

BABU REAL STONE INTERNATIONAL AC

LTD

MINUTE SHEET

Dokezo
No.

10

Ag. 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\$ 8.613 M.....

(b) Legal entity has been incorporated under certificate

No. 86225..... of 12/02/2010.....

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

20th September, 2011

Ag. EXD ✓

2.0

In response to the TIC letter of registration dated 20th September 2011.....

The project has submitted the required documents namely:-

(a) Company Board Resolution

(b) Reference letter/Financing from CRDB Bank LTD.....

(c) Lease Agreement as evidence of land.....

With the above submission EXD is requested to sign Certificate of Incentives No. 042102..... herein attached.

22/09/2011



DIF

MINUTE SHEET

**Dokezo
No.**

Board resolution

The Board of Director of BABU REAL STONE INTER. CO. LTD have met and made a resolution that:

The company will establish a mineral processing plant (lapidary) in Dar es Salaam. The project will be funded by the shareholders equity amounting USD 8.61 million. On behalf of the project, the company will apply for various authoritative documents including the Certificate of incentives fro Tanzania Investment Centre. The company will remain an overseer to the project implementation process.

This meeting has been called on and off this 12th day of May, 2011.

Signed



.....
Chairperson



.....
Secretary

TANZANIA



Certificate of Incorporation

Section 15

No 80225

I HEREBY CERTIFY THAT

BABU REAL STONE INTERNATIONAL 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 **2ND** day of **DECEMBER**

TWO THOUSAND AND TEN

A handwritten signature in black ink, appearing to be 'J. J. J.', written over a horizontal line.

Asst. Registrar of Companies

CT N: 0765897

**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**BABU REAL STONE INTERNATIONAL CO LTD**

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

111-375-747

with effect from 03-Dec-2010

P. N. Kassera

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

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

THE COMPANIES ACT, 2002
COMPANY LIMITED BY SHARES

MEMORANDUM
AND
ARTICLES OF ASSOCIATION
OF
BABU REAL STONE INTERNATIONAL LIMITED

Incorporated at this.....day of2010

DRAWN BY:
ALBERT SEBBAG
(SUBSCRIBER)
P. O. BOX 546
SHINYANGA

THE UNITED REPUBLIC OF TANZANIA

CERTIFICATE OF INCORPORATION

NO

BABU REAL STONE INTERNATIONAL LIMITED

Is this day incorporation under the Companies Act (Act. No. 12 of 2001)

And that the Company is Limited.

Given under my hand at Dar es Salaam, this.....day

.....Two Thousand.....

.....
Assistant Registrar of Companies

THE COMPANIES ACT 2001
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION

OF

BABU REAL STONE INTERNATIONAL LIMITED

1. The name of the company is **BABU REAL STONE INTERNATIONAL LIMITED**
2. The registered office of the company will be situated in Tanzania
3. The objects for which the company is established are:-
 - a) To carry on the business of gemstone dealers buyers, importers, exporters, cutters and setters, of gemstones precious and semi – precious stones, gold, diamonds, emeralds, sapphires, rubies, agate, Tanzanite Rhodalite, garnets, berly ony, topaz amethyst, opal pearl, corals, alexandrite and dealers and buyers, sellers smiths and handlers of gold platinum, silver, copper, nickel, mercury, aluminum, brass and all metal and their allays as well as any things connected with or incidental to the jewelry business.
 - b) To carry on the business of jewelers gold and silver smiths dealers in curiosities, articles of virtue, coins medals bullion and stones and as manufactures of and dealers in gold and silver plate, plated articles, watches, clocks chronometers, and optical and scientific instruments of any description.
 - c) To carry on the business of miners and mining in all their branches and for the said purpose to peg purchase take on lease, or exchange of otherwise, acquire concessions grants easements option claims properties cassettes and effects supposed to contain minerals diamonds or other precious stones and any interest therein, and to explore mine work excise develop and run to account mines and mining rights and any undertaking connected there with
 - d) To carry on the business of buying and selling of all minerals and gemstones including diamonds found in the United republic of Tanzania and to engage in exploitation of rough cut and polished minerals and gemstones including Gold, Diamonds to different parts of the works and to open lapidaries and to acquire mine workings mining grounds in Tanzania.....
 - e) To carry out exploration and conduct research for all types of minerals and gemstones including Diamonds in Tanzania to search for pres and minerals and to

11393
12/12/2010
2500/-
BABU REAL STONE INTERNATIONAL LIMITED

5000/-
11393
12/11/2010

work the mines and mining rights under or upon the land and proprietor to be acquire by the company and to crush wash smelt reduce or otherwise treat and marketable and sell and dispose of the produce of any mines whether belonging to the company or not.

- f) To carry out the business of digging and finding mineral as surgeon and distributing in diamonds and gemstones,
- g) To carry on the business and act as manager of investments and invest company, real estate agents, property managers, developers, values, decorators, engineers and to generally be able to carry out activities of any description with regards to land property and real estate, invest in any type of property, buildings lands, securities bonds, shares and any property act as a holding company with subsidiaries and invest in any project as the company may think fit.
- h) To carry on the business of generally traders, merchants manufacturers representatives and to buy sell, hire, manufacture, barter, trade and deal in property, mechanical machine shop, spare parts and machinery of every description goods and articles and merchandise of all kind and to transact any and every description marketing commercial, industrial, manufacturing, mercantile, insurance and financial business.
- i) To carry on the business of dealing in importing exporting marketing manufacturing stocking, buying, selling whether by wholesale or retail of various categories of goods and merchandise and to act as insurance agents, commission agents, brokers and manufactures, representatives in all field. To be agent of foreign company and to establish business enterprises whether small scale industries and generally deal in all kind of merchants and to import, export all either by merchandise and articles of all description.
- j) To engage in investment scheme for construction, rehabilitation, erection, ownership and management of commercial buildings, export processing zones and special economic zones, to buy sell, hire, manufacture, trade, and deal in property goods produce articles and merchandise of all kinds and transact any and every description as development agency, distribution, marketing, commercial, industrial, manufacturing, mercantile, insurance and financial business and carry on the business of traders general merchants general storekeepers, metals, commission agents, business consultants, market research consultants, business transfer agents company promoters underwriters, financiers and bill brokers, del – credere agents barter traders court brokers auctioneers and generally to warehouse construction landscaping engineering, general civil works and deal in all kinds of scrap metal and precious metals.
- k) To carry on the business as general distributors of all sorts and types of products and services to individuals, offices, industries, shops, schools, factories, hospitals,

army, military, ministries, and all other government offices, universities and all other places where the services of supplier are needed.

- l) To carry on the business of establishing and running supermarkets, department stores, shopping malls, provision stores, groceries and shops of all kinds and description and generally to deal with such activities.
- m) To carry on the business as exporters, traders, suppliers, general merchants, stockiest, wholesales and dealers in business of scrapers, agricultural machinery, implements, equipment and all kinds of industrial projects machinery.
- n) To carry on all or any of the business of transport, carriage and haulage contractors, owners and charter of road vehicles, aircraft and ships and boats of every description and carrier of goods and passenger by road, rail water or air and to establish acquire maintain and operate transport service ancillary there on and for such purpose or as independent undertakings to purchase, take in exchange, charter, hire, build, contract or otherwise acquire and to own, operate, world manage maintain, repair, service and deal with and in road vehicles, aircraft and vessels of every supplies therefore and to conduct any such business within the country or any other state in Africa or Europe or Asia and or any other foreign country.
- o) To carry on the business of supplying of stationery, office equipment, writing materials, teaching aids and other educational establishment and as agents, schools uniforms and stationers in all their business and to buy and sell stationery, office requirements and equipments and equipment, all types of books, sundry goods and to act as general merchants and commission agents of print and bind and manufacture stationers and other requirements.
- p) To carry on all or any business of printing, publishing, distributing and selling of business, management, industrial, scientific, academic, communications, financial agricultural, social and environmental information technology periodicals, brochures and books and any other reading materials.
- q) To carry on the business of marketing, services consultancy and selling off all types of telecommunication systems, information technologies, computer systems, conference systems, security systems, public address systems, data communication and to train, research, install and after sale services of electronic systems, voice and data networks and any other systems or components which the company may think fit, necessary or incidental to this business.
- r) To carry on the business of telecommunication works, telecommunication engineering electrical engineering, electronic engineering and mechanical engineering, to install, design, service, manufacture, assemble, repair any electronic and electrical apparatus, component or system, to act as manufactures,

representatives, commission agents, all kinds of electronic, mechanical and electrical systems




- s) To carry on the business of filling stationery for petroleum product, diesel, kerosene and lubricants, clearing and forwarding, general merchants customs agent brokers auctioneers and exporter and importer of tradition and non - traditional products.
- t) To engage in and carry out the business of proprietors and managers of food outlet, hotels, restaurants, cafes, road houses, motels, safari and holiday camps, caravan sites, guest houses, apartment housekeepers, refreshment and tea rooms, milk and snacks bars, tavern, beer house and lodging housekeepers and to provide food and catering services to individuals, private ad public institutions and to industrial and business concerns.
- u) To build construct, maintain, enlarge, pull down and remove or replace any building offices, work, wharves, road, wall, fences banks, dams sluices or water wharves and clear sites for the same.
- v) To erect and construct houses, buildings, or works of every description on any land of the company or upon other lands, or property and to pull down rebuild, enlarge, alter and improve existing houses, buildings to convert any such land into roads street squares, gardens and grounds for various activities
- w) To engage in and carry on the business of manufacturers of and dealers in cement, lime, plasters, clay, whiting, gravel, stone, chipping, minerals, earth, fuel, Artificial stone bricks tiles, roofing pipes, pottery, earthen ware, as well crushed stones and quarry extraction.
- x) To carry on the business of various equipments, tools and gadgets necessary for secure operation of various business activities in respect of construct industry.
- y) To purchase, take on lease or exchange, or acquire by license, concession, grant, or otherwise any lands mines minerals and mining rights, and privileges, machinery, plant which the company may from time to time think proper to be acquired for any of its purpose.
- z) To purchase, lease exchange, hire sell, mortgage or otherwise deal in any movable or immovable property in Tanzania or elsewhere for any estate or interest whatsoever and any rights, privileges or easements over or in respect of any property, and buildings, plants, machinery, equipments or whatsoever, to undertake or direct the management of the property buildings, land, mines quarries and estates (of any tenure or kind) of the company or to join with others in doing so and to transact on commission or otherwise the general business of a land agent.

