THE UNITED REPUBLIC OF TANZANIA

PRIME MINISTER'S OFFICE
TANZANIA INVESTMENT CENTRE

FILE BEGINS | ENDS | PART

FILE TITLE

CONFIDENTIAL

FILE NUMBER
TICC
PP.10
042451

INDEX HEADINGS

FILE NUMBER TICC PP.10/042451 PART I

Officer or Section	For Action F/M	Initials	Date	Action taken vide F/M	Officer or Section	For Action F/M	Initials	Date	Action taken vide F/M	Officer or Section	For Action F/M	Initials	Date	Action taken vide F/M
DIF	F1		22/5/13											
[illegible]	[illegible]	6	25/5/13											
[illegible]	[illegible]	6	10/6/13											
DIF	[illegible]	[illegible]	2/7/13											
FMD	F4	6	2/7/13											
EXO	M2	6	9/7/13											
[illegible]	F5		10/11/14											

UDBHAV INTERNATIONAL LTD

MINUTE SHEET

Dokezo No.

1.0

EXD

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

(a) Minimum finance investment threshold has been exceeded, the project expects to invest ...US$ 5.27 M.....

(b) Legal entity has been incorporated under certificate No. ...87788..... of...16/04/2013.....

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. Senzia
DIF
10th June, 2013

2.0

EXD Approved. EXD 11/07/13

In response to the TIC letter of registration dated...10 June 2013

the project has submitted the required documents namely: -

(a) Company Board Resolution.

(b) Reference letter/Financing from...Standard Chartered LTD

(c) ...Lease Agreements as Evidence of Land.

With the above submission EXD is requested to sign Certificate of Incentives No. ...04245 1..... herein attached.

09/07/2013
DIF

3.0

As per investor request, CoI has been ammended to reflect new subsector, project location and extension for 1 year. I therefore recomand CoI be submitted for signature

DIF

IFM(P) 22/07/2016

MINUTE SHEET

Dokezo No.

4.0 Ag EXD

Certificate of Incorporation has been ammended as per follow 10 and is hereby Submitted for your Signature. The ammendement has also been effected on the Nature of a Company (Sub Sector).

22/07/2016

APPROVED BY EXD
Sign: .....
Date: 22/7/2016

DIF

UDBHAV

9

24th June, 2016

TANZANIA INVESTMENT CENTRE
11 JUL 2016
TANZANIA

To,
Executive Director
Tanzania Investment Center
P.O. Box. 938
DAR ES SALAAM

Sub: Renewal and amendment of certificate of incentive to Granite and marble processing unit
Ref: Our incentive certificate number

Reference is made to the caption subject.

We Udbhav International Ltd having Incentive certificate 042451 that is registered for the mineral-processing sub sector Iron and copper. The project has initiated to take up and samples where exported to the customers. At the same time market price for Iron and Copper has slashed drastically and production cost has gone up. Since at this situation this project is not feasible. At the same time company has invented new project, Granite and marble processing which is necessary for developing country. After detail feasibility study the management has decided to kick start the project by amending the Certificate of Incentive. Since the raw material is available in Dodoma we have decided to locate the project in Dodoma.

The management has decided to request TIC for amendment of sub sector to read Granite and Marble processing instead of Copper and Iron by extending implementation period which is expired in May 2016. The new location of the project is

Udbhav International Ltd, Along Dodoma – Iringa Highway, Nkulabi Village, Mpunguzi ward, Dodoma Muncipal, Dodoma.

We request your kind cooperation to execute the project.

Thanking you

RECEIVED
04 JUL 2016
P.O. BOX 938
DAR-ES-SALAAM

Udbhav International Ltd
Reg. Off: P.O. Box. 1792. Morogoro, Office: P.O. Box. 1617 Dodoma, Tanzania.
Email: sweekar.nayak@udbhav.in Mob: +255689110628, +255717029092

Certified True Copy of TIC Original Signature Date 10/11/2014

For: Executive Director
Tanzania Investment Centre

00220079

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042451

This is to certify that

UDBHAV INTERANTIONAL LIMITED

of address P.O. BOX 1792
MOROGORO

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

UDBHAV INTERNATIONAL LIMITED

Which is located at PLOT NO. 111, FOREST HILL MOROGORO VIJIJINI
MOROGORO

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

Executive Director

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

Dated 9TH JULY, 2013

GP.DSM

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 / Nationality / Shareholding (%)

Shareholders	Nationality	Shareholding (%)
Usha Navak	Indian	33.33
Shravan Kumar	Indian	33.33
Sweekar P. Nayak	Indian	33.33

2. Proposed Activities: To establish project for minerals processing

3. Sector: Manufacturing Subsector: Mineral Processing (Iron & Copper) Marble & granite processg

4. Investment cost: Foreign USD 0m. Local USD 5.27m. Total USD 5.27m.

5. Project Financing: Equity USD 1.07m, Loans USD 4.2m. Total USD 5.27m.

6. Source, terms and conditions of loan

7. Assets to be invested:

Capital items:	Foreign	Local	Total
	USD 0m.	USD 5.27m.	USD 5.27m.

8. Technology Agreement: None

9. Date of TIC Registration: 10th June, 2013

10. Implementation period: June, 2013 - May ~~2016~~ 2017

11. Operative date: June, ~~2016~~ 2017.

12. Investment Incentive Grade As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997

(i) Applicable Import Duty: And VAT as per Customs Tariff Act, 1976&VAT Act,1997

(ii) Applicable with-holding Tax: As per Income Tax Act, 2004 (as amended)

(iii) Eligibility of Capital Allowances: As per Income Tax Act, 2004 (as amended)

13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.

14. Conditions attached to this Certificate of Incentives

(i) Date of Commencement of investment has to be notified to the Centre.

(ii) Certificate not to be transferred, assigned or amended

(iii) Failure to commence implementation within two years invalidates Certificate

(iv) Failure to operate investment must be notified to the Centre

(v) Changes in shareholding, project activities and level of invested capital must be notified to the centre

15. Additional conditions attached to Certificate

Finished goods are not allowed under this Certificate

Signed .....
Executive Director

Tanzania Investment Centre
Dar Es Salaam
Progress report.

1. **Planned activity:** Processing of Iron and copper at Morogoro.

2. **Achievements made on the project implementation to date:** A prospecting license has been taken and approached the customer after detail exploration. Customer requested for initial sample, same has been exported and approved by the customer. After approval initial sample customer asked for bulk sample. 54 Ton sample prepared using rented machineries and exported to customer. To prepare sample small drilling equipment's has been imported.

   After sending bulk sample Iron ore price has gone down drastically. Since then market is not recovered for iron ore and copper commodity. Therefore the project is not feasible due to high transportation and high operating cost.

3. **Project Financial Expenditure to date:**

	Foreign	Local	Total
Land and Building (USD):	12000		14000
Pre-operational cost (USD)	120,000	Nil	120000
Total :	132000/-		132,000/-

4. **Project Financing:** The project is financed by equity.

5. **Problem and Solution:** Due to low price of Iron ore and copper ore in the international market this project is not feasible. Therefore management has decided to take up another commodity at Dodoma, Granite and marble processing unit. Currently in Tanzania very few processing units are available for Dimensional stone. Tanzanian market is dependent on importation of dimensional stones. Our project will help to reduce importation and increase exportation of dimensional stone. Market study has been completed and project is fully viable.

6. **Future Plans:** Construction of processing unit building and installation of machineries to process the Dimensional stone. Quotation has been obtained from reputed suppliers and machinery will be imported within three months. Production should be started with in 18 months time. Local government permission shall be obtained within one month period.

7. **Recommendations :** Management has decided to approach TIC to amend the sub sector of incentive certificate as processing of Marble and Granite for Dimensional stone and renew the incentive certificate.

For UDBHAV INTERNATIONAL LTD.

DIRECTOR

THE UNITED REPUBLIC OF TANZANIA

0222597

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

THIS CERTIFICATE REPLACE EXTENDS THE PREVIOUS NO 042451 ISSUED ON 09/07/2013

AMENDMENT ON PROJECT LOCATION SECTION 3, 10 & 11 HAVE BEEN EFFECTED

No: 042451

This is to certify that

UDBHAV INTERNATIONAL LIMITED

P.O. BOX 1792

of address MOROGORO

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

UDBHAV INTERNATIONAL LIMITED

Which is located at DODOMA NATIONAL HIGHWAY - NKULABI VILLAGE

MPUNGUZI WARD - DODOMA

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 22 JULY 2016

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 (%)
Usha Navak	Indian	33.33
Shravan Kumar	Indian	33.33
Sweekar P. Nayak	Indian	33.33

2. Proposed Activities: To Establish Project for Minerals Processing

3. Sector: Manufacturing Subsector: Mineral Processing
Granite and Mable Processing

4. Investment cost: Foreign USD 0m. Local USD 5.27m. Total USD 5.27m.

5. Project Financing:
Equity USD 1.07m. Loans USD 4.2m. Total USD 5.27m.

6. Source, terms and conditions of loan

7. Assets to be invested:

Capital items:	Foreign	Local	Total
	USD 0m.	USD 5.27m.	USD 5.27m.

8. Technology Agreement None

9. Date of TIC Registration: 10th June 2013

10. Implementation period June 2013 - May 2017

11. Operative date June 2017

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, 2014

(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 ammended

(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 Cerificate

Signed .....
Ag. Executive Director

Unclaimed refund beyond three years will be forfeited

TANZANIA INVESTMENT CENTRE

Shaaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel. +255 22 2116328-31, Fax: +255 22 2118253

RECEIPT REC026526

No. 019817

Received from : UDBHAV INTERNATIONAL LTD

Address Plot No.111 Block No. MD, P. O. Box 1792, MOROGORO.

Received the sum of (In words): ONE THOUSAND AND ZERO CENTS ONLY

Being payment in respect of : CERTIFICATE OF INCENTIVES

Amount : USD 1,000.00

Cash / Cheque No: D/Deposit 21/07

Date : 21-Jul-2016

For Executive Director
Tanzania Investment Centre

Receiving Officer

PROJECT FOR EXTENSION OF IMPLEMETATION PERION

(19)

Name of the Project: UDBHAV INTERNATIONAL LTD

Project Description: Certificaate No: **042451**

To establish minerals processing project

Approval Date: 10th June, 2013

Implementation Period Expiry: June, 2013 – May 2016

Number of Previous Extensions: NIL

Reasons for this Extension: Re – locating the project to Dodoma and kick starting of processing of Marble and Granite

Recommendation:

Decision:

APPROVED BY C.E.

Sign:

Date: 19/7/2016

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF ENERGY AND MINERALS

I Certify that this is
a True & Accurate Copy
of the original from this page
to page 5/5
Signature .....
Date 22/07/2016

R. KITARE
ADVOCATE
NOTARY PUBLIC
& COMMISSIONER FOR OATHS
P O Box 1437 - DSM.

PROSPECTING LICENCE NO. PL 9058/2013

GRANTED PURSUANT TO
SECTION 32 OF THE MINING ACT, 2010

WHEREAS **M/S Udbhav International Limited** of **P. O. Box 1792, Morogoro-Tanzania** has fulfilled the conditions for grant of Prospecting Licence pursuant to Section 31 of the Mining Act, 2010;

I, Commissioner for Minerals, subject to the provisions of the Mining Act, 2010 and of the regulations thereunder now in force, or which may come into force during the continuance of this Licence, or any renewal thereof and pursuant to the powers conferred upon me under Section 32 of the Mining Act, 2010 hereby grant to M/S **Udbhav International Limited** (hereinafter called the Licensee) a **Prospecting Licence - Metallic Minerals,** to prospect for **Iron,** at **Kikeo** area in **Morogoro** District, over an area described in Annex A (hereinafter called the Licence Area), conferring on the Licensee the right to carry on such prospecting operations, abide to Annex B and Annex C and execute such other works as are necessary for that purpose.

This Licence, unless sooner cancelled, suspended or surrendered pursuant to the provisions of the Mining Act, 2010, shall be valid for a period of **forty eight (48)** months, effective from the date of grant.

Granted this 13TH day of MARCH 2013

.....

Eng. Ally B. Samaje
Ag. COMMISSIONER FOR MINERALS

INITIAL PERIOD

From Date	To Date	Prep. Fee and Rent	ERV Number	Date	Signature of CM
13-3-2013	12-3-2014	= 500 =	49518691	-6/2-2013	
13.3.2013	12.3.2014	USD 1941.0	49518867	19/3/2013	

FIRST RENEWAL

I HEREBY CONSENT TO THE FIRST RENEWAL OF PROSPECTING LICENCE NO. ..... of M/S .....of P. O. Box ..... for Licence Area described in Annex 'A' and conditions prescribed in Annex 'B' and Annex 'C' for a period of.....months effective from the .....day of.....year.....

.....

Ag. COMMISSIONER FOR MINERALS

From Date	To Date	Annual Rent	ERV Number	Date	Signature of CM

SECOND RENEWAL

I HEREBY CONSENT TO THE SECOND RENEWAL OF PROSPECTING LICENCE NO. ..... of M/S .....of P.O. Box ..... for Licence Area described in Annex 'A' and conditions prescribed in Annex 'B' for a period of.....months effective from the .....day of.....year.....

.....

Ag. COMMISSIONER FOR MINERALS

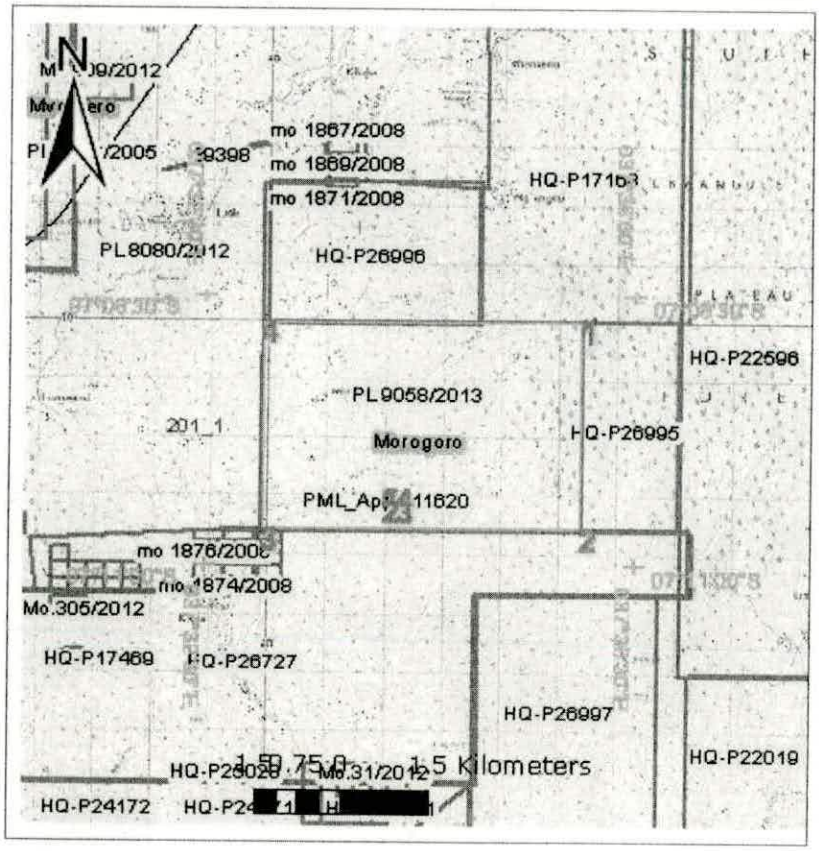
From Date	To Date	Annual Rent	ERV Number	Date	Signature of CM

ANNEX A

DESCRIPTION OF THE LICENCE AREA

Subject to Section 95 of the Mining Act, 2010 the Licence is at **Kikeo** area in **Morogoro** District, QDS **201/1** defined by lines of latitude and longitude having the following corner coordinates (Arc 1960):

Corner	Latitude	Longitude
1	- 07 deg. 08 min. 44.00 sec.	37 deg. 36 min. 00.00 sec.
2	- 07 deg. 10 min. 40.00 sec.	37 deg. 36 min. 00.00 sec.
3	- 07 deg. 10 min. 40.00 sec.	37 deg. 33 min. 02.00 sec.
4	- 07 deg. 08 min. 44.00 sec.	37 deg. 33 min. 02.00 sec.
With exclusion of the area of PML application No 11620/2004 as defined by the following coordinates		
1	- 07 deg. 10 min. 18.00 sec.	37 deg. 34 min. 10.00 sec.
2	- 07 deg. 10 min. 24.00 sec.	37 deg. 34 min. 10.00 sec.
3	- 07 deg. 10 min. 24.00 sec.	37 deg. 34 min. 18.00 sec.
4	- 07 deg. 10 min. 18.00 sec.	37 deg. 34 min. 18.00 sec.



