/Tsh.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
5.400	1.0	—	—

Project Objectives: 1) TO ASSEMBLE MINING & DRILLING MACHINERY & EQUIPMENT FOR LEASING;

2) TO LEASE OUT DRILLING AND MINING EQUIPMENT & MACHINERY FOR AFFORDABLE COSTS.

Capacity: 7000 UNITS P.A

Employment: Foreign: 10 Local: 90 Total: 100

Implementation Period: 3 YEAR

Project Location

Site/Plot/Block No.: HSE NO.

Street: District: Region: (Attach sketch map showing project location)

Shareholders Nationality %

1) ASPEN RESOURCES TANZANIA LTD TANZANIAN 10

2) SOUTH AFRICAN INT. DEVELOPMENT SOUTH AFRICAN 90 FUND

Investment Breakdown ~~US\$/Tshs.M~~

Land/Building	995,000
Plant	2,842,500
Vehicles	545,000
Furniture & Fittings	302,000
Pre-expenses	204,000
Others	—
Working Capital	116,500
TOTAL	5,000,000

Contact Details:

Name: RICHARD SHAD SWAI

Title: DIRECTOR

Telephone: +255 786 207911

Fax: —

Email:

Payments to be made payable to:

TANZANIA INVESTMENT CENTRE
STANDARD CHARTERED BANK TANZANIA LTD.
SWIFT ADDRESS: SCBLTZTX
ACCOUNT NO.: 8702006002000



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

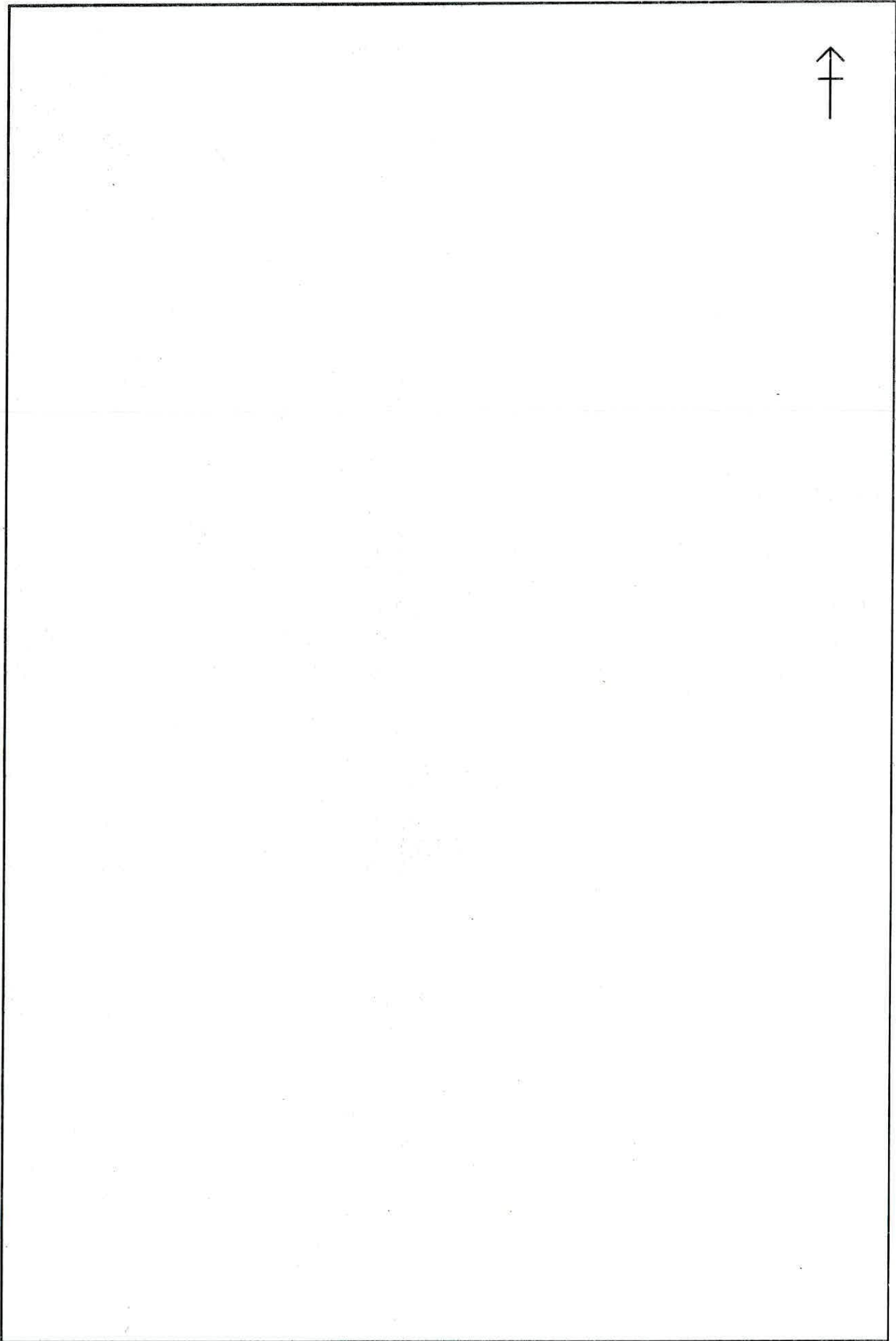
CERTIFICATE OF INCENTIVES

**(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
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Tanzania Investment Centre
9A & B Shaaban Robert Street
P. O. Box 938
DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)