- aa) To acquire from any sovereign, state, or authorities any concessions, grants, decrees, rights, powers and privileges whatsoever, which may seem to the company capable of being turned to account, and to work, develop, carry out, exercise and turn to account the same.
- bb) To develop the recourses of the turn to account any land and any rights over or connected with land belonging to or in which the company is interested, and in particular by cleaning, draining, fencing, planning, mining, cultivating, building improving, farming, irrigation, grazing and by promoting immigration and emigration and the establishment of towns villages and settlements.
- cc) To carry on the business of installing all communication towers. To carry on the business of erecting and assembling communication towers.
- dd) To carry on the business of installing and uninstalling all types of network and data communication equipments. To carry on the business of surveying acquiring, building, designing network and communication sites.
- ee) To purchase or acquire freehold, leasehold or other immovable property and movable property generally and also rights, privileges and easements over or in respect of any property movable or immovable and to pay for the same in cash or any other manner agreed upon, and to take over and assume liabilities for payments of all moneys owing whatsoever under and virtue of any mortgages, charges or other existing and charges upon any and all such property as may be purchases at any time by the company from any government, person, firm or company and to do all things and execute such documents person, firm or company and to do all things and execute such documents and deeds as may be necessary to that end.
- ff) To advance money to any person or persons or corporations, either with or without interest upon the security of freehold or leasehold property by way of mortgage or upon marketable security and in particular to advance money to shareholders in the company and other upon the security of or for the purpose or enlarge or repair any house ;of building or to purchase the free simple or any terms of years of any property in Tanzania or elsewhere upon such terms and conditions as the company may think fit.
- gg) To carry on the business of clearing and forwarding agents, commission agents, transporters, freighters, haulers, customs banded warehouse and go down keepers, cargo and travel agents, insurance agents, tourist agents, manufactures, representatives road contractors cargo superintendents, parkers, machinery haulage specialists, warehousemen, engineers, electrician motor cars cabs, omnibus lorries, oil tank and coach proprietors and transporters civil transport contracts and transporters by any other means of conveyance of people and goods in Tanzania and the neighboring countries and in such other place or places as

may from time to time be determined by the company engage in and or otherwise carry on the business as transporters and transport agents freight forwarded.

- hh) To carry on the business of spare parts for different types of machines and instruments including motor vehicles agricultural implements mining implements and any other machinery tool maker metal workers boiler maker and any other kind of machinery.
- ii) To engage in and out the business of proprietors and managers of hotels, restaurants, cafes, roads houses, motels, safari and holiday camps, caravans sites guest houses apartment housekeepers, refreshment and tea rooms mid and snacks bars taverns, beer house and lodging housekeepers and to provide food and catering services to individuals private and public institutions and to industrial business concern.
- jj) To purchase take on lease and otherwise acquire for investment or resale any estate land buildings easements and other rights and interests in immovable property or any tenure in Tanzania and elsewhere and to sell let or lease exchange or otherwise dispose of or grant rights over any immovable property belong to the company.
- kk) To purchase take or lease on in exchange hire otherwise acquire and hold any state or interest in any land buildings easements, rights, licenses secret processes, machinery plants, stocks in trade and real or personal property of any kind
- ll) To accept payment for any property or rights sold or otherwise disposed or death with by the company either in case by installment or otherwise or in fully or partly paid up shares of the company or corporation with or without deferred or preferred or guaranteed rights.
- mm) To carry any other trade or business whatever which can in the opinion of the board of directors be advantageously carried on by the company in connection with the above business or the general business if the company
- nn) To act as agents for the sale and purchase of any stocks shares or securities or for any other monetary or mercantile transactions.
- oo) To act as executors and trustees of wills and settlements and either as principals agents trustees contractors or otherwise and either alone or in conjunction with others and either or though agents sub contractors trustees and otherwise.
- pp) To do all any of the above things in any part of the world and either as principals agents trustees contractors or otherwise and either alone or in conjunction with other and either and either alone or in conjunction with others and either or though agents sub contractors trustees and otherwise.

- qq) To remunerate any person firm or company rendering services to this company whether by cash payment or by allotment to him or them of shares or securities of the company credited and paid in full or in part otherwise.
- rr) To accept for safe custody and keep for customers of the company all kinds of securities valuables and things.
- ss) To lend money on any terms that may thought fit, and particularly to customs or other person or corporations having dealing with societies and to give any guarantees that may be expedient.
- tt) To advance money to share holders in the company and other to the purpose of enabling the person borrowing the same erect or purchase, or enlarge or repair any house or building or to purchase the free simple or any less estate or interest in or to take a demise for any term or terms of years of any freehold; or leasehold property upon such terms and conditions as the company may think fit.
- uu) To invest and deal with the moneys of the company not immediately required upon such securities and in such manner as may from time to time be determined.
- vv) To distribute among the members in pieces any property on the company or any proceeds of sale or disposal of any property of the company.
- ww) To draw make, accept, endorse, discount execute and issue promissory notes bills of having of lading warrants debentures and negotiable transferable instruments.
- xx) To act as agents or brokers and as trustees for any person firm or company and to undertake and perform sub – contracts and also to act in any other business of the company through or by means of agents brokers sub - contractors or others.
- yy) To obtain any provisional order ordinance or act of parliament for enabling the company to carry any of its objects into effect or for affecting any modification of the company constitution or any other purpose which may seem expedient and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the company.
- zz) To take or otherwise and hold shares in any other company having objects altogether or in part similar to this company or carrying on any business capable of being conducted so as directly or indirectly to benefit the company.
- aaa) To transact or carry on all kinds of agency business and in particular in relation to the investment of money the sale of property and the collection and receipt of money.

NO	Names, Addresses, and Description of subscriber	Number of Shares taken by each subscriber	Signature
1.	ALBERT SEBBAG P.O BOX 546 SHINYANGA	400	
2.	YANIV SEBBAG P.O BOX 546 SHINYANGA	350	
3.	ALICE SALVATORY P.O BOX 546 SHINYANGA	250	

Dated at Shinyanga This 8th day of October 2010

Witness to the above signatures:

Name : Ruvocatus K-P. KAMUBA

Signature : 

Postal address : Box 262, Shinyanga

Qualification : Advocate



THE COMPANIES ACT 2001
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF

BABU REAL STONE INTERNATIONAL LIMITED
PRELIMINARY

1. In this regulations:-

"The Act" Means the companies Act 2002 of the laws of Tanzania.

When any provision of the Act is preferred to the reference is that provision is as modified by any law for the time being in force.

Unless the context otherwise requires, the expressions defined in the Act or any statutory modification thereof in the force at the date which these regulations become binding on the company, shall have the meaning so defined.

Any words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include females, and the words importing persons shall include bodies corporate, partnership firms, cooperatives, societies, etc.

The regulations of the companies act shall not apply to the company save in so far as they are varied or exclude hereby but in case of any conflict between the provisions herein and the provisions under this regulation the former shall prevail, and in addition to substitution shall be the regulations of the company.

PRIVATE COMPANY

2. The company is a private company and accordingly:

- a) The right is transfer share is restricted in manner hereinafter prescribed
- b) The number of members of the company (exclusive of persons who are in the employment of the company and of persons who have been formerly in the employment of the company were while in such employment to be the member of the company) is limited fifty, provided that where two or more persons hold one or more shares in the company jointly they shall for the purpose of this regulation be tested as a single member.
- c) Any invitation to the public to subscriber for any shares or debentures of the company is prohibited
- d) The company shall not have power to issue shares warrants to bearer.

TRANSFEER OF SHARES

3. The directors may in their direction and without assigning any person thereof refuse to register the transfer of any share to any person who it shall in their opinion be undesirable for any reason whatever to admit membership.
4. Subject to clause 1 and 3 there of the right to members to transfer their shares be restricted as follows:
 - a) No share shall be transferred to a person who is not a member so long as any member of a company to admit to membership.
 - b) Every shareholder or trustee in bankruptcy or any person who may desire to sell or transfer any such shares and every who may desire to sell or transfer any such shares and every personal representatives of a deceased shareholder shall give notice in writing to the directors that he desires to make such sale or transfer. Such notice shall constitute the bars of directors of the company as his agents for the sale of the said shares to any member or members of the company at the price to be agreed upon between the party giving such notice the party and board or in case of difference to a determined by the auditor of the company.
 - c) Upon price of such shares being agreed on a determined as per (b) above, the boars shall forthwith give notice to such of the shareholders other than the shareholders desiring to sell are transfer the said shares, starting the number and price of such share inviting the person to whom notice is sent to state within 21 days from the date of such notice whether he is willing to purchase any if so what maximum number of such shares. At the expiration of such days 21 notice the board shall apportion such shares among the shareholders (if more than one) who shall have expressed their desire to purchase number of shares already held by them respectively, or if their be only one such shareholder, that the whole of such shares shall be sold to him, provided no shareholder shall be obliged to take more than the maximum number of such shares started in his answer to the said notice.

Upon such appointment being made or such one shareholder notifying his intention to purchase as the case may be the party desiring to sell or transfer such shares shall be bound upon payment of the said price to transfer the shares to the respective shareholders or to single who shall agreed to purchase the same.

5. GENERAL MEETINGS NOTICE OF GENERAL MEETINGS AND PROCEEDINGS OF THE GENERAL MEETINGS.

The regulations of the company act shall apply to the following variations:

- a) A general meeting ordinary or extraordinary may with consent in writing of all members be convened on a shorter notice than seven days or without notice.
- b) Two members present either personally or by proxy shall form a quorum.
- c) Any ordinary resolution of the company determined without any general meeting and evidence by writing under the hands of majority of the directors and of the members of the company holding three – fourths of the issued shares of the company duly passed at a general meeting of the company.

6. DIRECTORS

- a. Until otherwise determined by the company in general meeting the directors shall not be less than two and not more than four in number.
- b. The following persons shall be the first directors of the company:
 1. Albert Sebbag
 2. Yaniv Sebbag
 3. Alice Salvatory
7. The share holder qualification for directors may be fixed by the company in general meeting and unless and until so fixed no qualification shall be required.
8. The quorum of directors for transacting business shall otherwise fixed by the directors be three.
9. A resolution in writing signed by all the directors then in Tanzania shall be as valid and effectual as if had been passed at a meeting of directors duly called and constituted.
10. the directors may from time to time borrowing or raise any money for the purpose of the company which may exceed the issued capital of the company.

BORROWING POWERS

The directors may from time to time in their discretion raise or borrow for the purpose of any company's business sum or sums of money as they think fit.

11. The directors may secure the repayment of or raise any such or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the company present or future including its uncalled capital for the time being or by the issue at such price as they may think fit, of bonds or debentures either charged upon the whole or

any party of the property and assets of the company or not so charged or in such other way as the directors may think expedient.

VOTE OF MEMBERS

12. On a show of hands every member present in person shall have one vote. On a roll every member shall have one vote only for the shares of which he is holder.
13. No member shall be entitled to vote any general meeting unless all call or other sums presently by him in respect of shares in the company have been paid.

DISQUALIFICATION OF DIRECTORS

14. The offices of a director shall be vacated if the director;
 - a) Becomes bankrupt; or
 - b) Is found to be a lunatic or becomes of unsound mind; or
 - c) Resigns his office by notice in writing to the company;
 - d) Abstains himself from meetings of the directors for a period of six months without special leave absence from the other Directors.

SEAL

15. The director shall provide for the safe custody of the seal. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board of the Directors and in the presence of at least two Directors or a director and Secretary or other persons as aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

ALTERNATE DIRECTORS

16. Any Director shall have power to nominate any person to act as alternate director during his absence or during his inability so to act such director shall be subject in all respects to the terms and conditions existing with reference to the other directors and such alternate director shall exercise and discharge all the duties of directors whom he represents.
17. Unless otherwise decided by the directors the quorum necessary to transact business of the directors shall be four directors personally present.