Legend	
Licensed boundary	
Licence Code	PL 9058/2013
District	Morogoro
Direction	

An area of approximately **19.41** Square Kilometres.

ANNEX B

EMPLOYMENT AND TRAINING, PROCUREMENT PLAN OF GOODS AND SERVICES

1. The Licensee shall employ Tanzanian personnel with appropriate qualifications to the maximum extent practicable consistent with efficient operations.

2. Subject to Clause 1, the Licensee shall not be restricted in employment, selection, assignment or discharge of its personnel provided, however, that the employment and discharge or disciplining of personnel shall be carried in accordance with the generally applicable laws and regulations of the United Republic of Tanzania.

3. Subject to Clause 1 and to the requirement of any law relating to immigration, the Licensee and its sub-contractor(s) may bring into Tanzania such expatriate personnel as in the Licensee's judgement, required to carry out mineral prospecting operations efficiently and successfully and the Government shall expeditiously provide the necessary work permits and other approvals required for the employment of such expatriate.

4. The Licensee shall be abided by the procurement plan of goods and services available in the United Republic of Tanzania.

ANNEX C

PROSPECTING PROGRAMME AND FINANCIAL EXPENDITURE ESTIMATE.

Subject to Section 30 of the Mining Act 2010 and Regulation 8 of the Mining (Mineral Rights) Regulations 2010 , the Licensee shall expend on prospecting operations in respect of the licence granted as per submitted prospecting programme and financial expenditure estimates approved by the Licensing Authority.

I Certify that this is
a True & Accurate Copy
of the original from the front page
Signature .....
Date 22/07/2016

S. R. KITARE
ADVOCATE
NOTARY PUBLIC
&
COMMISSIONER
FOR OATHS
P. O. Box 14374 - DSM.

INDUSTRIAL LEASE AGREEMENT

THIS INDUSTRIAL LEASE AGREEMENT Made and entered into this 02nd Day of May 2016

BETWEEN

Mr. Isreal Daud Chunga ("**Landlord**"), P.O. Box 65, Mpwapwa, Dodoma on the one part,

AND

M/S UDBHAV INTERNATIONAL LTDof P.O Box 1617, Plot Number 5, Area D, Njombe road, Dodoma, Tanzania is a company registered under the Tanzanian Companies Act., 2002 (Hereinafter referred to as "the Lessee") on the other part.

WHEREAS the Lessor is absolutely seized and possessed of or otherwise well and sufficiently entitled to a large piece of land situate at Along Iringa – Dodoma National Highway in Nkulabi village, Mpunguzi ward, Dodoma Municipal, Dodoma Region, Tanzania and described In the Schedule hereunder written.

AND WHEREAS the Lessee has approached the Lessor and requested him to grant to him a lease of the said land in perpetuity as he wants to develop the same by constructing Industrial sheds thereon and establish an Industrial Estate.

AND WHEREAS the Lessor has agreed to grant to the Lessee a lease in respect of the said land for a term in perpetuity in the manner hereinafter appearing.

THIS LEASE WITNESSES as follows:

WHEREAS the Lessor is the holder of a Right of Occupancy from the village goverment measuring 39230 Square Meter (39230), situated along Dodoma – Iringa National Highway, Nkulabi village, Mpunguzi Ward, Dodoma Muncipal, Dodoma Regeion; and in the terms thereof is authorized to grant leases, the Lessor hereby demises unto the Lessee the Land being more fully described in the schedule hereto for a term of 25 years commencing on the 2 day of May, two thousand and sixteen, and expiring on the 1st day of May, two thousand fourty one subject to the provisions of the Land Act, and regulations made thereunder and subject to the following conditions:-

The Land shall be used for Industrial - Service Trades Purposes only; Use Group 'M' use class (c) as defined in the Town and Country Planning (Use Classes) Regulations, 1960 as amended in 1993.

I Certify that this is
a True & Accurate Copy
of the original
Signature .....
Date 22/07/2016

S. R. RITARE
ADVOCATE
NOTARY PUBLIC
&
COMMISSIONER
FOR OATHS
P.O. Box 14374 - DSM.

PART A

THE LESSEE SHALL:

1. PAY in advance to the Lessor an annual Land Rent amounting to Tanzania shillings 4,70,760 , (Four hundred seventy thousand, seven hundred and sixty) only, payable on the 2nd day of May in every year of the term without deduction, provided that the rent may be revised by the Lessor.
2. BE liable to pay any and all costs arising herefrom and in particular;
    1. (i) Any fees or stamp duties which may be discovered to be payable in connection with the Lease;
    2. (ii) An amount or amounts levied by the duly authorized institutions by way of rates or like local property taxes;
    3. (iii) An amount or amounts equal to any rates or like levy paid by the Lessor in respect of the Land or improvements thereon;
3. DEVELOP the land by establishing and operating an industrial park, as per the Company's Business Plan/Investment Plan.

4. BE RESPONSIBLE for:
    i. The protection of all beacons on the Land throughout the term of the Lease. Missing beacons will have to be re-established at any time at the Lessee's expenses as assessed by the Director responsible for Surveys and Mapping.
    ii. Preserving the environment and protecting the soil against soil erosion: and do all things which may be required by the authorities responsible for environment, to achieve such objective.
    iii. Maintaining on the land all buildings designed and constructed in accordance with the building plans as approved by the CDA Dodoma (the Authority).
5. NOT to erect or commerce to erect on the land buildings, except in accordance with the plans already approved by the Authority.
6. NOT assign the leasehold in whatsoever manner (including mortgaging), without the prior approval of the Lessor.
7. SUBJECT to the foregoing conditions, enjoy permanent and exclusive rights of the leased land throughout the term of the Lease.
8. YIELD up the Lessor the Land and improvement in good order and condition upon determination of the Lease by affliction of time or otherwise.

PART B:

THE LESSOR SHALL:

1. ENSURE that the Lessee having paid Land Rent and other charges hereby reserved in PART 'A' Clause '1' hereof, and complied with other terms and conditions hereinbefore contained; shall peacefully hold and enjoy the land during the said term without interruption from the Lessor or any other person claiming under or in trust of the Lessor.

2. Lessor shall proceed with appointment of authorised land surveyor and apply for title deed with the concerned authority and same shall be obtained in due course. Expenses concerned to the said procedure shall born by lessee.

3. UPON breach by the Lessee of any of the foregoing terms and conditions, the Lessor shall serve upon the Lessee a written notice specifying the nature and extent of the breach within the time to be specified in the said notice and also the action to be taken by the Lessor, if the breach is not remedied within the specified period.

PART C:

ARBITRATION:

In the event of any dispute arising between the parties that is Lessor or Lessee hereto in respect thereof, either of the parties to the Lease may commence arbitration proceedings under the provision of the Arbitration Ordinance, Cap. 15 of the Laws of Tanzania.

We, the within-named M/S UDBHAV INTERNATIONAL LTDhereby accept the terms and conditions contained in the foregoing Lease Agreement.

SCHEDULE

ALL that land known as the following coordinates

1. S6° 25' 08.7" E 35° 47' 18.4"
2. S6° 25' 07.1" E 35° 47' 27.2"
3. S6° 25' 12.1" E 35° 47' 28.2"
4. S6° 25' 12.8" E 35° 47' 19.8"

Total Area: 39230 Square Meter

Situating along Dodoma – Iringa National Highway, Nkulabi village, Mpunguzi Ward, Dodoma Muncipal, Dodoma Regeion.

SEALED with the SEAL of the said M/S Udbhav International Ltd and DELIVERED in the presence of us this 2nd day of May 2012

For **UDBHAV INTERNATIONAL LTD.**

Signature.....DIRECTOR.....

Address: Sweekar Pernankila Nayak, No. 5 Area D, Njombe road PO. Box. 1617 Dodoma

Witness Signature .....

Name and postal Postal Address

Mr. Isreal Daud Chunga and DELIVERED in our presence

of us this 2nd day of May 2016

Signature

.....

Postal Address: P.O.Box: 65 Mpapwa, Dodoma Region.

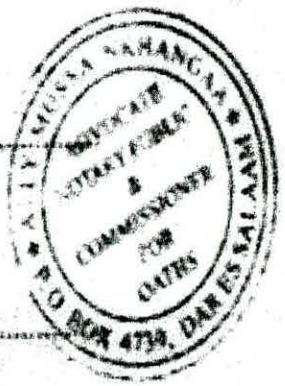
Qualification: Geologist

My presence today on 2nd May month 2016

Signature.....

Commisiioner for Oaths

Qualification COMMISSIONER FOR OATHS.



Prepared By:
MN & Associates Advocates Co.
Plot No. 7 Block Q
Mtendeni Street,
P.O. Box. 2121
Dodoma.

Fomu ya Ardhi ya Kijiji Na. 18

JAMHURI YA MUUNGANO WA TANZANIA

SHERIA YA ARDHI YA VIJIJI, 1999

(Na. 5 ya 1999)

OMBI LA HAKIMILIKI YA KIMILA

(Chini ya fungu la 22)

AFISA KIJIJI CH TAREHE

SEHEMU YA 1: (Ijazwe na mwombaji/waombaji).

1. Jina la Mwombaji:

A. Jina/Majina kamili ya Mwombaji / waombaji/ Jina familia kwanza)

i) KRAEL D CHUNGA

Jinsia / Umri 27 YRS

ii) .....

Jinsia/Umri .....

(Ongezea itakavyolazimu)

B. Majina kamili ya wana familia inayoomba la familia kwanza)

i) .....

Jinsia / Umri .....

ii) .....

Jinsia/Umri .....

(Ongezea itakavyolazimu)

(Angalau wanafamilia wawili wawasilishe maombi)

AFISA KIJIJI TAREHE

C Jina la chombo ay taasisi inayoleta maombi.

i) .....

Jinsia / Umri .....

ii) Jina la chombo ay taasisi inayoleta maombi

.....

Jaza kifungu kinachoendana na ombi lake

2. Anuani (Kama kwa kawaida si mkazi Kijijini/ Mahali ndani ya Kijiji

S.L.P 65. MPWAPWA

.....

3. Uraia TANZANIA

4. Kuoa / kuolewa (Inahusika na Kifungu A na B hapo juu)

5. Watoto na miaka inahusika na Kifungu A na B hapo juu

Ongezeko la karatasi zaidi kadiri inavyohitajika.

6. Mahali ilipo ardhi inayoombwa.

KIJIJI CHA NKUHABI

.....

Eneo ndani ya Kijiji KITONGOJI CHA KARUME

Wilaya DODOMA MJINI

7. Wastani wa eneo la Ardhi EKARI KUMI (10).

.....

8. Matumizi ya Ardhi kwa sasa hivi (kama vile kilimo, Ufugaji, Makazi)

HIFADHI YA SERIKARI

.....

9. Matumizi yanayopendekezwa au yanayokusudiwa katika ardhi (kama ni tofauti na inavyotumiwa hivi sasa):... KIWANDA

....

10. (a) Unataka kumiliki Ardhi kama familia? Ndiyo/~~Hapana~~
(b) Unataka kumiliki Ardhi kama Jumuiya? ~~Ndiyo~~ / Hapana
(C) Unataka kumiliki kama mtu/watu binafsi? Ndiyo/~~Hapana~~

Eleza maslahi kwenye Ardhi (mgawanyo au asilimia) kama unataka kumilii ardhi kwa pamoja au kwa pamoja na mgawanyo wa hisa.

Saini / Kidole gumba cha mwombaji / waombaji ....
Angalau wanafamilia wawili, viongozi wawili wa kijadi au maafisa wateule wawili wa chombo, lazima waweke saini kwenye ombi.

Endapo maombi yanawasilishwa na mtu/watu ambao kwa akawaida si wakazi wa kijiji ombi liewkwe saini na WANAVIJIJI WATATNO.

Saini / dole gumba wanavijiji watano (inapoiazimu)

Tarehe ya ombi: 2/05/2016

SEHEMU YA PILI (kwa matumizi ya Ofisi tu)

Maombi na mapendekezo ya Halmashauri ya Kijiji/ Halmashauri ya wilaya

(Futa isiyohusika)

SERIKALI YA KIJIJI IMEMKABIDHI MWOMBAJI ENEO HILO LITUMIKE KWA SHUGHULI ALIYOOMBA NA SI VINGINEVYO

....

AFISA MTENDAJI
KIJIJI CHA MKULABI
TAREHE 02/05/2016

Majina na saini ya wajumbe wa halmashauri ya kijiji.

PHILIMONI .... tarehe 2.5.2016
JENINA S. MALINDA .... tarehe 2/5/2016
MAGURO S. LUDINDE .... tarehe 2/5/2016

I Certify that this is a True & Accurate Copy of the original
Signature ....
Date 22/07/2016

S. R. KITARE
ADVOCATE NOTARY PUBLIC & COMMISSIONER FOR OATHS
P.O. Box 14374 - DSM.

UDBHAV INTERNATIONAL LIMITED

Business Plan & Feasibility Study

REGISTERED OFFICE: UDBHAV INTERNATIONAL LIMITED. Plot No. 5 Area D
P.O. Box 1617, Njombe road, Dodoma.
Factory: Nkulabi Village, Mpunguzi Ward, Dodoma municipal.
Contact: Mob: +255 – 689110628, +255 - 717029092
Website: www.udbhav.in
Email: sweekar.nayak@udbhav.in

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EXECUTIVE SUMMARY

This project document presents a re-submission of a detailed business proposal by Udbhav International LIMITED in order to undertake business activities within the auspice of the Tanzania Investment center scheme. We would also like by the means of this submitted project document to clarify our position and express the interest to invest and operate in Tanzania economy.

Our business will be concerned with processing product like dimension stone for flouring and decorative purposes made from granite and marble blocks. The proposed project is envisioned to be a separate entity that will deal exclusively with processing of granite and marble blocks into finished goods aimed for local and export markets.

Initially due to our extensive research based on logistics factors and long-term strategic reasons especially with respect to availability and shipment of raw materials, we finally decided the Company's operation base to be in Tanzania. Therefore this project will now be located at Nkulabi in Dodoma Region where the company will have access to the raw rocks materials to be utilized in production and processing of final products.

INTRODUCTION

Granite and Marble Blocks in Tanzania.

Tanzania has a wide potential of rocks that can be extracted as dimension and cut stones. Such rocks include granite, gneisses, marbles, travertine and anyolite. Potential rocks for dimension stones occur in the following places Dodoma, Mbeya, Morogoro, Mwanza, Singida, Tabora, Coast, Tanga, Arusha and Kilimanjaro. In these areas granites occurs in a variety of colors including pink, grey and black, with very attractive textural patterns, which brings out the full colour and character of the stone when polished.

Apart from granites, there are potential marble occurrences including white, blue, whitish grey, grey and pink-cream with green sports, occur in the eastern, northern and southern parts of the country, that is in Bagamoyo, Handeni, Matombo- Uluguru Mountains, Kiborian- Uluguru Mountains, Mahenge Plateau, Kihumbi- Igawa, Seven Sisters Mountain– Longido and Tanga areas. Others includes travertine containing calcareous onyx occurs at Songwe Valley in Quaternary volcanic deposits of Rungwe and appinite located West of Iringa town and in the Uluguru Mountains.

Anyolite is another rock type appropriate for exploitation for dimension and cut or art stones. The rock consists essentially of amphibole chromiferous zoisite and ruby corundum and is exposed in Merkenstein- Longido, north of Arusha and Dudumera near Babati. There are other occurrences of Basalt, phonolite and other volcanic rock are widespread in the Arusha and Kilimanjaro regions northeastern Tanzania and in the Rungwe volcanic in the southwestern part of the country. Slate and flagstone are developed in Musoma, Sumbawanga and Kigoma Districts and Chimala area near Mbeya town.

The Geological survey of Tanzania is archiving lots of geo-scientific information from more than 16 QDS's which are covering singida and Dodoma Regions. This is area in central Tanzania is more than 50,000 square Kilometer forming part of the Tanzanian craton which is underlain by the Dodoma super groups of rocks of the Archean Eon.

The outcropping rocks have survived extensive weathering whereby highly fractured and soft rocks have been extensively denuded. The remaining rocks have the prerequisites sought after when exploring for dimensional stones. These include widely spaced jointing patterns, quality and abundance.

The Geological Survey of Tanzania (GST) intends to promote the use of stones for various purposes through mapping out and describing occurrences of useful stones and through establishing ways of treating these stones to make them suitable for various purposes. Parallel to this, GST will also carry out educational and awareness programs to the general public to impart skills and tradition of using stones in Tanzania for the socio-economic development of the country.