SKETCH MAP SHOWING PROJECT LOCATION





UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

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8. The month and day of the financial year end is 31st OCTOBER 2003

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$

100- Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*


I, RICHARD SHAD SWAI of Post Office Number 10613

DSM do solemnly and sincerely declare that I am a director/duly authorized agent of CHIMBA RESOURCES (T) LTD

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, **AND I** make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }

The 26 day of JANUARY 2003 }
g


Applicant

Before me:

Emmanuel Tamila Makene
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: CHIMBA RESOURCES LIMITED

Certificate of Incorporation Number: 68100 Status: LIMITED

Certificate of Incorporation Date: 24th OCTOBER 2008

Post Box: 106155

Town: DAR-ES-SALAAM

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Investment Financing Plan in Million US\$/Tsh.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
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Project Objectives: 1 TO ASSEMBLE MINING & DRILLING MACHINERY & EQUIPMENT FOR LEASING;

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Capacity: 7000 UNITS P.A

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Site/Plot/Block No.: HSE NO.

Street: District: Region:

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Shareholders Nationality %

1 ASPEN RESOURCES TANZANIA LTD TANZANIAN 10

2 SOUTH AFRICAN INT. DEVELOPMENT SOUTH AFRICAN FUND 90

Investment Breakdown ~~US\$/Tshs.M~~

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Plant	2,842,500
Vehicles	545,000
Furniture & Fittings	302,000
Pre-expenses	204,000
Others	—
Working Capital	116,500
TOTAL	5,000,000

Contact Details:

Name: RICHARD SHAD SWAI Title: DIRECTOR
Telephone: +255 786 207911 Fax: —
Email:

Payments to be made payable to:

TANZANIA INVESTMENT CENTRE
STANDARD CHARTERED BANK TANZANIA LTD.
SWIFT ADDRESS: **SCBLTZTX**
ACCOUNT NO.: **8702006002000**



TIC Evaluation Report

Name of the Company
Chimba Resources (T) Ltd.

Post Box	0	COI Number	68100	Contact	Mr. Richard Shad Swai
Post Office	106155	COI Date	24/10/2008	Designation	Director
Region	0	Application F. No	07567	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0786 207 911
		Sub Sector	Assembling Of Machinery & Equipment For Mining	Fax	0
		File No	041638	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD											
Plot/Block	0	<table border="1"> <thead> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>1</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	4	1	0	0			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
4	1		0	0									
Street	0												
istrict	Ilala												
Region	Dar es Salaam												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.99
South African Ent. Development Fund	South Africa	90	Plant	2.843
Aspen Resources (T) Ltd.	Tanzanian	10	Vehicles	0.545
			Furniture & Fittings	0.302
			Pre-expenses	0.204
			Others	0
			Working Capital	0.1165
			Total	5.0005

Employment	0	Evaluated By	Revocatus Arbogast
Capacity	7,000 unites pa	Drawn By	Sarah Registry
Project Turn Over			

Description

To establish assembly facility for mining and drilling equipments for lease

Recomendations

Be approved subject to providing evidence as required by section 17 of Tanzania Investmnet Act, 1997lack clear indication of project objectives/functions and projected financial analysis

Decision

Approved - [Signature]
[Signature]

TICC/PP.10/041638/2

19th February 2009

We wish you every success in the implementation of the project.

Yours sincerely,
Tanzania Investment Centre



B.D. Chonjo

For: Executive Director

Copy to: Permanent Secretary,
Ministry of Finance and Economic Affairs,
P. O. Box 9111,
DAR ES SALAAM

Permanent Secretary,
Ministry of Industry, Trade and Marketing,
P.O. Box 9503,
DAR ES SALAAM

Commissioner General,
Tanzania Revenue Authority,
P. O. Box 11491,
DAR ES SALAAM

3

TICC/PP.10/041638/2

19th February 2009

Managing Director,
Chimba Resources Ltd,
P.O. Box 106155,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF ASSEMBLY FACILITY FOR MINING AND
DRILLING EQUIPMENT**

We wish to acknowledge receipt of your project proposal to establish assembly facility for mining and drilling equipment as presented in the TIC P.A. 1 Form No. 07567 and Feasibility Study with a projected investment of USD 5.0 m.

We have studied your project proposal and are pleased to inform you that your investment proposal is now officially registered and therefore your project will be granted a CERTIFICATE OF INCENTIVES, given under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997. In order to enable TIC prepare your Certificate of Incentives you will be required to submit the following:-

- Company Board Resolution accompanied by Bank Reference for equity funding or a letter from Bank/Financial Institution indicating that a loan is granted or is under consideration as required by Section 17 (3) of Tanzania Investment Act, 1997
- Certified document showing evidence of Land ownership for the location of the project.

You will also be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 750.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please arrange to make payments at your earliest convenience.

.../2

MINUTE

PAGE NO. _____

1.0

EXD

The approved project has fulfilled the investment requirements, which are: -

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 5.005
- (b) Legal entity has been incorporated under certificate No. 66100 of 24/10/2008

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



N. A. Senzia
DIF
19th February 2009

2.0

EXD

In response to the TIC letter of registration dated 17th February 2009

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from Standard Chartered CIP
- (c) Lease Agreement as evidence of land

With the above submission EXD is requested to sign Certificate of Incentives No. 041638 herein attached.

8/06/09