SECRETARY

18. The secretary shall be appointed by the Board for such at sum remuneration and upon such condition as it may think fit, and any secretary so appointed may be removed by the Boars.

WINDING UP

19. With the sanction of a special resolution of the shareholders any part of the assets of the Company including any shares in other companies may be divided between the members of the company in special or may be vested in Trustees for the benefit of such members and the liquidation of the company may be closed and the company dissolved but so that no member shall be compelled to accept any shares whereupon there is any liability.

ALTERNATION OR ADDITION

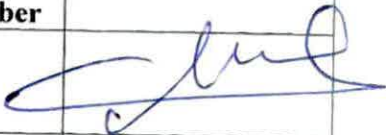


20. Subject to the provisions of the Act and to those contained in the memorandum of Association of the company may by special Resolution make alteration or addition so made shall be as valid and effectual as if originally contained in those articles and be subject in kike manner to alteration by special Resolution.

INDEMNITY

21. Every director, Managing Director, Agent, Auditor, Secretary and other offices for the time being of the company shall be indemnified out of the Assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or is in connection with any application in which relief is granted to him by the Court.

ARBITRATION

22. If and whether any dispute of difference or difference shall arise between the company and any of the members or their respective representatives touching upon the construction or meaning of any of the Articles herein contained or any act matter or thing made or done or omitted to be done or with regard to the rights or liabilities arising out of the relation existing between the parties by reasons of these articles or the act, such differences shall (unless a sole arbitrator be agreed upon) forthwith be referred to the arbitration of three arbitrator, one to be appointed by each party and the third to be appointed by the first two or, in the event of failure to agree within (Cap. 15) or any then existing statutory modifications or re - enactment thereof shall apply

NO	Names, Addresses, and Description of subscriber	Number of Shares taken by each subscriber	Signature
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2.	YANIV SEBBAG P.O BOX 546 SHINYANGA	350	
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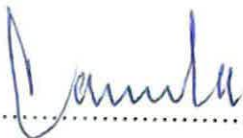
Dated at SHINYANGA This 8th day of October 2010

Witness to the above signatures:

Name :

REVENANT K.P. KAUNDA

Signature :



Postal address :

Plot 262, Shinyanga

Qualification :

ADVOCATE



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

Land/Building	1,050,000
Plant	5,147,420
Vehicles	1,371,000
Furniture & Fittings	19,000
Pre-expenses	100,728
Others	80,100
Working Capital	850,131
TOTAL	8,613,379

Contact Details:

Name: AKPATAI SEABAG

Title: DIRECTOR

Telephone: 255 252 050116

Fax:

Email:

Payments to be made payable to:

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

APPLICATION SUMMARY

Company Name: BAMU REAL STONE INTERNATIONAL CO. LTD.

Certificate of Incorporation Number: 80225 Status: NEW

Certificate of Incorporation Date: 2/12/2010

Post Box: 546

Town: SHIMANGA

Sector: MANUFACTURING Sub-Sector: JAPIDARY

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>8.61</u>	<u>—</u>	<u>—</u>	<u>—</u>

Project Objectives: TO CONSTRUCT AND OPERATE A JAPIDARY

Capacity:

Employment: Foreign: 5 Local: 73 Total: 78

Implementation Period: 3 YRS.

Project Location

Site/Plot/Block No.: 1B

Street: MILLENIUM BUSINESS PARK District: XIRONDAI Region: Dson
 (Attach sketch map showing project location)

Shareholders	Nationality	%
<u>ALBERT SEBRAS</u>	<u>ISRAEL</u>	<u>40</u>
<u>YANIM SEBRAS</u>	<u>ISRAEL</u>	<u>35</u>
<u>ALICE SALVADRY</u>	<u>FRANCE</u>	<u>25</u>
.....
.....

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 8,613,379.00
8. The month and day of the financial year end is DECEMBER

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, ALBERT SERBAG of Post Office Number 576 SAIKYANZA do solemnly and sincerely declare that I am a director/duly authorized agent of BASA BEAK STONE INTERNATIONAL CO 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 8th day of Sept 2011 }

ALBERT SERBAG
 Applicant

Before me:

[Signature]
 Commissioner for Oaths

Stamp: TANGANYIKA GENERAL'S CHAMBERS SEP 2011

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 ALBERT SEBAG
(director/directors/agent of BABY REAL STONE INTERNATIONAL CO. LD.
(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 MILLENIUM BUSINESS PARK
BLOCK 'B' MDROSTAD RD. DSM

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 BLOCK 'B' MILLENIUM BUSINESS PARK DSM

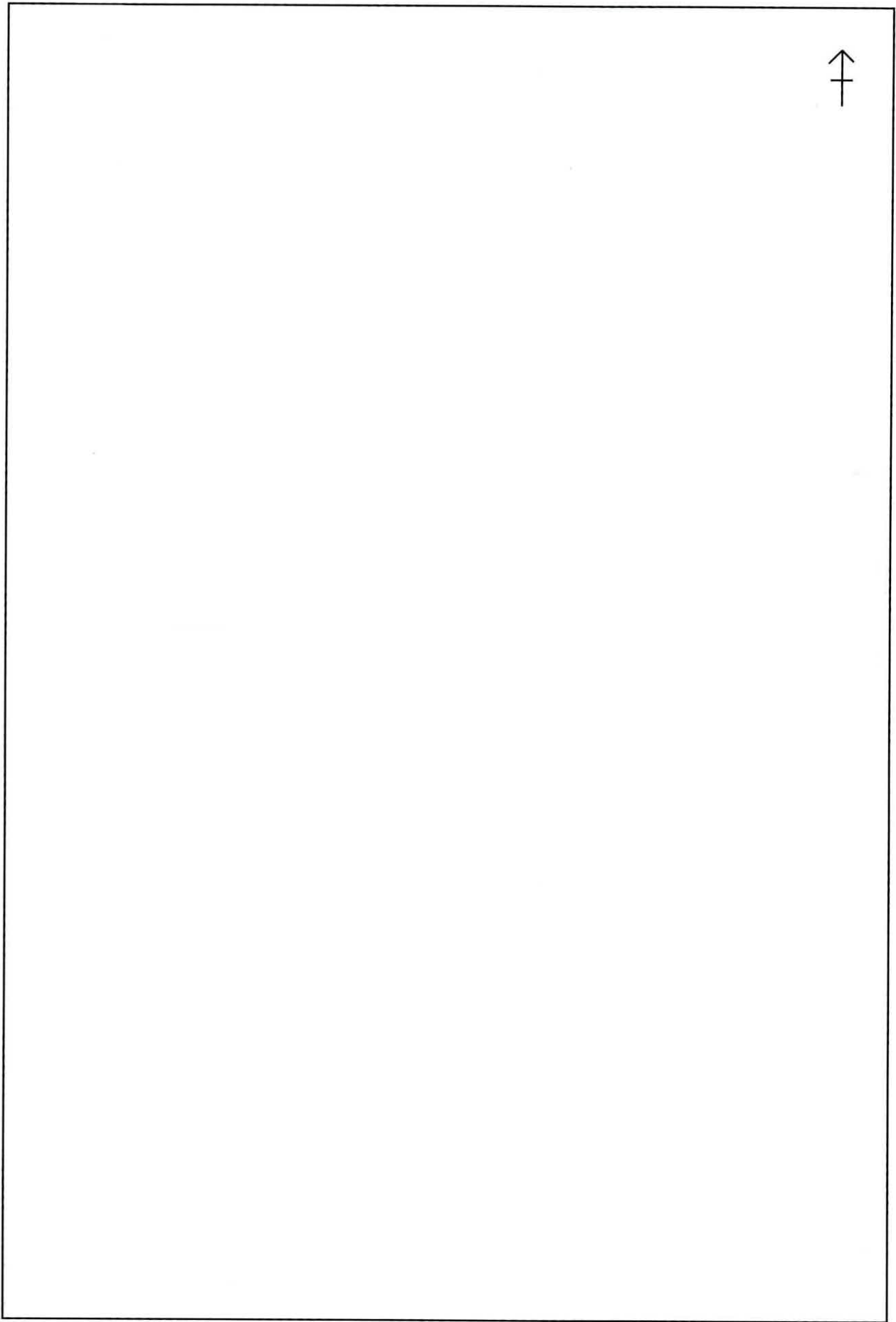
4. The Principal Officers of the Company are ALBERT SEBAG

5. Auditors of the Company are TO BE APPOINTED

6. The authorized share capital of the Company is Tshs./US\$ 10,000,000.00/-



SKETCH MAP SHOWING PROJECT LOCATION





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)

1

BABU REAL STONE INTER.
CO. LTD
P. O. BOX 546
SHINYANGA
87/9/2011

THE EXECUTIVE DIRECTOR
TANZANIA INVESTMENT CENTRE
P. O. BOX 938
DAR ES SALAAM



DEARM Sir/ Madam

RE: APPLICATION FOR CERTIFICATE OF INCENTIVES

The above subject is referred to.

BABU REAL STONE INTER. CO. LTD is a company registered in Tanzania since 2010 with an objective of mining, processing and trading on minerals and gemstones. Now the company wants to establish a minerals processing factory and wishes to acquire a Certificate of Incentives offered by TIC so that it may be easy to establish the project.

Attached are all required company and project credentials and please consider our application in favour of the project.

Sincerely

A handwritten signature in blue ink, appearing to read "Albert Sebbag".

Albert Sebbag
DIRECTOR



CRDB BANK PLC
Shinyanga Branch,
P.O. Box 397, Shinyanga
Tel: +255 (0)28 2763153/2763421
Fax: +255 (0)28 2762297
Website: <http://www.crdbbank.com>

06/09/2011

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

Dear Sir/Madam,

REF: INTRODUCTION LETTER TO ALBERT SEBBAG

Please refer to above subject.

This is to confirm that the above named person is a director of Babu Real Stone International Company Ltd holding bank account Number 0250360030300. The director of the Company, Mr. Albert Sebbag is well known to bank with good character and operates the company account satisfactorily.

Please accord him the necessary assistance.

With best wishes and kind regards

Yours Sincerely
CRDB BANK PLC

A handwritten signature in black ink, appearing to read 'Evodi R. Kereti', written over a dotted line.

EVODI R. KERETI
FOR: BRANCH MANAGER.

3

TICC/PP.10/042102/3

20th September, 2011

Managing Director,
Babu Real Stone International Co. Ltd.,
P.O. Box 546,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT AND OPERATION OF A LAPIDARY FACILITY**

We wish to acknowledge receipt of your project proposal to establish and operate a lapidary facility as presented in the TIC P.A. 1 Form No. 09480 and Feasibility Study with a projected investment of USD 8.613m.

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:-

- Certified document showing evidence of Land ownership for the location of the project (Lease agreement or Title deed)

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 make deposit direct to the bank as per bank details below:-

TICC/PP.10/042102/3

20th September, 2011

Tanzania Investment Centre
Standard Chartered Bank (T) Ltd
US Dollar A/C 8702006002000
T.Shs A/C 0102006002000

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,
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





TIC Evaluation Report

Name of the Company
Babu Real Stone International Ltd.