COMPANY PROFILE

Udbhav International Limited is a business entity in Tanzania that has been incorporated on 16th April 2012 as company limited by shares under the companies Act, 2002 of Tanzania and granted Certification of Incorporation No. 87788. The company has been registered and legally incorporated to conduct mineral based project in mining sector. The company is mainly dealing with mining, cutting and polishing of granite and marble blocks for export and local market demands.

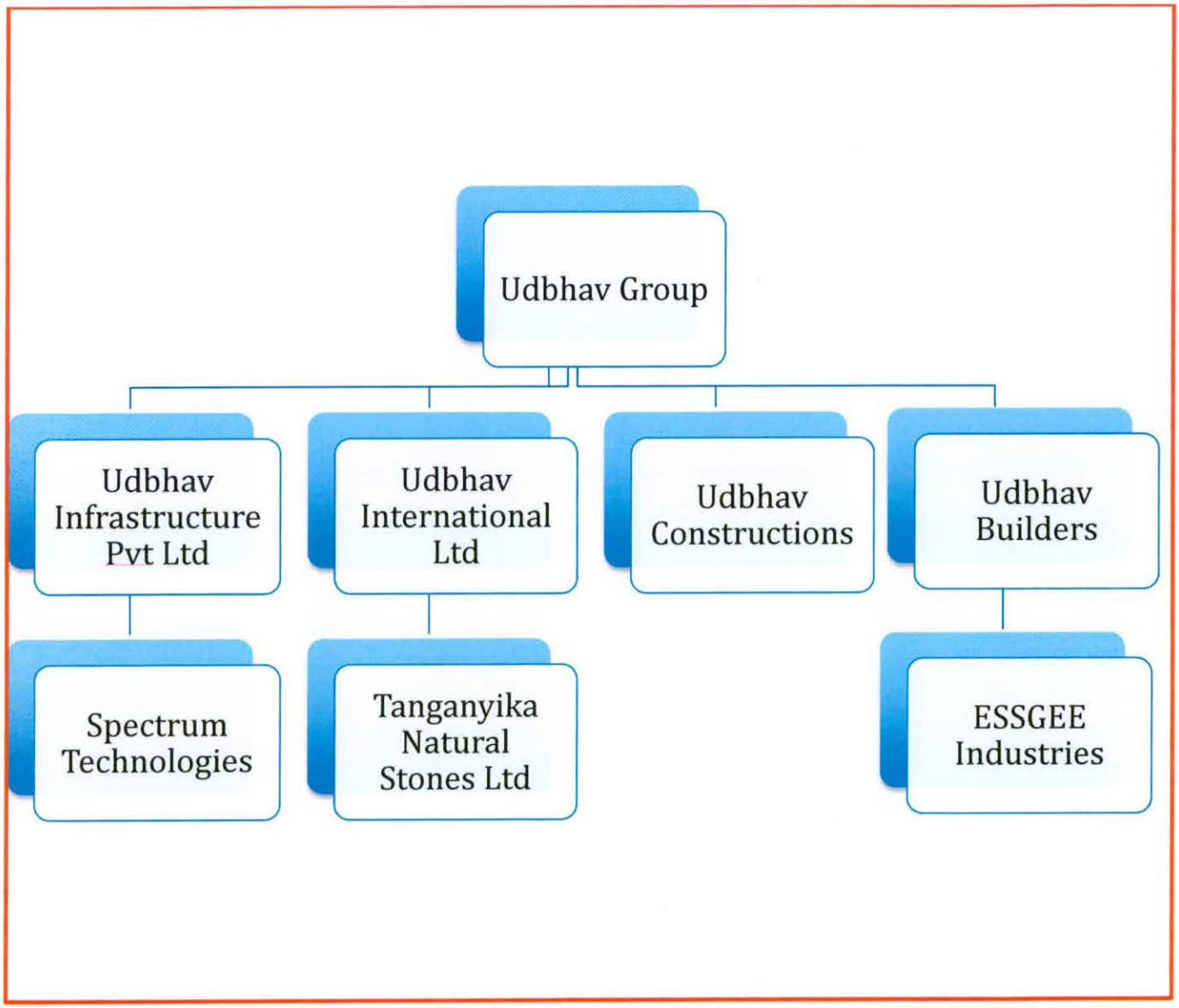
Udbhav International Ltd Company will be located at Nkulabi Village – Dodoma Municipal, Dodoma Region. We have all initial and necessary statutory requirements to acquire the land with total area of 39230 square meters. The production facility will utilize valuable and abundant natural stones in the country particularly from our proposed operation base in Dodoma Region. The company will be dedicated to produce high quality of dimension stone made from granite and marble blocks using modern machineries that will enable us to meet the glowing global demand especially to the selected potential market.

Udbhav International Ltd Company is ready to provide a basis for an investment decision and project implementation in Tanzania.

The company will invest capital expenditure of **USD 2.2 Million** into this project, and it expects to generate **USD 179,750** as an annual turnover for the first year of its operation. For the second year gross sales will be **USD 278,725** and third year the gross sales will raise to a break-even point up to **US$ 669,283** so as to have a slight capital expenditure recovery. This project aim to generate total number of **114** employment opportunities, whereby **79** personnel are going to be permanent employment and **35** are going to be temporary employees or semi-skilled employees.

PREAMBLE

Udbhav International Ltd., is the sister concern of the main 'UDBHAV GROUP', India. The other sister-concern are 'Udbhav Constructions', 'Udbhav Infrastructure', 'Spectrum Technologies', 'Esgee'(Building materials) and 'Udbhav Builders' in India. Obviously, their interests span to development of infrastructure facilities and developmental activities in India and abroad, besides their interest in development of resource base. In 2012 UIL has expanded its interest in overseas mineral development projects especially in East African Continent. At present, its mineral development project primarily deal with Dimensional Stone processing unit and Export to international market after processing of natural stone in Tanzania which are being expanded with the collaborative/business support of many companies within and outside Tanzania. This report provides an overview of Granite and Marble processing (projects) in Dodoma region of Tanzania. In Dodoma region Nkulabi and Ntuka village has sufficient deposit of Granite for processing at Nkulabi village. Initial agreement is already made with the small scale miners and Environmental Auditing process has been allocated to NEMEC authorized agency and the agency has already started its job, in order to take mining license for large scale mining. Once environmental clearance obtained from NEMEC, ML shall be obtained from Ministry of Energy and Minerals. The Director of the company has occupied three prospecting license for Dimensional stone and during the course of exploration the sufficient deposits have been confirmed for another 20 years of life span. This report, besides providing general information of mineral prospects in the said regions, also provides processing of dimensional stone, market study for the product, financial aspects. As the potential for Dimensional stone is very good, UIL has also contemplates to establish an Dimensional stone processing unit in the name of Udbhav International Ltd, which would enhance not only the industrial activity in the region and boosts the mineral development activity and in turn contribute for the country's economy. The report also focuses on the environmental protection strategies planned by Udbhav for sustainable development of mineral resources as per the norms set by Tanzanian Government.


Udbhav Group
Udbhav Infrastructure Pvt Ltd
Udbhav International Ltd
Udbhav Constructions
Udbhav Builders
Spectrum Technologies
Tanganyika Natural Stones Ltd
ESSGEE Industries

VISION, MISSION, OBJECTIVES AND STRATEGIES OF A COMPANY

Vision

Udbhav International Ltd is a company incorporated in Tanzania, which shall pioneer operation and management of processing international standard dimensional stones. It comprises of exploration, capital operation, rational development and international trade by utilization of Tanzania natural resources.

Mission

We will build a sustainable dimensional stone business that delivers top quartile customer satisfaction while leading in safety environmental and social responsibility.

Objectives

Udbhav International Ltd has objectives that

- Full pledged processing unit at Dodoma area for processing dimensional stone as per the international standards.
- Significantly expanded scope of the mineral resources primarily through exploration within Dodoma, Tabora, Singida and Kigoma region.
- Acquire line polish Machine and Multi wire saw machine within one year of commissioning the unit to reach production 1.5Million square feet.

Strategy

We will build a sustainable dimensional stone business that delivers Udbhav International Ltd has the ambition to become one of the major competitor in Dimensional stone sector of African continent by

- Building a efficient processing unit and targeting international market and local market.
- Creating efficient processing granites, marble blocks and transport solution.
- Being an attractive business partner for the chosen customer segment
- Creating local jobs for young generation.

AN OVERVIEW OF GRANITE AND MARBLE BLOCKS

Granite technically refers to a light-colored granulose plutonic rock composed of feldspars, plagioclase, quartz (felsic minerals) and minor amounts of mafic minerals, such as biotite, hornblende, pyroxene, iron oxides, etc. But, in the commercial parlance, the term granite has become synonymous with all those crystalline rocks which have pleasing colors, strength to bear the processes of quarrying and cutting & polishing and are used commonly for decorative purposes. Being more resistant to wear and tear as well as weathering, granite is most sought-after stone to be used as building as well as decorative stone. The fascination for granite is due to its taking mirror-like polish, high compressive strength, longevity and beauty. Tanzania possesses enormous deposits of all types of dimension stones.

The granite used for decorative purposes is a costly material in comparison with other materials. Hence, its utilization and trade within the country has been at a low profile compared with the exports. With the emergence of the rich middle class and spurt in construction activity, the internal trade is on the rise. Although granite is a minor mineral, it can be a major contributor in foreign exchange earnings in future.

PRODUCT DESCRIPTION AND APPLICATION

- **Granite**

Dimension stone is the collective description of natural stone, which has been extracted from the earth in an orderly manner, further worked by cutting and processing, then used in various building activities either structurally or for decorative purposes. It includes panels and tiles from marble, granite, slate, sandstone basalt and other related materials.

The term "Granite" is derived from Latin word "Granum" meaning "grain" because of its granular nature. Granite occupies a prominent place among dimensional stones on account of its hardness, durability, capability to take mirror polish and fascinating colours. Most common applications of granite are in the manufacture of slabs and blocks for the building construction sector.

Block sizes may vary according to the deposit. The most common block size is 22 tones ofa size approximately 3.0m x 1.5m x 1.5m. However, blocks as small as 6 tones and often11 tones could be produced, 22 tones is generally the largest due to transport requirements.

- **Marble**

Marble is a crystalline, compact variety of metamorphosed limestone, consisting primarily of calcite (CaCO3), dolomite (CaMg (CO3)6 or a combination of both minerals. Pure calcite is white, but mineral impurities add color in variegated patterns. Extensive deposits are located in Italy, India, Pakistan, Spain, Greece, Brazil, China, Afghanistan, Turkey, Great Britain, and in the United States. Commercially the term Marble is extended to include any rock composed of calcium carbonate that takes polish including ordinary limestone. The term is further extended in the loose designation of stones such as alabaster, serpentine and other soft rocks. Specific gravity of Marble ranges between 2.68 to 2.72, determining the density of the stone.

Marble is a durable stone in dry atmosphere only when protected from rain. The surface of Marble crumbles readily when exposed to moist or acidic environment. Purest form of Marble is statuary Marble, which is white with visible crystalline structure. The distinctive luster of statuary Marble is caused by the reflection of penetrated light from the surfaces of inner crystals.

LOCATION AND INFRASTRUCTURE

Area

The project will be located at Nkulabi village of Dodoma region, Tanzania. The decision to set up company's production facility and operation in this area is due to the availability and ease access to raw materials (rocks) that will be used for operations. Land requirement for setting up this project is 39230 square meters

Roads and Airport.

The proposed location is well connected with both Dodoma and Iringa Road. Building and maintaining roads into and out of the quarry can be an expensive process. Since all the three mines are very close to the main road transportation is not a burden. In Dodoma region rain fall limited to some period, most of the time whether is friendly for mining. The nearest Airport is at Dodoma approximately 50 kilometers from site. Regular domestic air lines are operated from this airport.

Communication.

Communication facilities such as telephone and internet are available in Dodoma town. The mobile tower operators and service providers such as Vodacom, Tigo, Halotel and Airtel mobile company services are available. The communication system is expected to improve once the company becomes operational. The same facilities can be extended to the plant unit.

OPERATING EXPENSES.

- **Electricity, Fuel & water**

  Electricity costs are estimated at USD 300 per month, the Quarry are near the power lines, this would be most economical thus we can connect to national grid for electricity. Fuel costs are estimated at 25% of the electricity costs and the company plans to drill big well for availability of enough water to satisfy operation These expenses are expected to increase at 50% up to 3 year of operation.

- **Repair and Maintenance**

  Expenses towards repair and maintenance are estimated at USD 1000 per annum in the first year of operation. This expense is expected to increase at 25% incremental up to year 5 of operations.

MATERIALS AND INPUTS

The raw materials required for the production 1500 m3 of granite slabs per annum is indicated in Table below. The abrasives are supposed to be obtained from foreign sources. Electricity and water are the two major utilities required by the plant

RESOURCES OWN CONCESSION

Currently we have three open casting mines. The estimation of granite deposit is measured by measuring Length times Width with its respective Depth. Length and width is considered as per the outcrop seen on the surface. The depth of the ore body is considered difference between highest point of elevation and lowest point of elevation. The average height of the outcrop from the ground level and 20 Meters below the ground level is considered as depth of ore body. The average output of a very good mine is 350 – 500 Cubic meters. In Ntuka and Mhande mines we can expect a very good production since the outcrop itself is fresh which can be used for cutting and polishing. Boulders size big compared to other two sites.

RESOURCES ESTIMATION AT EACH SITE

Resource (Granitic Ore body) is estimated by means of calculating the volume of ore deposit of each site (Granite Deposit) times the percentage of the recovery

General Characteristics of the Granitic Rocks Available In Three Sites

I. Nkulabi Site-Iringa Road (Site-2)

- Rocks are Absolutely black in color (rich in mafic minerals)
- Grain texture is very fine (grain size is very small)
- They are Uniform in terms of composition with no inclusion minerals
- Grains shape is roundish.
- Rock quality is very good when polished since its uniform in terms of minerals composition (looks like a mirror when polished).
- Magnetite minerals are composed in the rocks
- Rocks are very Hard

Estimation of Ore Body									
S.No	Area	Length Meter	Width Meter	Depth Meter	Volume (Cubic Meter)	Recovery Percentage	Recovery	Per year Production Cu. Mtr	Life of Mine
1	Ntuka	386	30	40	463200	20%	92640	3600	25.73
2	Mhande	200	30	50	300000	20%	60000	3600	16.67
3	Nkulabi 1	262	42	45	495180	15%	74277	1200	61.90
4	Nkulabi 2	91	98	50	445900	10%	44590	900	49.54
Total Production out of Four Mines								9300	

II. Nkulabi Site-Inside (Site-1)

- Rocks are black in color (with little mafic mineral)
- Grain texture is fine to medium (size of the grain is small to medium)
- Rocks are uniform but affected by chloritic alteration (sugar dots)
- Chrolitic minerals shine like stars when polished.
- Rocks are composed with magnetite mineral.
- Rocks are very Hard

III. Ntyuka And Mhande Site

- Texture of the rocks is medium (grain size is intermediate).
- Rocks are black in color (rich in mafic minerals)
- Rocks are uniform in mineral composition.
- Slabs quality is very good after polishing, since it is uniform in terms of mineralogy.
- Rocks are composed of the iron minerals (magnetite)
- Very hard rocks

Quarry Start-Up Checklist

The following are a number of items to be considered in developing a quarry in the Tanzania. The following aspects considered when planning a quarry and developing operating costs.

COLOR OF THE STONE

Colors and textures are very important for dimensional stone. Black granite has universal demand and till today miners cannot fulfill the world market demand. Our three quarry products are Absolute Black in color and it fetch very good mirror polish.

All the sites textures ranging from fine to medium size, at Nkulabi site-1&2 the texture is fine, while in Mhande and Ntyuka texture is general Medium. In both sites grains shape is roundish.

SUSTAINABILITY OF A QUARRY

It will take at least 10 years to service debt and initial investments. As per geological survey our mine life will be more than 20 Years. From the calculation data above (Estimation Ore body), it shows that the mines can sustain in more than 10 years.

Yield Can Be Expected Each Year for the First 10 Years

This is a calculated guess, even for the most experienced quarry operator. Much of the guessing can be alleviated by carefully examining the geology of the site by experienced miners. We brought experienced geologists and mine owners from India and carefully inspected all the three proposed mining areas. After considering their opinion from all the experts about the deposit bulk sampling were made. Sample exported to India for STONA -2016 Bangalore and taken feedback from reputed wholesale buyers. Nkulabi site 2 is very good in colour and texture. Even small size block can be marketable at a good price. For Ntuka and Mhande village big size blocks are recommended for international market. Market is readily available for all the products.