Post Box	Millenium Business Park, B, Kinondoni District	COI Number	80225	Contact	Mr. Albert Sebbag
Post Office	546	COI Date	12/02/2010	Designation	Director
Region	Dar Es Salaam	Application F. No	09480	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0752 080 166
		Sub Sector	Lapidary	Fax	0
		File No	042102	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD											
Plot/Block	Block B	<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>8.61</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	8.61	0	0	0			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
8.61	0		0	0									
Street	Millenium Business Park												
District	Kinondoni												
Region	Dar es Salaam												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	Plant
Alice Salvatory	Tanzanian	25	1.05	5.147
Yaniv Sebbag	Israel	35	Vehicles	1.371
Albert Sebbag	Israel	40	Furniture & Fittings	0.014
			Pre-expenses	0.101
			Others	0.08
			Working Capital	0.85
			Total	8.613

Employment	78	Evaluated By	,wf officer2
Capacity	xxxxxx	Drawn By	wf registry2
Project Turn Over		Project Type	Foreign

Description
 To establish and operate a lapidary facility

Recomendations
 Be approved subject to providing evidence as required by section 17 of Tanzania Investmnet Act,1997

Decision
Approved

 AG EXT
 16/09/11

THIS AGREEMENT is made here at Mwanza and dated this....^{9th}...day of July 2011. (S)

BETWEEN

SENI & CO. of P.O. BOX 33110 DAR ES SALAAM with head officer located at MILLENIUM BUSINESS Park Block "B" 12 along MOROGORO ROAD (hereinafter referred as the LICENSEE of the one part.

AND

BABU REAL STONE INTERNATIONAL LTD of P.O. BOX 546 SHINYANGA (a Limited Liability Company Registered under the Laws of Tanzania (hereinafter referred to as the Company) of the other part.

1.0 WHEREAS the Licensee is the Registered Holder of a Primary Mining Licence named as PML No. 0010909 hereinafter referred to as the Licence.


WHEREAS the Licensee is desirous of allowing the Company to set up a Gold crushing and processing plant.

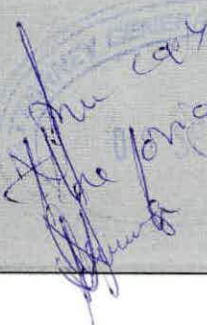
WHEREAS the Company has agreed to set up a crushing and processing Company at the Licensee's area situated at BUHUNDA VILLAGE ISAGENGHE area in MISUNGWI District.

WHEREAS it is the intention of the Licensee and the Company to put this Agreement into writing.

NOW IT IS AGREED AS FOLLOWS:-

- 2.0 That upon Execution of this Agreement the Licensee hereby agrees to lease to the Company part of the area which belongs to Licensee so that the Company sets up a plant to crush and process Gold.
- 2.1 The Licensee will give the Company such area which will be suit able for putting up a plant for gold processing.
- 2.2 The plant to be set up by the Company will be situate at Buhunda Village Isagenghe area in Misungwi District and will be located in an area within the PML of the Licensee.
- 2.3 That once the plant is set up by the Company the Licensee will give exclusive use of the area by the Company.
- 3.0 The Licensee will not interfere with the operations of the Company.

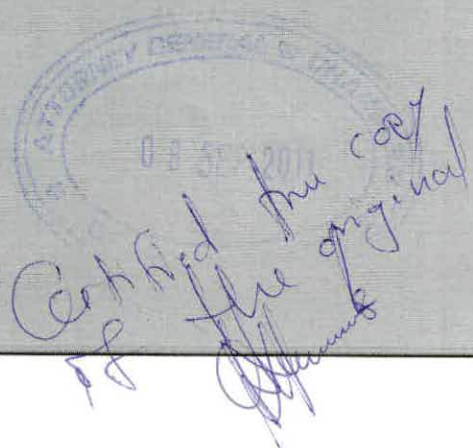
A.S. 

1
Certified true copy
of the original

2011

- 3.1 The lease period created by this Agreement is TEN YEARS commencing from..... a date to be agreed upon by both parties as the commencement date.
- 4.0 The Equipment and Machinery at the processing area shall remain the property of the Company and likewise the land shall continue to be that of the Licensee.
- 4.1 Once the plant is set up and operations become profitable the Company shall then set up another crushing and processing plant at the Licensee place which borders the Primary Mining Licence Area of MR.Katunda Ramadhani Zuberi. This will be done after the operations have run for about six months.
- 4.2 The exact position of this plant will be agreed upon by all Licensee that is to say SENI & Co. Katunda Ramadhani Zuberi and the Company. Once this plant is set up it is agreed that it will be consideration for leasing the area of Seni and Company.
- 4.3 The operations of this plant will not concern the Company in any manner at all.
- 5.0 After execution of this Agreement Babu will set up a crushing and processing plant.
- 5.1 It is the duty of the Company to supervise its own operations at the Mining Area.
- 5.2 The Company will also bring stones which will be crushed from other areas and not from the Licensee's area.
- 6.0 The validity and or interpretation and performance of this Agreement shall be governed according to the Laws of Tanzania.
- 6.1 Should any dispute arise between the parties to the implementation and or interpretation of this Agreement such dispute shall be referred to an Arbitrator whose appointment will be agreed upon to by both parties.
- 6.2 The parties to this Agreement undertake to do all such things as are necessary and to sign all documents from time to time in order to give effect to the contents of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement on the day month and year herein after appearing.

A. S. [Signature]


Certified true copy
of the original
[Signature]

SIGNED and DELIVERED at Mwanza by
... *Received SENI* for and
on behalf of SENI & CO. who is known to me
identified to me by
the latter being known ~~me~~ personally this
... *9th* day of *July* 2011.

[Handwritten Signature]
.....

BEFORE ME:

NAME: *W.K. BUTAMBALA*
SIGNATURE: *[Handwritten Signature]*
ADDRESS: *P.O. Box 2605 Mwanza*
QUALIFICATION: *Advocate*

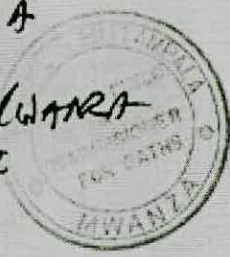


SIGNED and DELIVERED at Mwanza by
ALBERT SEBBAG for and on behalf of **BABU REAL
STONE INTERNATIONAL LTD** who is known
to me personally/identified to me by
.....
..... me latter being known
to me personally this... *9th* day of *July* 2011.

[Handwritten Signature]
.....
ALBERT SEBBAG

BEFORE ME:

NAME: *W.K. BUTAMBALA*
SIGNATURE: *[Handwritten Signature]*
ADDRESS: *P.O. Box 2605 Mwanza*
QUALIFICATION: *Advocate*



A.S. [Handwritten Signature]

*Confirmed true copy
of the original
[Handwritten Signature]*



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

37895398

1

Shs.						Cts.	
USD	---	---	---	---	---	750	---

NIMEPOKEA KWA
Received from **BARU REAL STONE INTERNATIONAL CO**

JUMLA YA SHILINGI (Kwa maneno)
The sum of Shillings (Words) **USDollar Seven Hundred Fifty Only**

KWA MALIPO YA
In respect of **CERTIFICATE OF INCENSIVE INVESTMENT**

KWA FEDHA TASLIMU/HUNDI
NAMBA By Cash/Cheque No. **NIDEP015**

SAHIHI YA MPOKEAJI - Receiving Officer's Signature
[Signature]

CHEO - Title
Ace

TAREHE - Date
22 SEPT. 2011

KITUO - Station
DSM

4



THE UNITED REPUBLIC OF TANZANIA
THE MINING ACT, 2010

THE MINING (MINERAL BENEFICIATION) REGULATIONS, 2010
Made under Section 60

PROCESSING LICENCE No. 0003/2011

Licence is hereby granted to **Richard B.M. Seni and Amada Butwiga** of P. O. Box 33110, Dar es Salaam

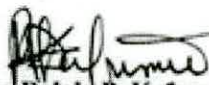
to process **Gold bearing materials** and produce **Gold** for the period of Two (2) years from the date of issue, at the following premises

Within the Mining area of PML 0010909,
Ishokela-Buhunda Village,
45 km from Misungwi Town,
Misungwi, Tanzania.

The licence is issued subject to the following terms and conditions:-

**ALL TERMS AND CONDITIONS OF THE REGULATIONS MADE UNDER THE
MINING ACT, 2010**

Granted at Dar es Salaam this ... 11th ... day of ... AUGUST ... , 2011



Dr. J. Dalaly P. Kafumu
COMMISSIONER FOR MINERALS

Note:-

1. This licence must be displayed at the place of business specified herein.
2. The licensee shall be liable for the due in lieu payment of royalties and other prescribed fees in respect of all minerals sold or exported by him.

BABU REAL STONE CO. LTD

Capital/Deemed Capital Goods List

No.	ITEM NAME	Unit Measurement	QUANTITY	ITEM GROUP	ITEM PRICE	EXEMPTION REFERENCE No.	EXEMPTION DATE
1	Carbon colums	Unit	1	Equipment			
2	Diggers Dream	Unit	1	Equipment			
3	Conveyor Belt	Unit	1	Equipment			
4	Winch	Unit	1	Equipment			
5	180 cfm Compressor	Unit	1	Equipment			
6	Winch Structure	Unit	1	Equipment			
7	Blower	Unit	1	Equipment			
8	Short Range Radios	Unit	1	Equipment			
9	Jaw crusher	Unit	1	Equipment			
10	Spiral Set	Set	1	Equipment			
11	3 Slurrey Pumps	Units	3	Equipment			
12	Vibrating Screen	Units	3	Equipment			
13	Smelter	Units	1	Equipment			
14	Generators	Units	2	Equipment			
15	Scale	Unit	1	Equipment			
16	Trailer ?	Units	2	Equipment			
17	Concentrator	Sets	2	Equipment			
18	Conveyor Belt	Units	2	Equipment			
19	Station Wagon Hard Top	Units	1	Vehicle			
20	Pick Up Double Cabin X	Units	1	Vehicle			
21	Pick Up Single Cabin	Units	2	Vehicle			
22	Four Wheel Motorbikes X	Units	4	Equipment			
23	Diggers Dream Sloting	Units	4	Equipment			
24	Light Truck-2 -5 Ton	Units	1	Vehicle			
25	JCB Tractor	Units	1	Equipment			
26	Diamond Pan	Units	1	Equipment			
27	Carbon Processing 2 Tones	Units	2	Equipment			

TICC/PP.10/041843/9

04/10/2011

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

Dear Sir,

**RE: RE: DUTY/VAT REMISSIONS ON THE CAPITAL/DEEMED
CAPITAL GOODS OF CERTIFICATE OF INCENTIVES NO.
041843**

M/S Royal Soap & Detergent Industries Limited is a TIC registered company with certificate of incentives **No. 041843** which is valid up to **April 2013**

The company has been registered with objectives of establishing manufacturing plant for synthetic detergents powder.

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

Yours sincerely

TANZANIA INVESTMENT CENTRE


N.A/Senzia

FOR: EXECUTIVE DIRECTOR



TANZANIA REVENUE AUTHORITY

TRA/CE/C/P.20/8/1688

10 October 2011

Managing Director,
Babu Real Stone International Limited,
P. O. Box 546,
Shinyanga

Dear Sir,

RE: DUTY AND VAT EXEMPTION ON CAPITAL GOODS VIDE CERTIFICATE OF INCENTIVES NO. 042102 OF 22 SEPTEMBER 2011 AND TIN 111-375-747

Reference is made to your letter dated 28th September 2011 as supported by the letter ref. TICC/PP.10/042102/7 of 04/10/2011 from Tanzania Investment Centre regarding the captioned subject.

We hereby confirm and approve a **single-page** list of items as capital/deemed goods for establishment and facilitation of the project located at Buhunda Village Misungwi in Mwanza with the certificate of incentives mentioned above. It should be noted however that items therein deleted could not be approved due to the fact that are not among items which are eligible for exemption under your project.

The approved items will be assessed at 0% import duty and VAT relief under the Third Schedule to the VAT Act of Cap 148. You will however be required to complete VAT form 224 and submit the same to the Commissioner for Customs and Excise for approval before clearance.

Sincerely yours,

Said Athumani

For: COMMISSIONER FOR CUSTOMS AND EXCISE

- GK
- c.c. Manager- Customs Service Centre
- c.c. Manager – Tax Exemption
- c.c. Assistant Manager – Mwanza
- ✓ c.c. Executive Director,
Tanzania Investment Centre,
Dar es salaam

BABU REAL STONE CO. LTD
Capital/Deemed Capital Goods List

No.	ITEM NAME	Unit Measurement	QUANTITY	ITEM GROUP	ITEM PRICE	EXEMPTION REFERENCE No.	EXEMPTION DATE
1	Carbon colums	Unit	1	Equipment			
2	Diggers Dream	Unit	1	Equipment			
3	Conveyor Belt	Unit	1	Equipment			
4	Winch	Unit	1	Equipment			
5	180 cfm Compressor	Unit	1	Equipment			
6	Winch Structure	Unit	1	Equipment			
7	Blower	Unit	1	Equipment			
8	Short Range Radios	Unit	1	Equipment			
9	Jaw crusher	Unit	1	Equipment			
10	Spiral Set	Set	1	Equipment			
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20	Pick Up Double Cabin X	Units	1	Vehicle			
21	Pick Up Single Cabin	Units	2	Vehicle			
22	Four Wheel Motorbikes X	Units	4	Equipment			
23	Diggers Dream Sloting	Units	4	Equipment			
24	Light Truck-2 -5 Ton	Units	1	Vehicle			
25	JCB Tractor	Units	1	Equipment			
26	Diamond Pan	Units	1	Equipment			
27	Carbon Processing 2 Tones	Units	2	Equipment			

Handwritten signature in blue ink

6

Managing Director

BABU REAL STONE



INTERNATIONAL LIMITED



Master dealers in: Diamonds & Gold

P.O. Box 546, Shinyanga,
Tanzania.

baburealstone@yahoo.com

Mobile : +255 752 080116
+255 682 957541

Date 28 September 2011

Commissioner of Customs & Excise

Tanzania Revenue Centre

P.O. Box 9053

Dar es Salaam

UFS

Executive Director

Tanzania Investment Centre

P.O Box 938

Dar es Salaam



RE: DUTY & VAT EXEMPTION OF CAPITAL / DEEMED CAPITAL GOODS FOR CERTIFICATE OF INCENTIVES NO: No 042102

Kindly refer to the above subject

Babu Real Stone Co. Ltd was registered and issued by TIC Certificate of Incentives No. 042102 on 22/09 2011 with an objective to establish and operate a project for gold refinery facility.

The certificate of incentive is valid until September 2014

Attached herewith please find a list of Capital / Deemed Capital Good for Duty / VAT exemption which we request your approval to enable implement our investment program.

Yours sincerely,

BABU REAL STONE
INTERNATIONAL LIMITED
P.O. Box 546
SHINYANGA





00218032

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042102

This is to certify that

BABU REAL STONE INTERNATIONAL LIMITED

of address P.O. BOX 546

SHINYANGA

has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation/extension~~ enterprise known as

BABU REAL STONE INTERNATIONAL LIMITED

Which is located at BUHUNDA VILLAGE, MISUNGWI DISTRICT

MWANZA

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

Ag. Executive Director

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

Dated 22ND SEPTEMBER 2011



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 (%)
Alice Salvatory	Tanzanian	25
Yaniv Sebbag	Israel	35
Albert Sebbag	Israel	40

2. Proposed Activities : To establish and operate a lapidary facility

3. Sector: Manufacturing Subsector: Lapidary

4. Investment cost: Foreign USD 8.613m. Local - Total USD 8.613m.

5. Project Financing: Equity USD 8.613m. Loans - Total USD 8.613m.

6. Source, terms and conditions of loan.....

7. Assets to be invested:

Capital items:	Foreign	Local	Total
	<u>USD 8.613m.</u>	<u>-</u>	<u>USD 8.613m.</u>

8. Technology Agreement None

9. Date of TIC Registration: 20th September 2011

10. Implementation period September 2011 - August 2014

11. Operative date September 2014

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 
Ag. Executive Director



00218032

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042102

This is to certify that

.....
BABU REAL STONE INTERNATIONAL LIMITED
.....

of address P.O. BOX 546
..... SHINYANGA
.....

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

.....
BABU REAL STONE INTERNATIONAL LIMITED
.....

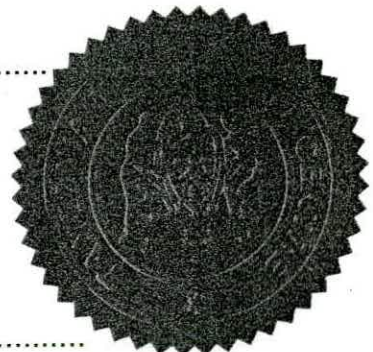
Which is located at BUHUNDA VILLAGE, MISUNGWI DISTRICT
..... MWANZA
.....

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

.....
Ag. Executive Director

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

Dated 22ND SEPTEMBER 2011



BABU REAL STONE INTERNATIONAL LTD

FEASIBILITY STUDY

FOR

**ESTABLISHMENT AND OPERATION OF A LAPIDARY
FACTORY**

DRAWN BY:

Albert Sebbag
P.O BOX 546
SHINYANGA

CONTENTS

Basic Project Information

- i. Project Background
- ii. The Project Concept
- iii. Project Location
- iv. Project ownership

Human Resources

- i. Management
- ii. Staff Competence
- iii. Working Environment
- iv. Workers Welfare
- v. Working Environment

Project Economics

- i. Project Values
- ii. Project Rationality

Mineral Laws and Regulations

Minerals/Gemstone Availability

Minerals and Gemstones Supplies

Marketing

- i. Project Promotion and Marketing
- ii. Products Market

Investment

- i. Project Establishment
 - ii. Investment Cost and Financing
- Summary of Investment

Financial Analysis

- i. Fundamental assumptions
- ii. Capital financing and expenditure
- iii. Projected income statement
- iv. Depreciation
- v. Working Capital
- vi. Taxation
- vii. Project Profitability
- viii. Project Ratios and Returns (IRR, NPV, PBP)

Financial Recommendations

Financial Ratios

Financial Summary Sheet

Table I

List of Appendices	
Appendix I	Investment Summary Sheet
Appendix II	Depreciation
Appendix III	Re-Investment
Appendix V	Income Statement
Appendix VI	W/Capital
Appendix VII	Profit & Loss
Appendix VIII	Cash Flow
Appendix X	Balance Sheet

Basic Company and Project Information

i. Project Background

Babu Real Stone Interantional LTD is a company interested in investing in real minerals and gemstones processing. The company was registered as a company on the 2nd day of December, 2010 and acquired a Certificate of Incorporation number 80225. The core objectives under which it was registered include, item '3' (a - f) which state the business of acquiring, processing and trading on minerals and gemstones. The company is ready to start its duty of implementing these objectives as were so desired and laid down in tis Memorandum and Articles of Association.

ii. The Project Concept

The all idea is to establish a lapidary project where by minerals/gemstones will be mined or purchased locally, then value added by cutting, polishing, engraving and shaped accordingly; and then marketed to various markets in and outside Tanzania. The minerals to be involved are diamonds, gold, tanzanite, luby, sapphires, emeralds, granites, garnets, alexandrite, chrysoberyl, tsavorite, tourmaline and many others available in Tanzania and neighbouring countries.

iii. Location

The planned project is to be established in Tanzania and will be located at Millenium Business Park, Block B, along the Morogoro road, in Kinondoni – Dar es Salaam.

iv. Project ownership

The project ownership is on the joint venture basis, and the shareholders are:

<i>Name</i>	<i>Nationality</i>	<i>Share</i>
Albert Sebbag	Israel	40%
Yavin Sebbag	Israel	35%
Alice Salvatory	Tanzanian	25%

The project establishing activities will involve the construction to finishing of offices, processing workshop, laboratory, show room and stores. The complex will have a modern security system, water and drainage system, garden, fenced and electrified.

The Purpose of this feasibility study is to be presented to Tanzania Investment Centre - TIC for the certificate of Incentives acquisition, to the Commissioner for Minerals for the mining authorization, present to the company Board of Directors as a plan for resources mobilization/release and to remain with the implementers as a guide for the easy implementation.

Human Resource

i. Management

Generally the daily management and operations of the project will be vested to a team of administrative personnel and technical staff supervised by the General Manager of the entire project. However the autonomous authority for operations of the project has been planned to be directly under the Board of Directors, and the General Manager (who is the secretary to the board of directors); these two will also be overseers of the project.

ii. Staff Competence

The project will employ specialized staff, hired as qualified staff as per job requirements and description, mean while all officials will be properly trained by experts hired to brush staffs on workmanship, work skill, quality operations and customer care, the knowledge to be transmitted to all other staffs. The total number of staff will be 64 with roles as listed below

<u>Title</u>	<u>Number</u>
General Manager	1
Project Directors	2
Geologists-Purchasing	11
Technical Processors -Lapidary	24
Finance	3
Marketing	8
Auditors	2
Drivers	14
Cleaners	4
Security	9
Total	78

From the above list, about 98% of employees will be Tanzanians.

iii. Professionalism

The project intends to employ 80% of the top staff (management) will be graduates with qualified as per jobs including geologists, marketing, accountants and auditors. Other professionals will be drivers and security teams. The employed will be trained in or out for more capacities in meeting standards and requirements. This plan is also for human resource development with an inbuilt skills and technology transfer to Tanzania.

iv. Workers Welfare

As will be learnt in this feasibility study the project financial projections reflect a prosperous undertaking, this means as per such economic performance. The company has a policy of shared responsibility and returns, and it is through this policy where plans to improve the standard of living for the all groups of staffs who will be employed by the projects by implemented by observing their priority needs. Since the project has a long life span, the planning system will guarantee a stable and continuous development of its community staffs.

v. Working Environment

The project is planned to provide its staff with social services like accommodation, water supply, electricity supply, health services access and workers insures contributions as required by the country regulations.

vi. Environmental Management

Application of cleaner and safer operation and environmental management are among the policy of the project. Like any other country, Tanzania has good policy and laws on occupational health and safety issues at workplace. Apart from such ready installed guides, the company has its own policy for more emphasis because the mining and mineral processing line of business is capital intensive involving a lot of machinery and technology inputs; and therefore it is more risky. Obviously, then safety in the work places of the project will be put paramount. Employer and Employees must both take serious measures on those who will not abide to this policy, and the project in general will wisely take a careful look at their work environment and workers' work habits.