To Prepare the Quarry Face for Block Removal

Most quarries have some amount of overburden of varying depths that must be removed. Excessive amounts can be very costly and will cut into the profits. This should be evaluated before deciding on the final quarry site. A carefully planned core-drilling program will determine the area with the least overburden and will also indicate the depth of the stone deposit. It is important to know how much overburden you will encounter in years following the opening of the quarry. Careful evaluation of this in the beginning will save large amounts of money.

TYPES OF ROLLING STOCK REQUIRED

Rolling stock is the equipment that will be needed to move the blocks of stone round once it has been cut. Such items include front-end loaders, backhoes, shovels, trucks, derricks, etc. One of the most costly items in the development of a quarry is the rolling stock. New equipment is very expensive. Many new quarry developments contract out many of these services. Another option is lease-purchase or buying used equipment. The decision depends on the amount of capital available. If equipment is purchased, it should have a payback within 5-7 years.

TYPES OF FACILITIES NEEDED AT THE QUARRY SITE

Initially very little is needed. The primary need is a small multi-purpose building or trailer to house the office, scale tabulator, and worker's area. A good option would be trailer rental, which is self-contained (including restroom facilities).

The Personnel Requirements of the Quarry

Experienced drillers, heavy equipment operators are plentiful. Workers will be required to operator many types of equipment. Initially 4 to 10 people are all that is needed to run a small quarry. Needs will include a quarry manager, a driller and helper, two people to operate the wire saw or belt saw, a loader/crane operator, and at least one truck driver. Large machinery manufacturers will often work with a quarry developer in determining the types of equipment needed for a specific quarry.

MARKET STUDY AND ANALYSIS

❖ Market Study and Analysis Objectives

This feasibility study aims at both financial and socio economic viability with in-depth financial analysis and sustainable socio economic benefits.

❖ Market Potential. (International market of natural stone)

Throughout history stone was chosen as a principal building material because of its availability, beauty and long lasting features which are the guiding requirement of architecture in any age. Granite is composed of minerals, yielding excessive resistance to abrasion, making it the material of choice.

Granite buildings are preferred for their beauty, durability, permanence and prestige. Granite is used in floor tiles, landscape products, tumble stones, building interiors, church features, paving materials, counter top slabs, cemetery features, and cobblestones and in other industrial applications. Granite products are supplied in different colours and finishes.

Official statistics on granite is not available although granite is known to be produced locally at small scale level. Granite demand is directly related with the construction industry in general and the building sector in particular.

From a global view point the natural stone industry is growing rapidly. Since the beginning of the 1990's, production has risen annually by an average 7.3% and international trade has even increased by an average 8.7%. Worldwide natural stone extraction is meanwhile estimated at 150 million tons gross per year. Annual production after deduction of waste and cutting losses amounts to about 820 million square-meters – referred to a slab thickness of 2 cm. The total production value is estimated at 40 billion US $.

Dimensional stone processing is being done with different levels of technology in different countries but a few leading countries such as Italy, China, Spain, Japan, Taiwan, Portugal, Germany, France, USA, and Greece have developed highly efficient technology with good forward and backward linkages. India has also improved this sector considerably in the last two decades. Consumption on the other hand is more wide spread phenomena with over 50 countries of the world making use of dimensional stone in considerable quantities. The quarrying and working of stone, already practiced in ancient times by the Egyptians and the Greeks, was greatly developed in Italy under the Romans. However towards the end of the 18th century, economic activity in the stone sector developed for the first time with the invention of

gunpowder and the use of mechanical cutting. Dimensional stones are produced in more than 42 countries of the world while 12 of these producers are dominant in the international market i.e. 6 European countries and 3 each from Asia and Africa. Technological advances in the last seventy years had increased the world production and consumption of dimensional stones to 150 million tons while, consumption came to about 8.8 billion square feet (820 million square meters), generating overall turnover of $40 billion2. The majority of world consumption comes from material that is quarried in different countries than those where it is eventually installed. The leading producers are China, India, Italy, Spain and Portugal account for 53% of world quarrying production. The driving force in the sector was international trade, which is just under 29.6 million tons and equal to about 4.8 billion square feet (450 million equivalent square meters) and has reached US$ 8.6 billion mark in 2004 with an annual average increase of 13% while China has shown the largest increase in its export value i.e almost 28% annually over 4 years. Italy, China and Spain are the major players in the international market and exported more than 55% of the dimensional stone's products (blocks and processed) by value. Other major exporters include Brazil, Spain, India, Turkey and Portugal.

As far as product composition is concerned, in case of marble, 53% is exported directly from the mines while other 47% includes 45% of indoor and outdoor floorings and stairs while 55% in handicrafts and other construction materials. Major importers of Marble products (processed and unprocessed) are Italy, USA, Japan, Germany, Italy and China and more than 60% of the products are directed toward these countries.

Market Study Report for the year 2015

In 2014, natural stone (marble, granite, stone, and travertine) recorded world trade of 86 million tons, +7.4% compared to 2013, for a value of 22.8 billion (+1.8%) with a stabilization of market shares among the top ten countries but with interesting variations in the percentages. China continues to hold the largest share of the market with 35.8% (among the most important partners, Japan and the countries of the area), followed by Italy with 13.5%, a stable market in terms of finished products with high added value. Turkey holds 12.1% (down consistently compared to the 12.9% in 2013) followed by India (10.8%) and Brazil with 7.0%. The performance of Iran is interesting. In one year only, Iran increased its share from 1.1% to 1.8% and stands out in terms of production, exports and domestic consumption as well as its imports of Italian technology. The target market for natural stone is the construction industry, which in 2014 stood

at 6,800 billion euro, of which 51% is attributed to Asia picking up after seven years of general crisis. Granite makes up 70% of the total (3.2 billion euro, +6.4%), exported in particular to South Korea and Japan but exports of finished marble products are also growing (1.3 billion euro, +4.5%) exported in particular to the US. China is also the leading country for imports with 14.7 million tons purchased mainly from Turkey that is now affected by the slowdown in Chinese demand. The second largest market for domestic demand is the United States that imported products for nearly 2 billion euro (5%) while - said Gussoni – there are signs of a recovery of the European market with the EU countries that imported products for a total value of 2.3 billion euro, with a small 0.3% increase, yet far from the 2.6 billion in 2012". Italy, firmly in second place worldwide, exported 4,194,035 tons of marble, granite, travertine and other materials, both raw and processed, in 2014 to a value of 1,940,861,130 euro with a surplus of more than 1.5 billion euro. The driving item was finished marble products that, despite a 3.5% decrease in quantities exported, recorded an increase in value of 3.8% with exports of 891,933 tons of finished marble for almost 936 million euro. That means an average unit value of 1049 euro per ton (+7.5%) while exports of marble in blocks and slabs stood at 1.3 million tons for a value of 331 million euro. The quarrying and processing companies, particularly the export-oriented ones, have played an important role in the Italian trend and the organization of the districts in which they operate and the quality of the employees is an important hallmark on the international markets. China too lowered its imports in 2014. The IMM study concludes, analysing the characteristics and opportunities of the markets, the key words for the definition of any successful business strategy are sustainability and innovation combined with the recovery and use of waste, the short chain with a low environmental impact and the product design, environment and employment as shared values for the social legitimacy of the entire chain. The quarrying sector (which since 2007 has shown positive performance) is in excellent health with record values compared to 2013 and the data for the processing sector are positive too with sales up 5% compared to 2012 and by more than 9% on 2011.

TARGETTED MARKET AND CUSTOMERS

For granite slab & tiles, there is good International market. Slabs with fine finish and monuments of different colors, color patterns and design have export market. We want to concentrate on international market since Domestic market is very low at this stage. To achieve this, we want to market our product at a cost effective manner and supply the customers the high quality product. The very next, we would plan to supply our product to renowned Distributors and Dealers and also traders in International field. Our proposed location is very nearer to DODOMA – IRINGA highway and close to Dodoma railways station. All three mining sites are very close to proposed processing unit. Transport facilities are not at all a burden to this location. Stake holder of the company has approached the Tanzania railway authorities for bulk transportation and at the mean time there is a planning of having a meeting with Dar es Salaam port authorities for bulk export. Major transport operators are having franchisees in Dodoma town. Final product can also been transported and delivered to any location from our proposed location. Because of these potential advantages, we have chosen location of unit for our business.

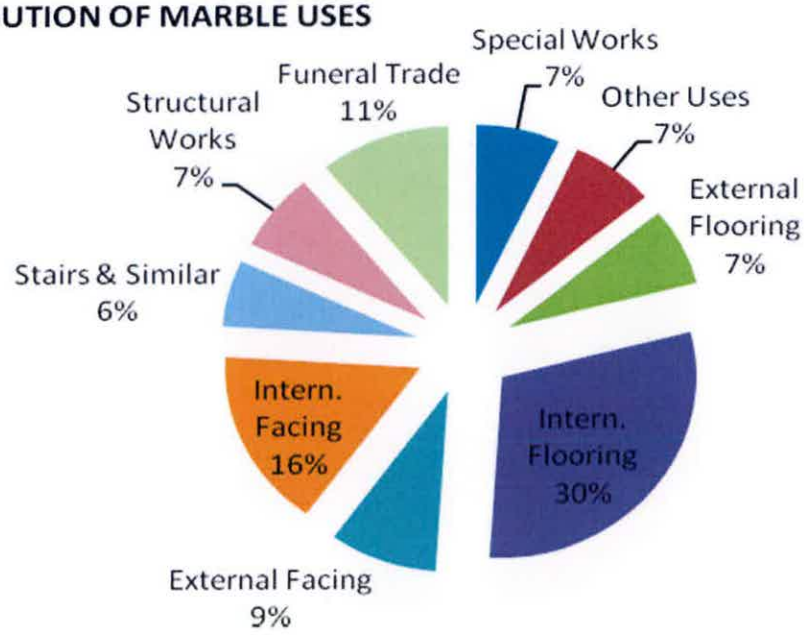
Due to the low level of income persisting in this country, granite is rather a product which has to be targeted for industrial institutions and higher income group housings. Recently, however, more and more buildings are utilizing granite. Therefore, only urban housing units are assumed to utilize granite. For 20% sale in the domestic market we have to concentrate on the above sectors.

According to building contractors, construction of a common house on average consumes 5.25m2 of granite for different purposes. In addition to the International market there is a strong possibility of selling to the neighboring countries such as Europe, DRC, India, USA, UAE, Oman and China.

USES OF DIMENSIONAL STONE

Major categories for usage of dimensional stones are architectural works, funeral trade and sculptures etc. In the architectural work that include construction and structural works total share of the dimensional stone is 70% while in the decorative, sculptures and memorial art etc. its share is 30%. According to their peculiar characteristics, including weather effects, color fading, load tolerance, edge cuts, water absorption, color choice, hygienic factor, hardness etc. various type of dimensional stones are used in different locations and places.

DISTRIBUTION OF MARBLE USES



MINING AND QUARRING INDUSTRY

The Market Prospects

Granite known as "King of Stones" because of its inherent characteristics such as extra fine mirror polish, scratch free glossy surface and durability. Indian granite has become the most sought after and extensively used stone material in building constructions and massive structural works throughout the world and is well known in the international market not only for its elegance and aesthetic quality but also for its durability. The usage of granite tiles and slabs is increasing as the construction activity is growing up. There is huge market potential for granite monuments in overseas. Slabs of fine finish are also being exported form our district. As there are large granite recourses in our district, the cutting and polishing activity becomes good investment decision.

Project Demand

The rapid development of urban areas, high-rise buildings, housing complexes, malls, governmental and non-governmental buildings make use of granite for both their interiors and exteriors. Once limited to the wealthy, granite has now become a part of the common people's use because of the supply of granite from the new granite industries

BASIS AND PRESUMPTIONS

It is assumed that the unit will operate on two shift basis for 25 working days a month and 300 working days in a year. The Installed capacity of the unit is 555,000 Sq. Ft per annum if the plant runs overall day. 80% capacity utilization is considered on two shift running.

Raw materials are supplied from different destinations. Raw material cost includes transportation charges. The materials are supplied to the site.

The salaries and wages for staff and labor have been taken into consideration on the basis of prevailing market rates and Minimum Wages Act. Interest on term loan has been taken at the rate of 14% on an average. This rate may vary depending upon the policy of the financial institutions/agencies from time to time.

The cost of plant and machinery, Raw materials, selling price of finished products etc. are the prices collected at the time preparation of project report and may vary depending upon location, manufacturers, market and other various reasons.

FEASIBILITY STUDY

Feasibility literally means whether some idea will work or not. It knows beforehand whether there exists a sizeable market for the proposed product/service, what would be the investment requirements and where to get the funding from, whether and wherefrom the necessary technical know-how to convert the idea into a tangible product may be available, and so on. As feasibility study is a multivariate concept, we have studied all the aspects to assess our proposed project to be viable not only in technical terms but also in economic and commercial terms too

In this study, we put our intention on all the facts of the feasibility of the proposed project, marketing, technical, financial, economic and legal. We have taken into consideration the following aspects and compile the information which was collected.

Consumption trends.

- Past and present supply position
- Production possibilities and constraints
- Imports and Exports
- Competition
- Cost structure
- Elasticity of demand
- Consumer behavior, intentions, motivations, attitudes, preferences and

- Requirements
- Distribution channels and marketing policies in use
- Administrative, technical and legal constraints impinging on the marketing of the product

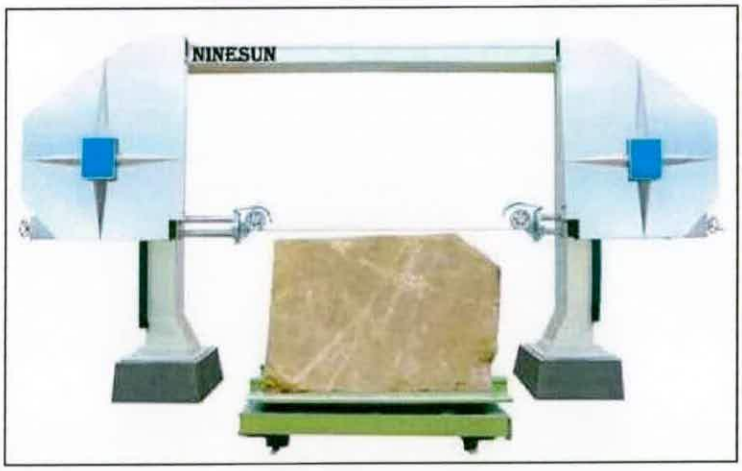
TECHNOLOGY & ENGINEERING PROCESS DETAILS

The processing of granite dimension stones essentially involves the following major operations: quarry opening; cutting; polishing and ornamenting. Quarrying for dimension stone requires a specialized method of extraction. Many a dimension stone quarry has been rendered useless by the over use of explosives. Wire sawing is used for primary block extraction. The system consists of a long stranded wire or diamond tipped wire fed through a series of pulleys and assisted by abrasives. Stranded wire has been used for many years in marble and sandstone, whilst improvements in diamond technology, has seen the recent introduction of wire sawing in granite quarries. The yield from wire sawing is much higher and gives a semi-finished surface which allows a close examination of the material before further working. Cutting is performed by a gang-saw for producing granite slabs. Gang sawing uses a reciprocating frame with up to 120 steel blades working their way through the block. It can take up to one week to saw each block. Surface finishing or polishing of shaped marble blocks by rubbing beds and polishing machines in order to attain attractive color and uniform texture.

Process Flow sheet:

1. Block Mining and brought to the processing unit.

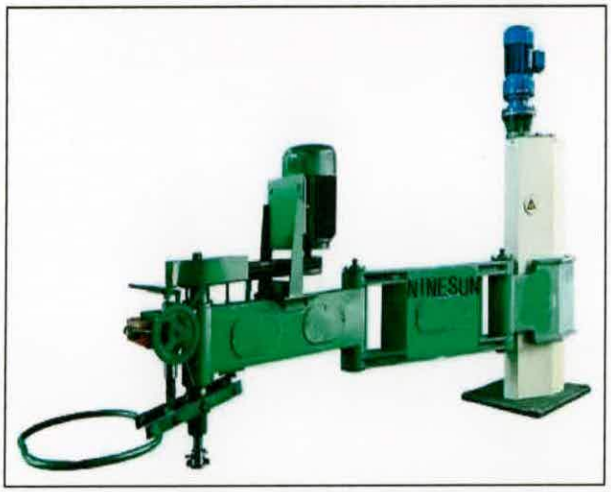
2. Block Dressing using single diamond saw wire machine: Block to be dressed before taking it to the sewing machine.