The company will closely collaborate with country directives on cleaner environment. The company policy is to share responsibilities and awareness of the company from the top management to the bottom cadres. All people involved in the project do carry heavy responsibility for successful implementation of cleaner environment strategy and have a crucial role to play as country and company policy and

regulation so require, which eventually will have a significant influence on reducing risks and promoting better working environment including getting away from the effects of environmental degradation.

PROJECT ECONOMICS

i. Project Values

The values of the company are:

- To provide an easy access market to small miners
- Technology transfer where by new and modern ways of cutting and polishing gemstones will be introduced
- To support small miners with advisory role to improve their mining efficiency and competence
- To add value on local produced minerals and thus increase the foreign exchange earnings for development and economic growth
- To promote social services through contribution on such services provision to the community
- Income generation through paying taxes and salaries
- The modern lapidary will mark Tanzania as the highest standard in lapidary and gemmological services and the related activities.
- Ability to contribute to Tanzania's employment opportunities creation especially at the factory and in the rural areas where rough stones are mined
- The factory will enhance trainings, research and apprenticeship in the country to reduce the severe inadequacy of technical and scientific personnel in the form of geologists, lapidaries and jewels specialists.

ii. Project Rationality

The rationale for this project establishment is fivefold.

- First the subsection 3 (a-f) of the objectives under which the company was established (Articles of Association) provide for this project establishment.
- Second the October 1997 Mineral Policy of Tanzania supports the project in parts of: introduction (e), (f), challenges, objectives (vi) and (vii), rationalizing artisanal and small scale mining ; and establishing formal marketing system.
- Third the mineral base (potential) of Tanzania is more promotive to our project establishment and its sustainability

- Forth the presence of many small mines and few lapidary centres is the strength to our project input supply
- In June 2003, Tanzanian banned the export of unprocessed Tanzanite to develop local processing facilities

Mineral Laws and Regulations

Mineral Sector Legal and Regulatory

Salient features of the Tanzania Mining Act 1998 are as follows:

- right to trade in mineral;
- simplification and consolidation of past statutes on mining and mineral trading;
- improved security of tenure through removal of most past ministerial discretionary powers and introducing a mining advisory committee responsible of advising the Minister on decisions to make;
 - i. Enhanced clarity and transparency;
 - ii. Fair, streamlined and non-discriminatory licensing procedure,
 - iii. Environmental management.

Sources of Raw Materials

Minerals/Gemstone Availability

It is well known that Tanzania has numerous minerals and gemstones' deposits and only a few have been attempted for exploitation. In the feasibility study made to mark the availability of raw materials (gemstones) for the establishment of this project, a lot has been discovered as main milestones for the project progress. Below we provide details on a few but so far most famous minerals and gemstones found in Tanzania.

i. Diamonds

Tanzania has been a significant diamond producer for several decades, with the bulk of production coming from the Williamson Diamonds Mine at Mwadui where commercial production began in 1925. Over 300 kimberlites are known in Tanzania of which, 20% are diamondiferous. Some 600 dipolar magnetic anomalies with similar geophysical characteristics to known kimberlite pipes have been recorded during recent geophysical surveys. Also of relevance are the psuedo-kimberlites or para-kimberlites along the young craters where diamonds have been discovered.

Alluvial diamonds have been recorded but a large deposit of economic exploitation has not yet been found. Locating shallow buried superficial deposits using airborne infrared surveys may prove useful.

ii. Gold

Gold offers one of the best areas for investment. The current perceived opportunities range from former mines in the Archaean Greenstone belts around Lake Victoria, Proterozoic rocks and conceptual grass root plays in Karoo and younger rocks.

Gold exploration has grown rapidly during the 1990's using modern technology and refined models. Investigation has mainly been focused on the greenstone belts around Lake Victoria with particular attention on the shear hosted gold mineralization associated with banded iron formations (BIF), tufts and volcano-sedimentary exhalatives.

Several "world class" gold deposits have already been discovered in the Lake Victoria Goldfields and are at different stages of development. These deposits have reached various stages of development.

Gold targets have also been revealed in the Proterozoic rocks in the Southwest of Tanzania. In this case, gold is associated with BIF, and in gneisses and granites in shear zones.

iii. Tanzanite

Among the successful mining stories in Tanzania is the TANZANITE, the gemstone of the 20th century. Tanzanite is a crystallized transparent blue variety of the mineral zoisite. It was first discovered at the Mererani area in Tanzania in 1967, and the only commercial deposit is at that area. Tanzanite is one of the most beautiful and exciting stones possessing a rare quality of being trichroic, radiating three different colours (blue, violet and burgundy) one from each of its crystallographic axes. It is a stone of beauty mainly for earrings and necklaces especially to ladies with a taste of quality and beauty.

The Tanzanite deposit of Mererani is part of a gneiss belt surrounded from both sides by crystalline limestone. It is composed of longitudinal reverse fault zones uncomformable to foliation directions in the vicinity of which the rock underwent an intensive hydrothermal alteration. The mineralization of these faults is simple quartz, graphite, pyrite, zoisite and tanzanite. The deposit is mined by underground methods following irregular gemstone bearing zones and patches and this is done by both majority small scale miners and a few large scale miners.

iv. Ruby

Three principal types represent rubies and sapphires in Tanzania. They occur mainly in intercalations of coarse grained dolomites limestone of variable dimensions and thickness. Contaminated parts of the limestone usually contain tiny crystals of rubies, tourmalines and spinels, often opaque and irregularly developed. They are mined only in alluvial fans at the feet of limestone reefs. Deposits of this type are found in Handeni, Bagamoyo and at several sites in the Uмба steppe West of Tanga.

v. Amphibolites

It is found in massive rocks in Northern Tanzania where layers of green coloured rocks composed of chromiferous zoisite amphibole, plagioclase and occasionally ruby. They are mined at Longido in Arusha, and Landanai in Manyara, but there are occurrences of ruby (of worse quality) found in other parts of Maasailand.

vi. Serpentine

It is found in massive rocks in Usagara in the vicinity of the Umba river – North West Tanga. A number of rectangular shaped bodies of pluralistic pegmatite's containing blue, blue-green, and black sapphire; and transparent, red coloured rubies are found. Their quality is excellent! They are mined mostly in alluvial fans, their characteristics features being a zonal colouring and a diachroism. The principal deposit is in the Umba River

vii. Sapphire

In Tunduru sapphire occurs along with other varieties of economic minerals including graphite, apatite and beryl. A group of minerals is contained in the metamorphic rocks of the Usagara system extending southwards into Mozambique and northward through Morogoro and Tanga to Kenya. Pink, blue and green sapphire is presently being mined in the Kitai, Amani Makoro corridor in Mbinga district of Ruvuma region.

viii. Emerald

Emerald is related is related to the pegmatites of the metamorphics of Usagara series near Lake Manyara in Arusha. There are two major strike faults, one running East-West in the South of the area; while the other is reported in Sumbawanga at Rukwa, and Mang'ola near lake Eyasi in Arusha. Some of these pegmantites contain small amounts of chlorite and variety of beryl and magnet.

ix. Tourmalines

Tourmalines of various colours have been found and exploited in a number of sites mostly in alluvial fans. Primary occurrences have been found at Handeni in Tanga where green coloured varieties are found. Beautiful chrome-tourmalines are dispersed in graphitic schist's of the Umba steppe at Daluni, North West Tanga, and are mined from alluvial deposits. Yellow coloured and golden tourmalines have been discovered in the Uruguru mountains of South Morogoro and also at Tunduru in the South.

x. Zircon

This comes from two principal sources:

Brown coloured tetragonal zircon crystals are found in vermiculite lenses with appetite in the Usagarani series. They are related to marble intercalating the amphibolioties geniuses of the same series.

Genetically they may be related to the carbonatite penetrations occurring near a tectonic line of the Usagarani Mountains.

Small zircon occurrences related to gravel of Kimberlite pipes are found in Singida region. They are translucent, golden-yellow/golden-brown, associated with pyrope and picroilmentite. They are jewellery grade stones.

xi. Garnets

Garnets are from pegmatite's found everywhere in Tanzania in many sites they are mined from alluvial fans or alluvial deposits. Principal garnets deposits are concentrated in the Maasai and Lindi areas. The deposits are represented by slightly weathered gneiss where the local garnet variety is represented by pink coloured pyrope rich in almandine. In the central area garnets are known to occur in Mpwapwa area, Nyarumba mountains. These are of the type of pyrope –almandine and their source is eclogite massive.

Rich Garnets are found in the Usagara series metamorphic rocks and also meta-anorthosite massive of the western part of the Uruguru mountains sometimes they are originated from poegmentites or kimberlitic pipes particularly of the central plateau. They are very rich in jewellery grade.

Of an extraordinary interest are the occurrences of chromium vanadium grossularite of a very striking emerald-green colour. These garnets were discovered in 1979 in Kilimanjaro and the zone of their occurrences stretches into neighbouring Kenya. In 1998 a massive occurrence has been discovered at Rwangwa in Lindi region.

xii. Quartz and Siliceous

In Tanzania these are represented by extraordinary rich concretions of crystalline, varicoloured quartz, quartzite, cryptocrystalline, chalcedonies, agates and opals. Rock crystals, smoky quartz, rose quartz from pegmatite cores are found in Uruguru and Ukaguru mountains. Amethysts occur in Handeni particularly at Negero. Aventurine quartz is found at Babati and in the vicinity of Naberera.

xiii. Alexandrite and Chrysoberyl

Both alexandrite and 'cat's eye' or cymophase variety of chrysoberyl occur along with other beryl varieties in association with sapphires in the river sands and gravels of the Usagarani belt at Tunduru. They are characterised by their high hardness and vitreous luster. Alexandrite is emerald-green in daylight and red by transmitted light. Cymophase is a chatoyant variety.

Minerals and Gemstones Supplies

Tanzania has more than 700,000 small scale miners for various types of minerals. Small-scale mining in Tanzania can be characterized as mining operations which are labour-intensive for operators with informal technical knowledge of mining and mineral processing and little capital. They can embark on

mining with simple tools like picks, shovels and pans. The relation, labour productivity, is then defined as weight of ore mined or processed per day divided by the number of labourers. The labour productivity in gold mining areas is as follows:

- Productivity of ore mined varies from 0.9–516kg/day/person with an average of 105 kg/day/person.
- Productivity of ore processed varies from 2.2–517kg/day/person with an average of 103 kg/day/person.