3.Block to be loaded to Trolley using Gantry crane

4. Block cutting using multi-blade circular saw machine

5. Polishing Granite slab using Hand polish machine

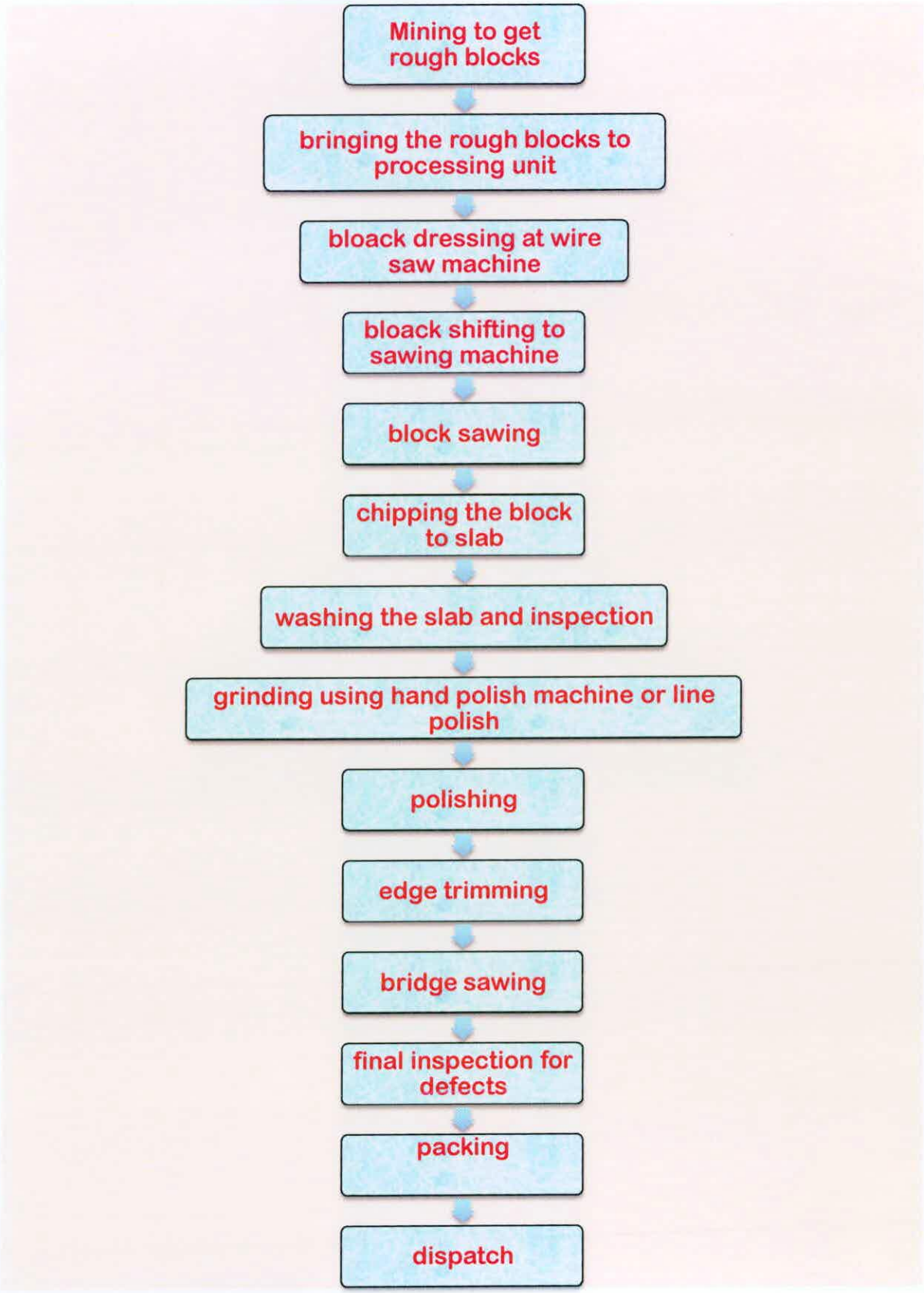


6. Polishing the slab using Line polish machine:

7. Edge cutting using bridge saw machine:

8. Granite slab Packing:

FLOW PROCESS CHART



PRICING AND DISTRIBUTION

Considering the current wholesale price of the product and margin for distributors and transportation cost a factory-gate price of block USD 300 to 600 per cubic m3 and USD 4 per square feet recommended for the envisaged plant. The product will be distributed to International market through Dar es Salaam port.

PLANT CAPACITY AND PRODUCTION PROGRAMME

Plant Capacity

At initial stage considering all aspects it is recommended that a plant with a capacity of 555,000 square meters of granite slabs per annum is proposed. Production capacity is based on a schedule of 300 working days per annum and a two shift of eight hours.

Production Program

The envisaged production program is given in Financial Annexures. The schedule is worked out in consideration of the time required for gradual build-up in labor productivity and fine-tuning of machinery. Production starts at 50% of plant capacity in the first year of operation and reaches full-gear in the 3rd year about 90% of operation and then after.

MANPOWER REQUIREMENT

The company will create One hundred fourteen (114) new jobs to manage and run the project.

MANPOER REQUIREMENT AND LABOUR COST				
S/No.	**Description Req.**	**No.**	**Monthly Salary ($)**	**Annual Salary ($)**
1	Managing Director	1		
2	Director	2		
3	General Manager	2	2000	48000
4	Marketing manager	1	1000	12000
5	HR and Accounts Manager	1	600	7200
6	Transport Manager	1	600	7200
7	Production Manager	2	600	14400
8	Mine Manager	1	600	7200
9	Sales Executive	4	200	9600
10	Accountant and Clerk	3	200	7200
11	Electrician	2	300	7200
12	Mechanical Engineer	2	400	9600
13	Machine Operator	18	300	64800
14	Canteen Supervisor	1	300	3600
15	Mine Supervisor - 1	3	300	10800
16	Drillers	12	300	43200
17	Mining machine operator	7	300	25200
18	Skilled labours	10	150	18000
19	Truck drivers	6	300	21600
20	Unskilled labor	29	100	34800
21	Guard	6	100	7200
	Total	**114**		**358,800**

FINAL PRODUCT

After processing the granite block at our processing unit a fine polished granite slab shall be the final product. The size of the slab varies according to the availability of raw material and as per the customer requirement. The smallest size will be called as Tiles and biggest size will be granite slab for flooring. These stones also used for monuments in developed counties.

Black Granite Slab

Blue Granite slab

Grey Granite slab

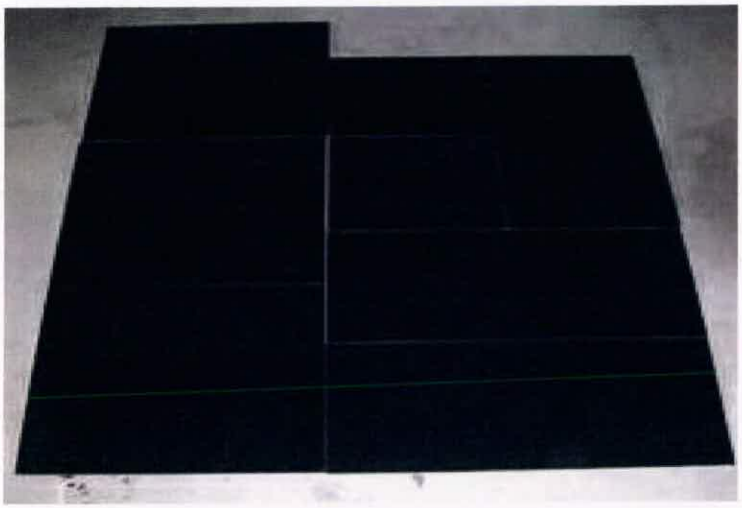
Black Granite Tiles

Monument Stone:

APPLICATION OF FINAL PRODUCTS

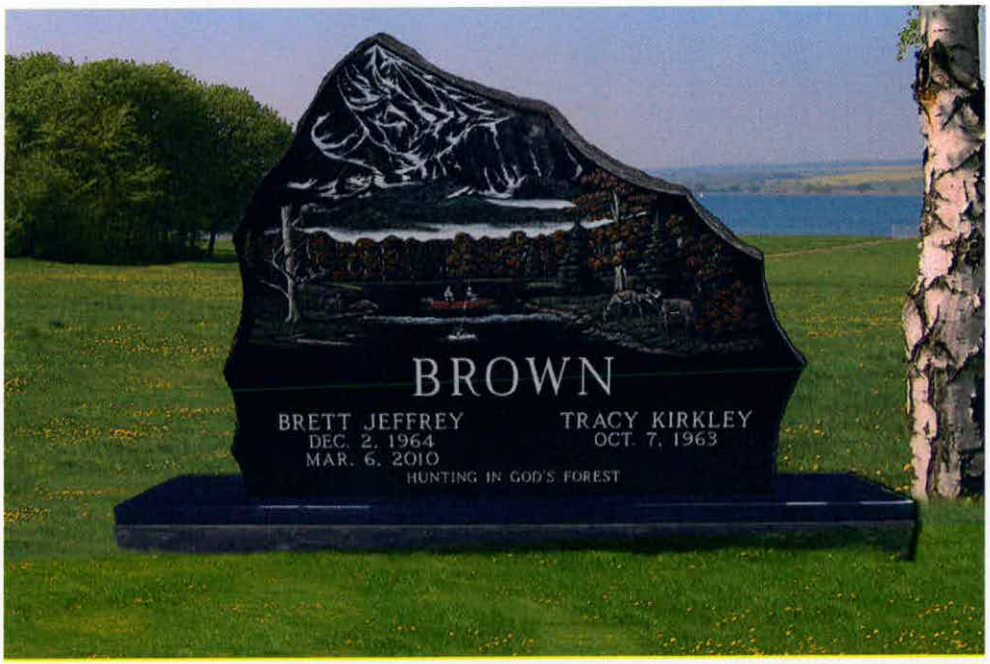
Kitchen and Table top

Flooring Tiles



Staircase Steps

Monument


BROWN
BRETT JEFFREY
DEC. 2, 1964
MAR. 6, 2010
TRACY KIRKLEY
OCT. 7, 1963
HUNTING IN GOD'S FOREST

ECONOMIC BENEFIT OF THE PROJECT

- The project will provide employment to 114 Tanzanians.
- The government will earn revenue from taxes.
- The project will bring foreign currency in the country as the result of exports.
- People will be able to buy high quality Granite & Marble stones.
- The project will promote of transfer of new Technology
- The project promotes processing of local raw materials for export
- The project promotes the linkages of local economy with the International market.

FINANCIAL ANNALYSIS

The projects financial projections depict the project to be viable, as it is shown by some of the indicators.

Projected Profit and Loss

The project will make a net profit of US$ 179,750 during year one, US$ 278,725 in year two and will increase to a maximum of US$ 669,283.

Projected Cash flow

The project will be able to generate enough cash to meet its obligation of repayment of loan and financing any capital expenditure during the project life, at the end of year five, the project will have an accumulated cash balance of US$ 804,625.

Payback Period

The payback period for the project will be around 4 years as per Appendix 5. This period is a+cceptable for Granite & Marble processing project.

Projected Balance Sheet

The balance sheet indicates favorable state of affairs of the company throughout the projected period. The net worth will increase from US$ 1,000,000 to US$ 2,928,690 in the fifth year.

Internal Rate of Return (IRR) after Tax

The internal rate of return as per Appendix 7 works out at 31% which is more favorable.

FINANCIAL ANALYSIS

UDBHAV INTERNATIONAL LTD

PROJECTED PROFIT AND LOSS ACCOUNT

Appendix 1

USD

YEAR	1	2	3	4	5
	Production	*Production*	*Production*	*Production*	*Production*
Grinite Slabs sold(Sq feet)	*3,85,000*	*4,12,500*	*4,40,000*	*4,40,000*	*4,95,000*
Sale Price per Sq. ft-US$	*4*	*4*	*4*	*4*	*4*
Income	15,40,000	16,50,000	17,60,000	17,60,000	19,80,000
Less:					
Variable Cost	6,16,000	6,60,000	7,04,000	7,04,000	7,92,000
Variable Margin	9,24,000	9,90,000	10,56,000	10,56,000	11,88,000
Less :					
Fixed Costs	2,50,000	2,87,500	3,30,625	3,30,625	3,30,625
Oprational Margin	6,74,000	7,02,500	7,25,375	7,25,375	8,57,375
Less					
Depreciation	2,84,250	2,55,775	2,30,833	2,08,984	1,46,092
Profit before Interest	3,89,750	4,46,725	4,94,542	5,16,391	7,11,283
Interest on Long -Term Loan	2,10,000	1,68,000	1,26,000	84,000	42,000
Profit before Tax	1,79,750	2,78,725	3,68,542	4,32,391	6,69,283
Tax (30%)	-	-	-	-	-
Profit after Tax	1,79,750	2,78,725	3,68,542	4,32,391	6,69,283
Profitabilty Ratio	**12%**	**17%**	**21%**	**25%**	**34%**
Accumulated Profit	1,79,750	4,58,475	8,27,017	12,59,408	19,28,690

UDBHAV INTERNATIONAL LTD

Appendix 2

PROJECTED BALANCE SHEET

USD

YEAR	0	1	2	3	4	5
	Construction	Production	Production	Production	Production	Production
ITEM DESCRIPTION						
Fixed Assets						
Opening Balance	-	22,00,000	19,15,750	16,59,975	14,29,142	12,20,158
Additions	22,00,000	-	-	-	-	-
	22,00,000	22,00,000	19,15,750	16,59,975	14,29,142	12,20,158
Less Depreciation	-	2,84,250	2,55,775	2,30,833	2,08,984	1,46,092
Closing Balance	22,00,000	19,15,750	16,59,975	14,29,142	12,20,158	10,74,065
Working Capital	2,50,000	2,75,000	3,50,000	5,25,000	8,50,000	10,50,000
Accumulated Cash	50,000	1,89,000	3,48,500	4,72,875	4,89,250	8,04,625
Total Assets	25,00,000	23,79,750	23,58,475	24,27,017	25,59,408	29,28,690
Financed by						
Equity	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000
Accumulated Profit	-	1,79,750	4,58,475	8,27,017	12,59,408	19,28,690
Total Equity	10,00,000	11,79,750	14,58,475	18,27,017	22,59,408	29,28,690
Long Term Loan	15,00,000	12,00,000	9,00,000	6,00,000	3,00,000	-
Bank Overdraft	-	-	-	-	-	-
Total Debts	15,00,000	12,00,000	9,00,000	6,00,000	3,00,000	-
Total Equity and Debts	25,00,000	23,79,750	23,58,475	24,27,017	25,59,408	29,28,690

UDBHAV INTERNATIONAL LTD						*Appendix 3*
CASH FLOW PROJECTIONS						
						USD
ITEM DECSRIPTION/YEAR	**0**	**1**	**2**	**3**	**4**	**5**
	Construction	Production	Production	Production	Production	Production
Sources						
Profit before Interest	-	3,89,750	4,46,725	4,94,542	5,16,391	7,11,283
Depreciation	-	2,84,250	2,55,775	2,30,833	2,08,984	1,46,092
Long Term Loan	15,00,000	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-
Equity	10,00,000	-	-	-	-	-
Total sources	25,00,000	6,74,000	7,02,500	7,25,375	7,25,375	8,57,375
Applications						
Capital expenditure	22,00,000	-	-	-	-	-
Working capital	2,50,000	25,000	75,000	1,75,000	3,25,000	2,00,000
Cash	50,000	1,39,000	1,59,500	1,24,375	16,375	3,15,375
Tax	-	-	-	-	-	-
Sub-total	25,00,000	1,64,000	2,34,500	2,99,375	3,41,375	5,15,375
Debt service						
Principal	-	3,00,000	5,00,000	5,00,000	5,00,000	5,00,000
Interest	-	2,10,000	1,68,000	1,26,000	84,000	42,000
Total Debt service	-	5,10,000	6,68,000	6,26,000	5,84,000	5,42,000
Total applications	25,00,000	6,74,000	9,02,500	9,25,375	9,25,375	10,57,375
Accumulated cash	50,000	1,89,000	3,48,500	4,72,875	4,89,250	8,04,625
Necessary working capital	2,50,000	2,75,000	3,50,000	5,25,000	8,50,000	10,50,000

UDBHAV INTERNATIONAL LTD

Appendix 4

REPAYMENT OF LOANS AND BANK OVERDRAFT

USD.