The labour productivity in gemstone mining areas is as follows:

- Productivity of ore mined varies from 1.6–60kg/day/person with an average of 23.1kg/day/person.

Productivity of ore processed varies from 1.6–60kg/day/person with an average of 18.8kg/day/person

Gemstones Processing

In 2006, the estimated production of Diamond was Carat 272,204, Gold was Kgs. 39,750 and Gemstones were 2,493,133 (Economic Survey 2006); just a few to mention. The overall average of production sold semi processed was more than 45%. This is our project main stay for the input supply. The project will buy minerals and gemstones straight form both miners and blockers in both unprocessed and semi-processed forms.

Mineral processing

By a simple definition, **Mineral processing otherwise known as mineral dressing is the practice of beneficiating valuable minerals from their ores, this includes a number of operations in order to liberate and separate minerals by exploiting the differences in physical properties of the different minerals.**

Mineral processing involves four general types of operations: *comminution* or particle size reduction, *sizing* or separation of particle sizes by screening or classification, *concentration* by taking advantage of physical and surface chemical properties, and *dewatering* or solid/liquid separation.

A number of auxiliary materials handling operations are also considered a branch of mineral processing such as storage (as in bin design), conveying, sampling, weighing, slurry transport, and pneumatic transport.

Sizing is the general term for separation of particles according to size. The simplest of sizing processes is screening, or passing the particles to be sized through a screen or number of screens. Screening

equipment can include grizzlies, bar screens, and wire mesh screens. Screens can be static (typically the case for very coarse material), or they can incorporate mechanisms to shake or vibrate the screen.

Classification refers to sizing operations that exploits the differences in settling velocities exhibited by particles of different size. Classification equipment includes ore sorters, gas cyclones, hydro-cyclones, rake classifiers, rotating trammels, or fluidized classifiers. When the feed material contains particles of different densities as well as particles of different size, a degree of concentration takes place during classification because settling velocities are also dependent on particle density.

Froth flotation is achieved when particles are separated based on their surface potential. Hydrophobic particles are recovered to the froth, whereas hydrophilic particles are discharged with the tailings stream. Some mineral particles are naturally hydrophobic, whereas others require specific reagent additions to change their surface potentials. Oxide ores, such as spodumene and tantalite can be treated using oxalic acid based collectors. Sulfide ores can be recovered using xanthate or dithiophosphate type collectors.

Particles will be classified based on their specific gravity. Gravity concentration processes include:

- Heavy media or dense media separation
- Shaking tables, such as the Wilfely table
- Spirals
- Centrifugal bowl concentrators
- Jig concentrators are continuous processing gravity concentration devices.
- Multi gravity separators
- Knelson concentrators

Non-conducting particles maintain an electrostatic charge induced electrically, and so remain pinned to a charged drum. Conducting particles do not maintain the electrostatic charge and so fall off the drum, thus minerals such as ilmenite and rutile can be separated.

Minerals such as magnetite and pyrrhotite are naturally magnetic, and so can be separated from non-magnetic particles using strong magnets.

Recycling has become one of the greatest concerns in industry today. Meeting the demand for analytical services to clearly identify the various components of the waste stream has become one of the most

important services. The project will be equipped with complete facilities for product preparation which enables us to extract a truly analyze the product for value. Our advanced analytical capabilities will allow us to provide the client with reliable and accurate qualities of the product.

Activity Related Analytical Tools

The main analytical tools our project will be for:

- Chemical analysis
- Powder characterization
- Microscopy, Probe and Image Analysis
- Size analysis
- Rheological characterization- Rheometer
- Surface analysis- Raman and Auger
- Thermal analysis
- Mechanical testing

An inductively coupled plasma source atomizes and excites even the most refractory elements with high efficiency. With this, several elements will be determined simultaneously without the need for repeated aspirations, adjustment of instrument parameters and tracking of the products

MARKETING

i. Project Promotion and Marketing

Both the project and its products will be marketed. Project marketing will involve creation of awareness on the presence of the project and its qualities to its potential suppliers and presence of its products to consumers. The all idea will revolve on promotions of our project and its products will include advertising campaigns through broadcasting mass media, fliers and brochures in order to move our project into the centre of demand and supply.

ii. Products Market

Products' marketing will involve creation of awareness on their presence to their potential consumers. It is known that countries of the Middle East, Asia, Europe, America and Africa demand Tanzania minerals and gemstones. In this project our company will promote all those areas as potential markets for mineral products of Tanzania.

INVESTMENT

i. Project Establishment

The project will be established as a lapidary factory to handle the minerals and gemstones processing.

ii. Investment Financing, Cost and Allocation

The project will be internally financed by shareholders' equity funds. Apart from the working capital and the pre-operation expenses; the project is expected to have 3 types of physical building, fences and other non physical structures. Also there will be project equipments, motor vehicles, furniture, all of whose costs are listed below:

Table 2: Breakdown of the Project Items and Their Budgets

Sn	Category	Budget - Tshs
1	Land and Buildings	1,050,000.00
2	Machinery and Equipments	5,147,420.00
3	Vehicles	1,371,000.00
4	Furniture & Fittings	14,000.00
5	Pre-Exp.	100,728.00
6	Others	80,100.00
7	Working Capital	79,511.00
	Total	8,613,379.00

As may be observed, huge funds will be spent on:

- 1) Buildings offices and workshop plus stores and security structures intensification.
- 2) Machinery and Equipments: Mineral processing equipments are of sophisticated technologies' applications and therefore so expensive. Also a project will buy several mining equipments to use in contracted miners as capacity building which will make their mining proper for quality and standards so that they may supply to our project the minerals we want.
- 3) Vehicles: The project will have a lapidary plant in Dar es Salaam due to security and marketing issues, but will have to collect crude minerals from various regions up-country. Such crude minerals are heavy and demand secure and strong vehicles for their transportation. Therefore the project will need many/enough security trucks which are so expensive.

Otherwise with this size of coverage the project is expected to be fully established within the period of three years from December 2011.

Financial Analysis

The financial analysis show that sufficient cash will be generated to meet both short and long term financial obligations and the project can generate fairly good profits. The review is given here under the following sub sections:

- | | |
|---------------------------------------|--------------------|
| i. Fundamental Assumptions | v. Working Capital |
| ii. Capital financing and expenditure | vi. Taxation |
| iii. Operating costs | vii. Profitability |
| iv. Depreciation | |

i. Assumptions

The assumptions used in the preparations of the financial accounts are:

- a) The operating period under which the viability of the project is being evaluated is 8years
- b) The capital cost of the proposed project is USD 8 million inclusive of the working capital
- c) The will have 78 working staffs.
- d) All the calculations throughout the economic lifetime of the project are constant.
- e) The main sources of the project revenue are: sales and development levy.
- f) There are 240 working days in a year.

iii. Capital financing and expenditure

The project be financed by owners equity.

The capital cost summary of the project development is in United States Dollars and is given as follows:

Fixed capital: 7,763,248.00

Working Capital: 850,131.00

Total: **8,613,379.00**

iii. Projected income statement

- In the income statement, the total turnover during the first year of operation is USD 10,201,571.00, while the fourth year the total turnover is USD 11,247,232.00 and remains constant throughout the review period of 8years
- The maximum capacity of the project operation is expected to be at 80% the first year, 87% the second year and 89% the forth year through the tent year.
- In the first year of operation the running costs amount to 48.97% and in the will drop to 44.91% in the 8th year.
- Capital expenditure has been assumed to be incurred for a continuous period of 6 to 12 months

iv. Depreciation

Economic depreciation rates based on 0 used for lifetime of the various capital items have been adopted and the following facts apply for the depreciation rates in this project:

Buildings and civil structures	4%	straight line
Equipments and Machinery	12.5%	eight years - reinvestable
Motor vehicles	25%	four years - reinvestable
Furniture and Fittings	20%	five years - reinvestable

Pre-operation expenses are amortized and written off after six years

v. Working Capital

The computation of working capital show first year USD 850,131.00, second year USD 892,638.00 third year and subsequent years USD 937,270.00

vi. Taxation

The corporate tax charged is 30% of the profits. Capital investment allowance is 50% with an indefinite loss carry over period. The capital assets are exempted from Custom Duty and Value Added Tax.

vii. Project Profitability

From the Profit and loss account, the annual financial performance project a Gross Profit of USD 827,961.00 in the first year which will mean a tax of 30% that is USD 248,388.00 and make a Net Profit of USD 579,573.00. The project carries a non loss trend through which predicts a Gross Profit of USD 1,130,194 which will pay a tax of USD 339,028.00 and make a Net Profit of USD 807,128.00 in the eighth year. This trend means the project will have enough funds to meet all its obligations sustainably and still earn a desirable profit to it investors.

viii. Project Ratios and Returns (IRR, NPV, PBP)

The liquidity position of the project is shows that if the proposed sales structure will not be a deterrent, the liquidity position of the project will be able to sustain the operations of the project.

The project is profitable as it is shown by an **Internal Rate of Return (IRR)** on Investment of 18.51%, which confirms the project economic viability and profitability especially when compared to the adopted rate of borrowing of 15%. The **Net Present value (NPV)** is at 4,678.16 and the **Pay Back Period (PBP)** is within 5 years.

The project is profitable as it is shown by an **Internal Rate of Return (IRR)** on Investment of 18.51%, which confirms the project economic viability and profitability especially when compared to the adopted rate of borrowing of 15%. The **Net Present value (NPV)** is at 4,678.16 and the **Pay Back Period (PBP)** is within 4years.

Financial Recommendations

After all the financial reviews of the proposed project, it is obvious that:

- The project is profitable
- The operations are financially viable
- The key ratios are acceptable
- The liquidity position is sound since the project can meet its financial commitments without any undue difficulties

It is recommended that the project be approved to go ahead as conceived by the investors and analysed in this report.