Year		Loan			Bank O/D		Total Bank credit
	Inward	Interest	Adds/reds	Inward	Interest	Adds/reds	
	Balance	14%		Balance	14%		
0	-	-	15,00,000	-	-	-	15,00,000
1	15,00,000	2,10,000	3,00,000	-	-	-	5,10,000
2	12,00,000	1,68,000	3,00,000	-	-	-	4,68,000
3	9,00,000	1,26,000	3,00,000	-	-	-	4,26,000
4	6,00,000	84,000	3,00,000	-	-	-	3,84,000
5	3,00,000	42,000	3,00,000	-	-	-	3,42,000

UDBHAV INTERNATIONAL LTD

PAYBACK PERIOD *Appendix-5*

USD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	1,79,750	2,84,250	4,64,000	4,64,000
2	2,78,725	2,55,775	5,34,500	9,98,500
3	3,68,542	2,30,833	5,99,375	15,97,875
4	4,32,391	2,08,984	6,41,375	22,39,250
5	6,69,283	1,46,092	8,15,375	30,54,625

Initial fixed investment and working capital = USD 25,00,000

From above table, payback period is calculated at just above 4 years.

UDBHAV INTERNATIONAL LTD

Appendix 6

DEPRECIATION SCHEDULE

USD

Item Description	Value	Rate %	1	2	3	4	5	Total	Residual Value
Land & Building	1,40,000	5.0	7,000	6,650	6,318	6,002	5,702	31,671	1,08,329
Plant & Machinary	18,00,000	12.5	2,25,000	1,96,875	1,72,266	1,50,732	1,31,891	8,76,764	9,23,236
Vehicles	1,75,000	25.0	43,750	43,750	43,750	43,750	-	1,75,000	-
Furniture & Equipments	85,000	10.0	8,500	8,500	8,500	8,500	8,500	42,500	42,500
Total	22,00,000		2,84,250	2,55,775	2,30,833	2,08,984	1,46,092	11,25,935	10,74,065

UDBHAV INTERNATIONAL LTD

INTERNAL RATE OF RETURN (IRR) AFTER TAX

Appendix-7

USD

Year	Investment	Working Capital	Profit before depreciation and interest	Tax	Cashflow
0	(22,00,000)	(3,00,000)	-	-	(25,00,000)
1	-	-	6,74,000	-	6,74,000
2	-	-	7,02,500	-	7,02,500
3	-	-	7,25,375	-	7,25,375
4	-	-	7,25,375	-	7,25,375
5	10,74,065	18,54,625	8,57,375	-	37,86,065

Internal Rate of Return (IRR) after tax = 31%

*= Residual Value

UDBHAV INTERNATIONAL LTD
BREAKEVEN ANALYSIS BASED ON YEAR FIRST

Annexure-8

USD

ITEM	FIXED COST	VARIABLE COST	TOTAL COST
Raw Mtrl + Packing Mtrl	-	6,16,000	6,16,000
Other Manufacturing Exp.	-	-	-
Depreciation	-	2,84,250	2,84,250
Interest	-	2,10,000	2,10,000
Total	-	11,10,250	11,10,250
A: Sales Revenue			15,40,000
B: Variable Costs			11,10,250
C: Contribution Margin (A-B)			4,29,750
D: Fixed Costs			2,50,000
E: Contribution Margin Ratio (C/A*100)			27.91%
F: Breakeven Sales (D/E)			8,95,870
G: Breakeven Capacity			58.17%

TICC/PP.10/042451/8 **30/07/2015**

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

Dear Sir,

RE: DUTY/ VAT REMISSIONS ON CAPITAL/ DEEMED CAPITAL GOODS – CERTIFICATE OF INCENTIVES No: 042451

M/S Udbhav International Limited is a TIC registered company with certificate of incentives **No. 042451** which is valid up to **May 2016**

The company has been registered with objectives of establishing a project for Minerals processing.

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

Yours sincerely
TANZANIA INVESTMENT CENTRE

N.A. Senzia
FOR: EXECUTIVE DIRECTOR

TIC

UDBHAV

Date: 27th July, 2015

The Commissioner of Customs and Excise
P.O.Box 9053,
Dar Es Salaam
Tanzania

Received on 27/7/2015 in TRA TIC

U.F.S

The Executive Director
Tanzania Investment Centre
P.O.Box 938
Dar Es Salaam
Tanzania

Dear Sir,

RE: DUTY & VAT EXCEMPTION ON CAPITAL/DEEMED CAPITAL GOODS FOR CERTIFICATE OF INCENTIVES NO:

We are TIC approved project with certificate of incentive number 042451 which is valid up to June 2016.

The company has been registered with the objectives of Mineral processing (Iron & Copper)

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

We therefore request your good office to approve said items accordingly on priority bases and grant us permission so that said project can be executed fully in time.

Thanking you in advance for yours always Kind Corporation and Assistance.

Yours Sincerely,

Managing Director

Certified True Copy of the Original
Signature
Date 10/11/2014
For: Executive Director
Tanzania Investment Centre

00220079

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042451

This is to certify that

UDBHAV INTERANTIONAL LIMITED

of address P.O. BOX 1792
MOROGORO

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

UDBHAV INTERNATIONAL LIMITED

Which is located at PLOT NO. 111, FOREST HILL MOROGORO VIJIJINI
MOROGORO

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

Executive Director

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

Dated 9TH JULY, 2013

GP.DSM

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 / Nationality / Shareholding (%)

Shareholders	Nationality	Shareholding (%)
Usha Navak	Indian	33.33
Shravan Kumar	Indian	33.33
Sweekar P. Nayak	Indian	33.33

2. Proposed Activities : To establish project for minerals processing

3. Sector: Manufacturing Subsector Mineral Processing (Iron & Copper)

4. Investment cost: Foreign USD 0m. Local USD 5.27m. Total USD 5.27m.

5. Project Financing:
Equity USD 1.07m. Loans USD 4.2m. Total USD 5.27m.

6. Source, terms and conditions of loan

7. Assets to be invested:

Capital items:	Foreign	Local	Total
	USD 0m.	USD 5.27m.	USD 5.27m.

8. Technology Agreement None

9. Date of TIC Registration: 10th June, 2013

10. Implementation period June, 2013 - May 2016

11. Operative date June, 2016

12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997

(i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976&VAT Act,1997

(ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)

(iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)

13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.

14. Conditions attached to this Certificate of Incentives

(i) Date of Commencement of investment has to be notified to the Centre.

(ii) Certificate not to be transferred, assigned or amended

(iii) Failure to commence implementation within two years invalidates Certificate

(iv) Failure to operate investment must be notified to the Centre

(v) Changes in shareholding, project activities and level of invested capital must be notified to the centre

15. Additional conditions attached to Certificate

Finished goods are not allowed under this Certificate

Signed .....
Executive Director

CTIN.: 1621567

ISO 9001 : 2008 Certified

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

UDBHAV INTERNATIONAL LIMITED

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

117-144-526

with effect from 02/05/2012

P. N. Kassera

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

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

LIST OF ITEM

S. No.	ITEM NAME	UNIT MEASUREMENT	HS CODE	QUANTITY	ITEM GROUP	ITEM COST	TIN	EXEMPTION REFERENCE NO	EXEMPTION DATE
1	Doosan Make , StonAir 3 Model Compressor . Srl # BFDASA3066	Nos		3	Plant and Machinaries.	32598	117-144-526		
2	ELEMENT OIL FILTER (PI 137200)	Nos		12	Plant and Machinaries.	194.64	117-144-526		
3	ELEMENT AIR CLEANER	Nos		12	Plant and Machinaries.	387	117-144-526		
4	ELEMENT AIR CLEANER OUTER	Nos		12	Plant and Machinaries.	1088.76	117-144-526		
5	ELEMENT AIR CLEANER INNER	Nos		6	Plant and Machinaries.	94.5	117-144-526		
6	ELEMENT AIR CLEANER	Nos		6	Plant and Machinaries.	64.68	117-144-526		
7	OIL FILTER	Nos		24	Plant and Machinaries.	258.72	117-144-526		
8	FUEL FILTER	Nos		24	Plant and Machinaries.	832.56	117-144-526		
9	MDS. Jackhammer - per piece	Nos		15	Plant and Machinaries.	3984.375	117-144-526		
10	Check bush	Nos		90	Plant and Machinaries.	210.9375	117-144-526		
11	Powl set-	Nos		150	Plant and Machinaries.	304.6875	117-144-526		
12	Air pipe-	Nos		45	Plant and Machinaries.	3375	117-144-526		
13	Side bolts-	Nos		27	Plant and Machinaries.	116.015625	117-144-526		
14	Racched box-	Nos		6	Plant and Machinaries.	46.875	117-144-526		
15	Rifel bar-	Nos		6	Plant and Machinaries.	70.3125	117-144-526		
16	Rifel nut-	Nos		18	Plant and Machinaries.	140.625	117-144-526		
17	check nut -	Nos		18	Plant and Machinaries.	225	117-144-526		
18	Hose pipe 3/4"	Nos		9	Plant and Machinaries.	1195.3125	117-144-526		
19	clamps-	Nos		150	Plant and Machinaries.	70.3125	117-144-526		
20	coupling-	Nos		150	Plant and Machinaries.	14.0625	117-144-526		
21	washer-	Nos		600	Plant and Machinaries.	3600	117-144-526		
22	lubricator-	Nos		9	Plant and Machinaries.	140.625	117-144-526		
23	Drill rod 2.5ft-	Nos		150	Plant and Machinaries.	1875	117-144-526		
24	Drill rod 5ft-	Nos		100	Plant and Machinaries.	1718.75	117-144-526		
25	Drill rod 6ft-	Nos		40	Plant and Machinaries.	812.5	117-144-526		
26	Drill rod 8ft-	Nos		20	Plant and Machinaries.	515.625	117-144-526		
27	Drill rod 10ft-	Nos		20	Plant and Machinaries.	625	117-144-526		
28	Drill rod 12ft-	Nos		20	Plant and Machinaries.	812.5	117-144-526		
29	Drill Bit 32	Nos		1000	Plant and Machinaries.	5156.25	117-144-526		

TICC/PP.10/042451/6 **11/11/2014**

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

Dear Sir,

RE: DUTY/ VAT REMISSIONS ON CAPITAL/ DEEMED CAPITAL GOODS – CERTIFICATE OF INCENTIVES No: 042451

M/S Udbhav International Limited is a TIC registered company with certificate of incentives **No. 042451** which is valid up to **May 2016**

The company has been registered with objectives of establishing a project for Minerals processing.

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

Yours sincerely
TANZANIA INVESTMENT CENTRE

N.A. Senzia
FOR: EXECUTIVE DIRECTOR

TIC

UDBHAV

Date: 10.11.2014

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

Received
10/11/2014
TRA/TIC

UFS

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

TANZANIA INVESTMENT CENTRE
10 NOV 2014
TANZANIA

Dear Sir,

RE: DUTY AND VAT EXEMPTION ON CAPITAL/ DEEMED CAPITAL GOODS FOR CERTIFICATE OF INCENTIVES NO: 042451

We are TIC approved project with the certificate of incentive No: 042451.

Which is valid up to May 2016.

The company has been registered with objectives of Mining and mineral processing.

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

Yours sincerely

Managing Director

UDBHAV INTERNATIONAL LTD
Registered Office: FOREST HILL ROAD P.O. BOX 1792 MOROGORO, TANZANIA.
Email: udbhav.international@udbhav.in, sweekar.nayak@udbhav.in

TIC

UDBHAV

Date: 10.11.2014

COMMISSIONER OF CUSTOMS & EXCISE
Tanzania Revenue Authority,
P.O. Box 9053
DAR ES SALAAM

Received on
10/11/2014
TRA
TIC

UFS

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

Dear Sir,

RE: DUTY AND VAT EXEMPTION ON CAPITAL/ DEEMED CAPITAL GOODS FOR CERTIFICATE OF INCENTIVES NO: 042451

We are TIC approved project with the certificate No: 042451

Which is valid up to May 2016.

The company has been rigestered with objectives of Mineral Processing of Iron & Copper.

Attached herewith please find a list of Capital/ Demmed Capital Goods for Duty/ VAT exemption approved.

Yours Sincerely

Managing Director

UDBHAV INTERNATIONAL LTD
Registered Office: "UDBHAV International Limited", Plot No. 111, Block No. MD, PO Box No. 1792, Morogoro. Tanzania
Cell: 0687178217, 0717029092, Email: udbhav.international@udbhav.in

00220079

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042451

This is to certify that

UDBHAV INTERANTIONAL LIMITED

of address P.O. BOX 1792
MOROGORO

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

UDBHAV INTERNATIONAL LIMITED

Which is located at PLOT NO. 111, FOREST HILL MOROGORO VIJIJINI
MOROGORO

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

Executive Director

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

Dated 9TH JULY, 2013

GP.DSM

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	Nationality	Shareholding (%)
Usha Navak	Indian	33.33
Shravan Kumar	Indian	33.33
Sweekar P. Nayak	Indian	33.33

2. Proposed Activities : To establish project for minerals processing

3. Sector: Manufacturing Subsector Mineral Processing (Iron & Copper)

4. Investment cost: Foreign USD 0m. Local USD 5.27m. Total USD 5.27m.

5. Project Financing:
Equity USD 1.07m. Loans USD 4.2m. Total USD 5.27m.

6. Source, terms and conditions of loan

7. Assets to be invested:

Capital items:	Foreign	Local	Total
	USD 0m.	USD 5.27m.	USD 5.27m.

8. Technology Agreement None

9. Date of TIC Registration: 10th June, 2013

10. Implementation period June, 2013 – May 2016

11. Operative date June, 2016

12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997

(i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976&VAT Act, 1997

(ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)

(iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)

13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.

14. Conditions attached to this Certificate of Incentives

(i) Date of Commencement of investment has to be notified to the Centre.

(ii) Certificate not to be transferred, assigned or amended

(iii) Failure to commence implementation within two years invalidates Certificate

(iv) Failure to operate investment must be notified to the Centre

(v) Changes in shareholding, project activities and level of invested capital must be notified to the centre

15. Additional conditions attached to Certificate
Finished goods are not allowed under this Certificate

Signed .....
Executive Director

CTIN.: 1621567

ISO 9001 : 2008 Certified

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

UDBHAV INTERNATIONAL LIMITED

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

117-144-526

with effect from 02/05/2012

P. N. Kassera

COMMISSIONER FOR DOMESTIC REVENUE

OFFICIAL SEAL

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

NO:	ITEM NAME	UNIT MEASUREMENT	HS CODE	QNTY	ITEM GROUP	ITEM COST	TIN	EXEMPTION REFERENCE NO	EXEMPTION DATE
1	GASOLINE ROCK DRILL	1		1	PLANT AND MACHINERY	$ 30	117-144-526		
2	GASOLINE ROCK DRILL	1		1	PLANT AND MACHINERY	$590	117-144-526		
3	YN27J PETROL ROCK DRILL	1		1	PLANT AND MACHINERY	$500	117-144-526		
4	WEAR AND TEAR PARTS	1		1	PLANT AND MACHINERY	$125	117-144-526		
5	TAPER BUTTOM BITS DIA 32MM, 7 BUTTONS, 7 DEGREE, SKIRT LENGTH 60MM	1		5	PLANT AND MACHINERY	$51	117-144-526		

00220079

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042451

This is to certify that

UDBHAV INTERANTIONAL LIMITED

of address P.O. BOX 1792
MOROGORO

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

UDBHAV INTERNATIONAL LIMITED

Which is located at PLOT NO. 111, FOREST HILL MOROGORO VIJIJINI
MOROGORO

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

Executive Director

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

Dated 9TH JULY, 2013

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 (%)
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(i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976&VAT Act,199

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(iv) Failure to operate investment must be notified to the Centre

(v) Changes in shareholding, project activities and level of invested capital must be notified to the centre

15. Additional conditions attached to Certificate

Finished goods are not allowed under this Certificate

Signed .....
Executive Director

Unclaimed refund beyond three years will be forfeited

TANZANIA INVESTMENT CENTRE

Shaaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel. +255 22 2116328-31, Fax: +255 22 2118253

RECEIPT REC011868

No.006034

Received from : UDBHAV INTERNATIONAL LTD

Address Plot No 111 Block No. MD, P. O. Box 1792, MOROGORO

Received the sum of (In words): ONE THOUSAND AND ZERO CENTS ONLY

Being payment in respect of : CERTIFICATE OF INCENTIVES

Amount : USD 1,000.00

Cash / Cheque No: Bank Trans.28/06

Date : 02-Jul-2013

Suleso

Receiving Officer

TANZANIA

Aug' 11

53980

LEAS AGREEMENT

BETWEEN

SEBASTIQAN VITALIS SARWATT

Certified true copy from original

AND

28/06/2013

ALBERT LEWIS SEMNG'INDO
ADVOCATE, NOTARY PUBLIC & COMMISSIONER FOR OATHS
Box 71405, D'SALAAM

SWEEKAR PERNANSILA NAYAK.

UDBHAV INTERNATIONAL LTD.
TANZANIA

LEASE AGREEMENT

THIS AGREEMENT Made this ..... Day of 1st April 2012 BETWEEN PROF. SEBASTAIAN VITALIS SARWATT of P. o. Box3087, Morogoro (hereinafter referred to as" the Landlord') on the one hand and **SWEEKAR NAYAK.** (hereinafter referred to as" the tenant") on the other hand;

WHEREAS the Landlord is the registered owner of all that house on **Plot No. 111 Forest Hill MD,** Morogoro Municipality.

AND WHEREAS the Landlord hereby lets and the Tenant takes Guest house as commercial residential **Plot No. 111 Forest Hill** MD Morogoro Municipality (hereinafter referred to as "the demised premises").

NOW THEREFORE THIS AGREEMENT WITNESSETH AS FOLLOWAS:

1. In consideration of the rent, stipulation and conditions herein reserved the Landlord **LETS** and the Tenant **TAKES** the demised premises for a term of 1 year paying therefore the rent of Tanzania Shilings Three hundred thousands only (Tshs. 300,000/=) p.m
2. That, the said shall be paid at once Tsh. 3,600,000/=? (three million six hundred thousand only).
3. The tenancy period shall be for 1 year with effect from 1st April 2012 – 31 March 2013.
4. The tenant further covenants with the Landlord as follows:-
   a) To pay for all utilizes, namely: electricity and water bills.
   b) Not to assign, or sublet the demised premises to any person without the consent of the Landlord.
   c) To keep the area in a tenantable state of repair.
   d) That, the tenant shall at all times keep the premises secure and in the event of traveling; a security guard shall be engaged at her own costs to take care of the demised premises.

ALBERT LEWIS SEMNG'INDO
ADVOCATE, NOTARY PUBLIC & COMMISSIONER FOR OATHS
P.O.Box 71405, D'SALAAM

Certified true copy from original
29/06/2013

5. Further that, the Landlord covenants with the tenant that, the tenant shall observe all the conditions, stipulations and covenants and shall quietly enjoy possession of the demised premises.

6. The expenses for the preparation and execution of this Agreement shall be borne by both. The landlord acknowledge receipt of the Tsh. 3,600,000/= stipulated above.

IN WITNESS WHEREOF the parties have executed these present on the day manner herein below:-

SIGNED and **DELIVERED** by the said
PROF. SEBASTIAN VITALIS SARAWATT

Who is known to me personally
this 3rd day of March in my presence

Sarawatt
LANDLORD

Signature: .....
Postal Addres: P.O. Box 143
Morogoro
RESIDENT MAGISTRATE
MOROGORO

ALBERT LEWIS SEMNG'INDO
ADVOCATE
NOTARY PUBLIC
&
COMMISSIONER
FOR OATHS
P.O.Box 71406, D'SALAAM

SIGNED and **DERIVERD** by the said
SWEEKAR PERNANSILA NAYAK.
MEILUDIE Who is know to me personally
this 28 day of March 2012 in my presence.

.....
TENANT

Certified true copy from Original
28/06/2013

Signature: .....
PostalAddress: P.O. Box 143
Morogoro
Quaiifications: RESIDENT MAGISTRATE

RESIDENT MAGISTRATE
MOROGORO

N.B.: The tenant has decided to extent his stay for 3 months ie. 1st April to 30th June 2013, and pay Tsh 900,000/=

Sarawatt
LANDLORD

Sweekar Nayak

UDBHAV INTERNATIONAL LTD
TANZANIA

5. Further that, the Landlord covenants with the tenant that, the tenant shall observe all the conditions, stipulations and covenants and shall quietly enjoy possession of the demised premises.

6. The expenses for the preparation and execution of this Agreement shall be borne by both. The landlord acknowledge receipt of the Tsh. 3,600,000/= stipulated above.

IN WITNESS WHEREOF the parties have executed these present on the day manner herein below:-

SIGNED and DELIVERED by the said
PROF. SEBASTIAN VITALIS SARAWATT

Who is known to me personally
this 3rd day of March in my presence

Sarawatt
LANDLORD

Signature: .....
Postal Addres: P. O. Box 143
Morogoro
RESIDENT MAGISTRATE
MOROGORO

ALBERT LEWIS SEMNG'INDO
ADVOCATE, NOTARY PUBLIC & COMMISSIONER FOR OATHS
P.O.Box 71405

SIGNED and DERIVERD by the said
SWEEKAR PERNANSILA NAYAK.
MEILUDIE Who is know to me personally
this 28 day of March 2012 in my presence.

.....
TENANT

I certified true Copy from original 28/06/2013

Signature: .....
PostalAddress: P. O. Box 143
Morogoro
Qualifications: RESIDENT MAGISTRATE
RESIDENT MAGISTRATE
MOROGORO

UDBHAV INTERNATIONAL LTD TANZANIA

N.B: The tenant has decided to exte his stay for 3 months ie. 1 Apr to 30rd June, 2013 and pay Tsh 900,000/=

PROF. SEBASTIAN V. SARWATT
BOX 3087
MOROGORO.

Sarawatt
LANDLORD

TENANT
Date: 6/04/20

(3)

TICC/PP.10/042451/3 10th June, 2013

Managing Director,
Udbhav International Ltd.,
P.O. Box 1792,
MOROGORO.

RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE ESTABLISHMENT OF PROJECT FOR MINERALS PROCESSING

We wish to acknowledge receipt of your project proposal to establish project for minerals processing as presented in the TIC P.A. 1 Form No. 11066 and Feasibility Study with a projected investment of USD 5.27m.

We have studied your project proposal and we 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.

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 annexture 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$ 1000.00 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:-

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

TICC/PP.10/042451/3 10th June, 2013

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

Yours sincerely,
TANZANIA INVESTMENT CENTRE

Juliet R. Kairuki
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

Udbhav International Ltd.

Post Box	Forest Hill, Plot No. 111	COI Number	87788	Contact	Mr. Sweelcar P. Nayak
Post Office	1792	COI Date	16/04/2013	Designation	Director
Region	Morogoro	Application F. No	11066	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0717 029 092 Or 0687 17 82 17
		Sub Sector	Mineral Processing (Iron & Copper)	Fax	0
		File No	042451	E-Mail Address	Udbhav.Internationa@Udbhav.in

Project Location	
Plot/Block	Plot No. 111
Street	Forest Hill
District	Morogoro Vijijini
Region	Morogoro

Investment Finance Plan in Millions USD

Foreign Equity	Local Equity	Foreign Loan	Local Loan
1.07	0	0	4.2

Shareholders Detail

Name	Nationality	(%)
Usha Nayak	Indian	33.33
Shravan Kumar	Indian	33.33
Sweekar P. Nayak	Indian	33.34

Investment Breakdown (USD Million)	
Land/Building	0
Plant	3
Vehicles	2.27
Furniture & Fittings	0
Pre-expenses	0
Others	0
Working Capital	0
Total	5.27

Employment	45	Evaluated By	,wf officer4
Capacity	xxxx	Drawn By	wf regist3
Project Turn Over		Project Type	Mixed(Local & Foreign)

Description

To establish project for minerals processing

Recomendations

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

Decision Approved

UDBHAV

(1)

The Executive Director,
Tanzania Investment Centre
PO Box. No. 938,
Dar Es Salaam

Sub: Application for certificate of incentives.

Dear Sir,

Udbhav International Ltd P.O.Box. No. 1792, Plot No. 111, Forest Hill, Morogoro MD, Morogoro, Tanzania a company incorporated under the laws of the United Republic of Tanzania.

We are in business of mining in Tanzania of Iron ore and other minerals. We have obtained one prospecting license at Kekeo for Iron ore and we have started exploration activity. We are looking for a processing plant and export of processed iron ore. A detailed feasibility study report is attached.

We want to apply for certificate of incentive and registration of our projects with TIC. We have enclosed the following documents for your verification and necessary action.

1. A dully filled TIC application form.
2. A copy of company's Memorandum of Articles of Association.
3. The copy of certificate of company incorporation.
4. TIN copy of company and Directors.
5. Passport copy of Director and CTA copy.
6. Bank statement copy.
7. Company board resolution copy.
8. Feasibility study report.

With the above documents we request you kindly issue the certificate for incentives and register our project at your esteem organisation.

Thanking You.

For UDBHAV INTERNATIONAL LTD.

DIRECTOR

UDBHAV INTERNATIONAL LTD
Registered Office: "UDBHAV International Limited", Plot No. 111, Block No. MD, PO Box No. 1792, Morogoro. Tanzania
Cell: 0687178217, 0717029092, Email: udbhav.international@udbhav.in

Form PA 1 Serial No. 9056 TIC N 11066

TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

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

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

(Please fill the form in duplicate)

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT
(No. 26 of 1997)

APPLICATION FOR REGISTRATION
(Made under Regulation 42)

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

1. I/We Sweekar P. Nayak, Shravan kumar, Usha Nayak
(~~diretor~~/directors/~~agent~~ of ...Udbhav International Limited.....
(name of business enterprise) apply for registration of ...certificate of Incentives
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 ...Plot NO 111, Block NO MD
P.O. Box NO 1792 morogoro Tanzania.....

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 .....morogoro.....

4. The Principal Officers of the Company are ①Shravan Kumar ②Sweekar
P. Nayak.....
.....

5. Auditors of the Company are ...Unique Financial Services.....
Dar-Es-Salaam.....

6. The authorized share capital of the Company is Tshs./~~US$~~ 5,000,000,000.....
divided in to 500,000 shares of TShs 10,000
Each.....

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US$ ....5,700,000/=.....

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

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

I, Sweekar P Nayak..... of Post Office Number .....1792.....

Morogoro..... do solemnly and sincerely declare that I am a director/duly authorized agent of ..Udbhav International Limited.....

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 09 day of May..... 20.13 }

Applicant

Before me:

GLORY JAMES ADVOCATE NOTARY PUBLIC & COMMISSIONER FOR OATHS P.O. BOX 78220 D'SALAAM

.....
Commissioner for Oaths

Attach only where applicable, otherwise indicate "N/A"

APPLICATION SUMMARY

Company Name: Udbhav International Limited

Certificate of Incorporation Number: 87788 Status: Private Limited co

Certificate of Incorporation Date: 16-04-2012

Post Box: 1792

Town: morogoro

Sector: manufacturing **Sub-Sector:** Mineral processing (Iron ore, copper)

Investment Financing Plan in Million US$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
15000000 USD			4200000

Project Objectives: Mineral ~~Mining~~ ~~exploration~~ Processing activities in Tanzania – Iron ore, copper

Capacity:

Employment: Foreign: 20 Local: 25 Total: 45

Implementation Period: 6 months

Project Location ~~Kikeo~~ Kikeo area in morogoro

Site/Plot/Block No.: 111

Street: ~~Forest~~ Hill District: ~~Morogoro~~ Region: Morogoro

(Attach sketch map showing project location)

Shareholders	Nationality	%
Sweekar P Nayak	Indian	33.34
Shravan Kumar	Indian	33.33
Usha Nayak	Indian	33.33

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

Land/Building	-
Plant	3,000,000/-
Vehicles	2,700,000/-
Furniture & Fittings	-
Pre-expenses	-
Others	-
Working Capital	-
TOTAL	5,700,000/-

Contact Details:

Name: Sweelcar P Nayak Title: Director

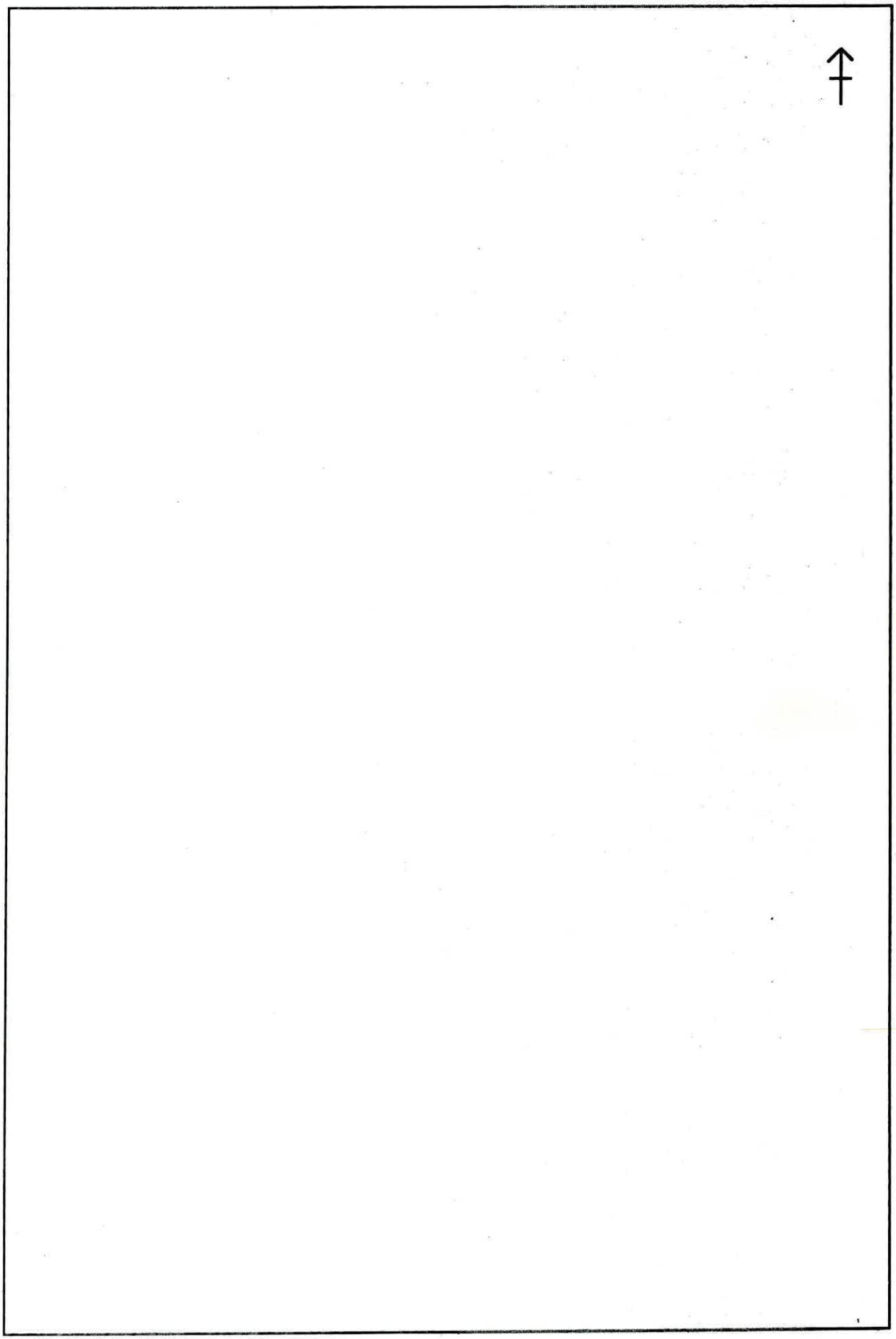
Telephone: 07170290 92, 06871 78217 Fax: .....

Email: udbhav.international@udbhav.in

Payments to be made payable to:

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

SKETCH MAP SHOWING PROJECT LOCATION




TUNISIA
ALGERIA
LIBYA
EGYPT
Red Sea
MAURITANIA
MALI
NIGER
CHAD
SUDAN
ERITREA
DJIBOUTI
ETHIOPIA
SOMALIA
ZAIRE
KENYA
Indian Ocean
South Atlantic Ocean
TANZANIA
ANGOLA
MALAWI
ZAMBIA
MOZAMBIQUE
NAMIBIA
BOTSWANA
SOUTH AFRICA
SWAZILAND
LESOTHO
SOUTHAFRICA
Indian Ocean


UGANDA
D.R. CONGO
KENYA
RWANDA
BURUNDI
MARA
KAGERA
MWANZA
SHINYANGA
ARUSHA
KILIMANJARO
MANYARA
KIGOMA
TABORA
TANGA
PEMBA NORTH, SOUTH
DODOMA
SINGIDA
UNGUJA NORTH, SOUTH & CENTRAL; TOWN & WEST
DAR ES SALAAM
RUKWA
MOROGORO
PWANI
INDIAN OCEAN
D.R. CONGO
MBEYA
IRINGA
LINDI
ZAMBIA
MTWARA
RUVUMA
MALAWI
MOZAMBIQUE
Scale 1:2,000,000
0 100 200 km
Digital Cartography by M C Shand
University of Glasgow 2007.

RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF UDBHAV INTERNATIONAL LIMITED HELD AT ITS REGISTERED OFFICE AT PLOT NO.111, FOREST HILL, MD MOROGORO MUNICIPALITY, DAR ES SALAAM,

TANZANIA AT Morogoro AT 11 A.M

Directors Present
Mr. Sweekar Pernankila Nayak.....Chairman

Ms. Usha Nayak.....Director

FURTHER RESOLVED THAT registration of company at Tanzania Investment centre as a investor in Tanzania.