Attachments

The attached below are the detailed financial analysis of the project

CAPITAL COST SUMMARY

APPENDIX I

INVESTMENT ITEM	US DOLLAR
Land & Buildings	1,050,000.00
Equipment & Machinery	5,147,420.00
Motor Vehicles	1,371,000.00
Furniture & Fittings	14,000.00
Others	80,100.00
Preoperational Expenceses	100,728.00
Working Capital	850,131.00
Total Initial Investment	8,613,379.00

DEPRECIATION SCHEDULE		USD									APPENDIX II	
	VALUE	RATE	1	2	3	4	5	6	7	8	9	
Land & Buildings	1,050,000.00	4.00%	42000.00	42000.00	42000.00	42000.00	42000.00	42000.00	42000.00	42000.00	42000.00	
Equips & Machinery	5,147,420.00	12.50%	643427.50	643427.50	643427.50	643427.50	643427.50	643427.50	643427.50	643427.50	0.00	
Motor Vehicles	1,371,000.00	25.00%	342750.00	342750.00	342750.00	342750.00	0.00	0.00	0.00	0.00	0.00	
Furniture & Fittings	14,000.00	20.00%	2800.00	2800.00	2800.00	2800.00	2800.00	0.00	0.00	0.00	0.00	
Others	80,100.00	12.50%	10012.50	10012.50	10012.50	10012.50	10012.50	10012.50	10012.50	10012.50	0.00	
Preoperational Exp	100,728.00	20.00%	20145.60	20145.60	20145.60	20145.60	20145.60	0.00	0.00	0.00	0.00	

PROJECTED BALANCE SHEETS

US DOLLARS

APPENDIX X

	Year 0	1	2	3	4	5	6	7
ASSETS								
Fixed Assets	7,648,520	7,648,520	7,648,520	7,648,520	7,648,520	7,648,520	7,648,520	7,648,520
Depreciation	0	1,872,880	3,745,759	5,618,639	7,491,518	9,364,398	11,237,277	13,110,157
Net Fixed Assets	7,648,520	5,775,641	3,902,761	2,029,882	157,002	5,655,123	3,827,243	19,546,364
CURRENT ASSETS								
Cash	0	1,625,267	4,153,490	6,779,688	9,450,517	4,750,346	7,369,292	10,003,237
Other Current Assets	0	2,627,702	2,759,087	2,897,041	2,897,041	2,897,041	2,897,041	2,897,041
Total Current Assets	0	4,252,969	6,912,577	9,676,729	12,347,558	7,647,387	10,266,333	12,930,279
TOTAL ASSETS	7,648,520	10,028,609	10,815,338	11,706,611	12,504,560	13,302,510	14,093,576	14,884,642
LIABILITIES								
Current Liabilities								
Sundry Credits	0	1,777,571	1,866,450	1,959,772	1,959,772	1,959,772	1,959,772	1,959,772
Long Term Liabilities								
Long Term Loan	0	0	0	0	0	0	0	0
TOTAL LIABILITIES	0	1,777,571	1,866,450	1,959,772	1,959,772	1,959,772	1,959,772	1,959,772
TOTAL NET ASSETS	7,648,520	8,251,038	8,948,889	9,746,838	10,544,788	11,342,738	12,133,804	12,924,870
AMORTIZATION	114,728	91,782	68,837	45,891	22,946	0	0	0
TOTAL NET ASSETS	7,763,248	8,342,820	9,017,752	9,792,729	10,567,734	11,342,738	12,133,804	12,924,870
REPRESENTED BY:								
Share Capital	7,763,248	7,763,248	7,763,248	7,763,248	7,763,248	7,763,248	7,763,248	7,763,248
Revenue Reserves	0	579,573	1,254,478	2,029,482	2,804,486	3,579,490	4,370,556	5,161,622
TOTAL EQUITY	7,763,248	8,342,820	9,017,725	9,792,729	10,567,734	11,342,738	12,133,804	12,924,870

PROJECT WORKING CAPITAL REQUIREMENTS

US DOLLARS

APPENDIX VI

	Year 1	2	3	4	5	6	7	8
CURRENT ASSETS								
Debtors	850,131	892,637	937,269	937,269	937,269	937,269	937,269	937,269
Stocks	1,185,047	1,244,300	1,306,515	1,306,515	1,306,515	1,306,515	1,306,515	1,306,515
Cash in Hand	592,524	622,150	653,257	653,257	653,257	653,257	653,257	653,257
TOTAL CUR.ASSETS	2,627,702	2,759,087	2,897,041	2,897,041	2,897,041	2,897,041	2,897,041	2,897,041
CURRENT LAIBILITIES								
Sundry Creditors	1,777,571	1,866,450	1,959,772	1,959,772	1,959,772	1,959,772	1,959,772	1,959,772
NEW W/CAPITAL	850,131	892,637	937,269	937,269	937,269	937,269	937,269	937,269
CHANGES IN W/C	850,131	42,507	44,632	0	0	0	0	0

PROJECTED PROFIT AND LOSS ACCOUNT

US DOLLARS

APPENDIX VII

	Year 1	2	3	4	5	6	7	8
Sales Revenue	10,201,570	10,711,649	11,247,231	11,247,231	11,247,231	11,247,231	11,247,231	11,247,231
Less: Cost of Sales	7,110,285	7,465,799	7,839,089	7,839,089	7,839,089	7,839,089	7,839,089	7,839,089
Contribution	3,091,286	3,254,850	3,408,143	3,408,143	3,408,143	3,408,143	3,408,143	3,408,143
Less: Fixed Costs	367.5	385,875	405,169	405,169	405,169	405,169	405,169	405,169
Operating Surplus	2,723,786	2,859,975	3,002,974	3,002,974	3,002,974	3,002,974	3,002,974	3,002,974
Capital Cost								
Depraciation	1,895,825	1,895,825	1,895,825	1,895,825	1,895,825	1,872,880	1,872,880	1,872,880
Intrest	0	0	0	0	0	0	0	0
Total Capital Cost	1,895,825	1,895,825	1,895,825	1,895,825	1,895,825	1,872,880	1,872,880	1,872,880
Profit Before Tax	827,961	964,150	1,107,149	1,107,149	1,107,149	1,130,094	1,130,094	1,130,094
Taxation 30%	248,388	289,245	322,145	322,145	322,145	339,028	339,028	339,028
New Profit	579,573	674,905	775,004	775,004	775,004	775,004	791,066	807,128
Revenue Reserves	579,573	1,254,478	2,029,482	2,804,486	3,579,490	4,370,556	5,161,622	5,952,688

PROJECTED CASHFLOW	US DOLLARS							
	Year 0	1	2	3	4	5	6	7
INFLOWS								
Share Capital	7,763,248	0	0	0	0	0	0	0
Long Term Loan	0	0	0	0	0	0	0	0
Depreceation	0	1,895,825	1,895,825	1,895,825	1,895,825	1,895,825	1,872,880	1,849,935
Net Profit	0	579,573	674,905	775,004	775,004	775,004	791,066	807,128
TOTAL INFLOW	7,763,248	2,475,398	2,570,730	2,670,829	2,670,829	2,670,829	2,663,946	2,657,063
OUTFLOWS								
Investments	7,763,248	0	0	0	0	7,371,000	0	-7,371,000
Changes in W/Cap	0	850,131	42,507	44,632	0	0	0	0
Repayments								
Loan	0	0	0	0	0	0	0	0
TOTAL OUTFLOW	7,763,248	850,131	42,507	44,632	0	7,371,000	0	-7,371,000
NET CASHFLOW	0	1,625,267	2,528,224	2,626,197	2,670,829	4,700,171	2,618,946	537,721
CUMULATIVE CASHFLOW	0	1,625,267	4,153,490	6,779,688	9,450,517	4,750,346	7,369,292	9,988,238

DISCOUNTED CASHFLOW

US DOLLARS

APPENDIX IX

	Year 0	1	2	3	4	5	6	7
INFLOWS								
Net Profit	0	579,573	674,905	775,004	775,004	775,004	791,066	791,066
Capital Charges	0	1,895,825	1,895,825	1,895,825	1,895,825	1,895,825	1,872,880	1,872,880
Recovery of W/Cap	0	0	0	0	0	0	0	0
Salvage Value	0	0	0	0	0	0	0	0
TOTAL	0	2,475,398	2,570,730	2,670,829	2,670,829	2,670,829	2,663,946	2,663,946
OUT FLOWS								
Investments	7,763,248	0	0	0	0	7,371,000	45,000	0
Changes in W/Cap	0	850,131	42,507	44,632	0	0	0	0
TOTAL	7,763,248	850,131	42,507	44,632	0	7,371,000	45,000	0
NET CASHFLOW	7,763,248							
NET PRESENT VALUE		4,678.16						
INTERNAL RATE RETURN		18.51%						

DISCOUNTED CASHFLOW

US DOLLARS

APPENDIX IX

	Year 0	1	2	3	4	5	6	7
INFLOWS								
Net Profit	0	579,573	674,905	775,004	775,004	775,004	791,066	791,066
Capital Charges	0	1,895,825	1,895,825	1,895,825	1,895,825	1,895,825	1,872,880	1,872,880
Recovery of W/Cap	0	0	0	0	0	0	0	0
Salvage Value	0	0	0	0	0	0	0	0
TOTAL	0	2,475,398	2,570,730	2,670,829	2,670,829	2,670,829	2,663,946	2,663,946
OUT FLOWS								
Investments	7,763,248	0	0	0	0	7,371,000	45,000	0
Changes in W/Cap	0	850,131	42,507	44,632	0	0	0	0
TOTAL	7,763,248	850,131	42,507	44,632	0	7,371,000	45,000	0
NET CASHFLOW	7,763,248							
NET PRESENT VALUE		4,678.16						
INTERNAL RATE RETURN		18.51%						

PROJECTED INCOME STATEMENT

US DOLLARS

APPENDIX V

	Year 1	2	3	4	5	6	7	8
CAPACITY UTILISATION	80%	87%	89%	89%	89%	89%	89%	89%
REVENUE								
Y from sales of minerals	8,682,188.00	9,116,297	9,572,112	9,572,112	9,572,112	9,572,112	9,572,112	9,572,112
Y from work for others (fee)	1,519,383	1,595,352	1,675,120	1,675,120	1,675,120	1,675,120	1,675,120	1,675,120
Total Income	10,201,571	10,711,649	11,247,232	11,247,232	11,247,232	11,247,232	11,247,232	11,247,232
Cost of Sales								
Operational Cost	6,375,285	6,694,049	7,028,751	7,028,751	7,028,751	7,028,751	7,028,751	7,028,751
Administrative Costs	735,000	771,750	810,338	810,338	810,338	810,338	810,338	810,338
Total Cost of Sales	7,110,285	7,465,799	7,839,089	7,839,089	7,839,089	7,839,089	7,839,089	7,839,089
Contribution	3,091,286	3,245,850	3,408,143	3,408,143	3,408,143	3,408,143	3,408,143	3,408,143
Less: Fixed & Semifixed Costs								
Administrative Overheads	367,500	385,875	405,169	405,169	405,169	405,169	405,169	405,169
Total Fixed Costs	367,500	385,875	405,169	405,169	405,169	405,169	405,169	405,169
Operating Surplus	2,723,786.00	2,859,975.00	3,002,974.00	3,002,974	3,002,974	3,002,974	3,002,974	3,002,974

PAYBACK PERIOD

US DOLLARS

APPENDIX II

YEAR	NET PROFIT: DEPRECIATI: TOTAL CASH- CUMULATIVE CASHFLOW			
1	579,573	1,895.83	2,475,398	2,475,398
2	674,905	1,895.83	2,570,730	5,046,128
3	775,004	1,895,825	2,670,829	7,716,957
4	775,004	1,895,825	2,670,829	10,387,786
5	775,004	1,895,825	2,670,829	13,058,615
6	791,066	1,872,880	2,663,946	15,722,561
7	791,066	1,872,880	2,663,946	18,386,506
8	791,066	1,872,880	2,663,946	21,050,452
9	791,066	1,872,880	2,663,946	23,714,397
10	791,066	1,872,880	2,663,946	26,378,343

PAY BACK PERIOD 3yrs only