RESOLVED FURTHER THAT Mr. Sweekar Pernankila Nayak, Director, be and is hereby authorized to do all such deeds and things necessary for effecting the above

Udbhav International Limited
Company No. 87788
Plot No.111, Forest Hill, MD Morogoro Municipality, Dar es Salaam, Tanzania.

There being no other business to transact the meeting ended at .....a.m/p.m. with a vote of thanks to the Chair.

For UDBHAV INTERNATIONAL LTD.

Chairman .....
(Mr. Sweekar Pernankila Nayak)
DIRECTOR

Date 8:03:2013.....

For UDBHAV INTERNATIONAL LTD.

Director .....
Usha Nayak
DIRECTOR

Date 08:03:2013.....

UDBHAV INTERNATIONAL LTD. TANZANIA

Standard Chartered

What's Your Priority?

To whom it may concern,
T.I.C
P.O.BOX.....
DAR ES SALAAM
20/05/2013

Dear Sir/Madam,

RE: UDBHAV INTERNATIONAL LIMITED

The above heading is concerned,
We confirm that UDBHAV INTERNATIONAL LIMITED maintains with us account number 0102021621200 and 8702021621200 which has been operating to our entire satisfaction.

Any assistance rendered to our esteemed client will be highly appreciated.

The information is provided to you for your private use only with the express condition that neither this Bank nor any of its officials will be responsible for issuing it.

Yours faithfully,

Kishimbo Bariki
Relationship Manager.
IHP.

Standard Chartered

STATEMENT OF ACCOUNT

FOR ACCOUNT NUMBER 8702021621200

CURRENT ACCOUNT - SME

From 01-12-2012 To 31-12-2012

CURRENCY US DOLLAR

eStatement

Statement No. 3

UDBHAV INTERNATIONAL LIMITED

	BOOK	CLEARED
OPENING BALANCE	989.00	989.00
CLOSING BALANCE	20,936.00	20,936.00
AVERAGE BALANCE	4,316.17	4,316.17
TOTAL DEBITS	2	
TOTAL CREDITS	1	

ENTRY DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
		Balance Brought Forward			989.00
27-12-2012	26-12-2012	IT08301212270067 UDBHAV INTERNATIONAL LIMITED, PO		19,977.00	
	26-12-2012	IT08301212270067 TOTAL TRANSACTION CHARGES	10.00		20,956.00
31-12-2012	31-12-2012	LEDGER FEE SME CA	20.00		20,936.00
		END OF STATEMENT	30.00	19,977.00	20,936.00

UDBHAV INTERNATIONAL LTD TANZANIA

"Standard Chartered Bank (SCB) has been authorized to collect Tax on behalf of Tanzania Revenue Authority (TRA). That means SCB can process your TRA payments such as Customs duty, Import duty, Property tax, VAT, Corporate Tax, PAYE, SDL Taxes amongst other types of domestic taxes. Take advantage of this convenience! Call us on +255 22 2164600 for corporate customers or +255 22 2164999 for individual customers or visit your nearest SCB Branch

INTERNATIONAL HOUSE BRANCH
P.O.BOX 9011, DAR ES SALAAM
GARDEN AVENUE/SHAABAN ROBERT
DAR ES SALAAM

Tel: +255222122093

Fax: +255 22 2122096

Standard Chartered

STATEMENT OF ACCOUNT

FOR ACCOUNT NUMBER 8700421619000

CURRENT ACCOUNT - EXCEL BANKING

From 01-12-2012 To 31-12-2012

CURRENCY US DOLLAR

eStatement

Statement No. 3

SWEEKAR PERNANKILA NAYAK

	BOOK	CLEARED
OPENING BALANCE	1,617.70	1,617.70
CLOSING BALANCE	347.70	347.70
AVERAGE BALANCE	1,029.37	1,029.37
TOTAL DEBITS	2	
TOTAL CREDITS	0	

ENTRY DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
		Balance Brought Forward			1,617.70
18-12-2012	18-12-2012	0000000001 IN-CLEARING CHQ - DEBIT0000000001	1,260.00		357.70
31-12-2012	31-12-2012	LEDGER FEE WM EXCEL CA	10.00		347.70
		END OF STATEMENT	1,270.00	0.00	347.70

UDBHAV INTERNATIONAL LTD. TANZANIA

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Statement No. 3

STATEMENT OF ACCOUNT

FOR ACCOUNT NUMBER 0102021621200

CURRENT ACCOUNT - SME

From 01-12-2012 To 31-12-2012

CURRENCY TANZANIAN SHILLING

eStatement

UDBHAV INTERNATIONAL LIMITED

	BOOK	CLEARED
OPENING BALANCE	18,351,400.00	18,351,400.00
CLOSING BALANCE	336,400.00	336,400.00
AVERAGE BALANCE	2,017,566.67	2,017,566.67
TOTAL DEBITS	4	
TOTAL CREDITS	0	

ENTRY DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
		Balance Brought Forward			18,351,400.00
04-12-2012	04-12-2012	0000000005 TO SWEEKAR NAYAK	7,000,000.00		
	04-12-2012	0000000004 CASH WITHDRAWAL SWEEKAR NAYAK SIGN	10,000,000.00		1,351,400.00
18-12-2012	18-12-2012	0000000006 024920700 IN-CLEARING CHQ - DEBIT0000000006	1,000,000.00		351,400.00
31-12-2012	31-12-2012	LEDGER FEE SME CA	15,000.00		336,400.00
		END OF STATEMENT	18,015,000.00	0.00	336,400.00

UDBHAV INTERNATIONAL LTD. TANZANIA

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Standard Chartered

Statement No. 4

STATEMENT OF ACCOUNT

FOR ACCOUNT NUMBER 8702021621200

CURRENT ACCOUNT - SME

From 01-01-2013 To 31-01-2013

CURRENCY US DOLLAR

eStatement

UDBHAV INTERNATIONAL LIMITED

	BOOK	CLEARED
OPENING BALANCE	20,936.00	20,936.00
CLOSING BALANCE	3,823.00	3,823.00
AVERAGE BALANCE	9,556.10	9,556.10
TOTAL DEBITS	10	
TOTAL CREDITS	1	

ENTRY DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
		Balance Brought Forward			20,936.00
04-01-2013	04-01-2013	CASH WITHDRAWAL - SME	20.00		
	04-01-2013	0000000006 CASH WITHDRAWAL BY SWEEK	1,000.00		
	04-01-2013	0000000005 FUND TRANSFER	18,000.00		1,916.00
08-01-2013	08-01-2013	CASH WITHDRAWAL - SME	20.00		
	08-01-2013	0000000007 CASH WITHDRAWAL SWEKAR NAYAK SIGNATORY	1,000.00		896.00
23-01-2013	22-01-2013	IT08301301220155 UDBHAV INTERNATIONAL LIMITED		29,977.00	
	22-01-2013	IT08301301220155 TOTAL TRANSACTION CHARGES	10.00		30,863.00
30-01-2013	30-01-2013	CASH WITHDRAWAL - SME	20.00		
	30-01-2013	0000000008 CASH WITHDRAWAL SWEKAR NAYAK SIGNATORY	2,000.00		
	30-01-2013	0000000009 FUND TRANSFER	25,000.00		3,843.00
31-01-2013	31-01-2013	LEDGER FEE SME CA	20.00		3,823.00
		END OF STATEMENT	47,090.00	29,977.00	3,823.00

UDBHAV INTERNATIONAL LTD. TANZANIA

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Standard Chartered

Statement No. 4

STATEMENT OF ACCOUNT

FOR ACCOUNT NUMBER 0102021621200

CURRENT ACCOUNT - SME

From 01-01-2013 To 31-01-2013

CURRENCY TANZANIAN SHILLING

eStatement

UDBHAV INTERNATIONAL LIMITED

ENTRY DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
		Balance Brought Forward			41,833,150.00
31-01-2013	31-01-2013	LEDGER FEE SME CA	15,000.00		41,818,150.00
		END OF STATEMENT	26,828,250.00	68,310,000.00	41,818,150.00

UDBHAV INTERNATIONAL LTD TANZANIA

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Standard Chartered

Statement No. 4

STATEMENT OF ACCOUNT

FOR ACCOUNT NUMBER 0102021621200

CURRENT ACCOUNT - SME

From 01-01-2013 To 31-01-2013

CURRENCY TANZANIAN SHILLING

eStatement

UDBHAV INTERNATIONAL LIMITED

	BOOK	CLEARED
OPENING BALANCE	336,400.00	336,400.00
CLOSING BALANCE	41,818,150.00	41,818,150.00
AVERAGE BALANCE	11,531,591.67	11,531,591.67
TOTAL DEBITS	9	
TOTAL CREDITS	2	

ENTRY DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
		Balance Brought Forward			336,400.00
04-01-2013	04-01-2013	FUND TRANSFER		28,260,000.00	
	04-01-2013	COM-REIGNING R-	10,000.00		
	04-01-2013	0000000008 TO SWEEKAR P NAYAK	2,000,000.00		
	04-01-2013	REIGNING R-	4,000,000.00		
	04-01-2013	0000000009 CASH WITHDRAWAL BY SWEEK	5,000,000.00		17,586,400.00
08-01-2013	08-01-2013	0000000011 CASH WITHDRAWAL SWEIKAR NAYAK SIGNATORY	3,000,000.00		
	08-01-2013	0000000012 FUND TRANSFER TO SWEEKAR P. NAYAK	5,000,000.00		9,586,400.00
23-01-2013	23-01-2013	0000000013 026538400 IN-CLEARING CHQ - DEBIT0000000013	2,803,250.00		6,783,150.00
30-01-2013	30-01-2013	FUND TRANSFER		40,050,000.00	
	30-01-2013	0000000014 CASH WITHDRAWAL SWEEKAR NAYAK SIGNATORY	5,000,000.00		41,833,150.00
		Balance Carried Forward			41,833,150.00

UDBHAV INTERNATIONAL LTD. TANZANIA

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THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF ENERGY AND MINERALS

PROSPECTING LICENCE NO. PL 9058/2013

GRANTED PURSUANT TO SECTION 32 OF THE MINING ACT, 2010

WHEREAS **M/S Udbhav International Limited** of **P. O. Box 1792, Morogoro-Tanzania** has fulfilled the conditions for grant of Prospecting Licence pursuant to Section 31 of the Mining Act, 2010;

I, Commissioner for Minerals, subject to the provisions of the Mining Act, 2010 and of the regulations thereunder now in force, or which may come into force during the continuance of this Licence, or any renewal thereof and pursuant to the powers conferred upon me under Section 32 of the Mining Act, 2010 hereby grant to M/S **Udbhav International Limited** (hereinafter called the Licensee) a **Prospecting Licence - Metallic Minerals,** to prospect for **Iron,** at **Kikeo** area in **Morogoro** District, over an area described in Annex A (hereinafter called the Licence Area), conferring on the Licensee the right to carry on such prospecting operations, abide to Annex B and Annex C and execute such other works as are necessary for that purpose.

This Licence, unless sooner cancelled, suspended or surrendered pursuant to the provisions of the Mining Act, 2010, shall be valid for a period of **forty eight (48)** months, effective from the date of grant.

Granted this 13TH day of MARCH 2013

UDBHAV INTERNATIONAL LTD. TANZANIA

.....

Eng. Ally B. Samaje
Ag. COMMISSIONER FOR MINERALS

INITIAL PERIOD

From Date	To Date	Prep. Fee and Rent	ERV Number	Date	Signature of CM
13-3-2013	12-3-2014	= 500 =	49518691	-6/2-2013	
13.3.2013	12.3.2014	USD 1941.0	49578867	19/3/2013	

FIRST RENEWAL

I HEREBY CONSENT TO THE FIRST RENEWAL OF PROSPECTING LICENCE NO. ..... of M/S .....of P. O. Box .....
for Licence Area described in Annex 'A' and conditions prescribed in Annex 'B' and Annex 'C' for a period of.....months effective from the .....day of.....year.....

.....

Ag. COMMISSIONER FOR MINERALS

From Date	To Date	Annual Rent	ERV Number	Date	Signature of CM

SECOND RENEWAL

I HEREBY CONSENT TO THE SECOND RENEWAL OF PROSPECTING LICENCE NO. ..... of M/S .....of P.O. Box .....
for Licence Area described in Annex 'A' and conditions prescribed in Annex 'B' for a period of.....months effective from the .....day of.....year.....

.....

Ag. COMMISSIONER FOR MINERALS

From Date	To Date	Annual Rent	ERV Number	Date	Signature of CM

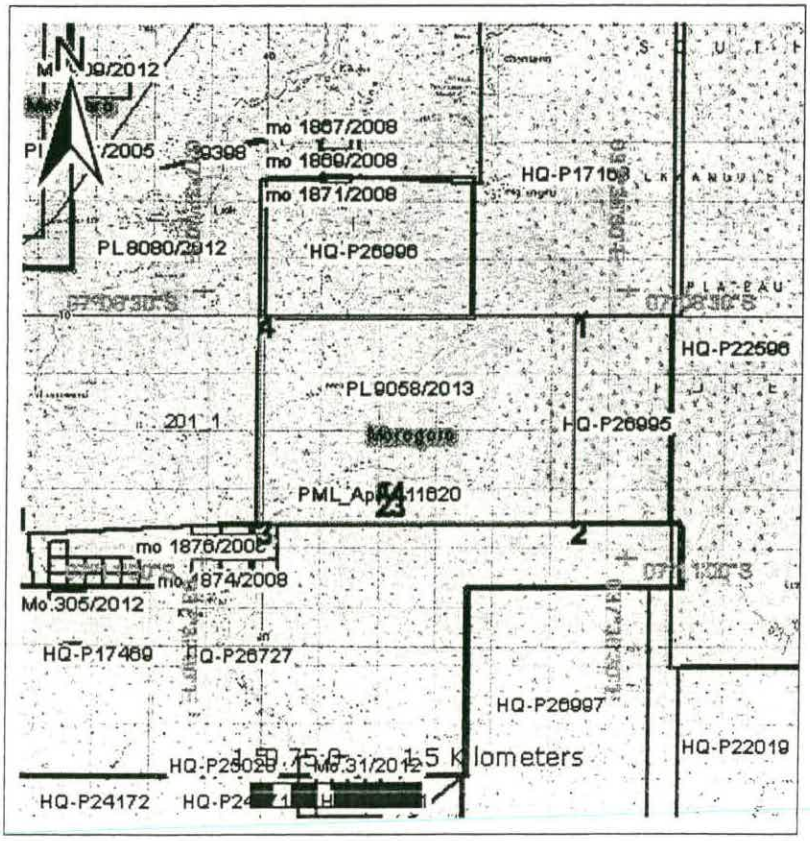
UDBHAV INTERNATIONAL LTD TANZANIA

ANNEX A

DESCRIPTION OF THE LICENCE AREA

Subject to Section 95 of the Mining Act, 2010 the Licence is at **Kikeo** area in **Morogoro** District, QDS **201/1** defined by lines of latitude and longitude having the following corner coordinates (Arc 1960):

Corner	Latitude	Longitude
1	- 07 deg. 08 min. 44.00 sec.	37 deg. 36 min. 00.00 sec.
2	- 07 deg. 10 min. 40.00 sec.	37 deg. 36 min. 00.00 sec.
3	- 07 deg. 10 min. 40.00 sec.	37 deg. 33 min. 02.00 sec.
4	- 07 deg. 08 min. 44.00 sec.	37 deg. 33 min. 02.00 sec.
With exclusion of the area of PML application No 11620/2004 as defined by the following coordinates		
1	- 07 deg. 10 min. 18.00 sec.	37 deg. 34 min. 10.00 sec.
2	- 07 deg. 10 min. 24.00 sec.	37 deg. 34 min. 10.00 sec.
3	- 07 deg. 10 min. 24.00 sec.	37 deg. 34 min. 18.00 sec.
4	- 07 deg. 10 min. 18.00 sec.	37 deg. 34 min. 18.00 sec.



Legend	
Licensed boundary	
Licence Code	PL 9058/2013
District	Morogoro
Direction	N

An area of approximately 19.41 Square Kilometres.

ANNEX B

EMPLOYMENT AND TRAINING, PROCUREMENT PLAN OF GOODS AND SERVICES

1. The Licensee shall employ Tanzanian personnel with appropriate qualifications to the maximum extent practicable consistent with efficient operations.

2. Subject to Clause 1, the Licensee shall not be restricted in employment, selection, assignment or discharge of its personnel provided, however, that the employment and discharge or disciplining of personnel shall be carried in accordance with the generally applicable laws and regulations of the United Republic of Tanzania.

3. Subject to Clause 1 and to the requirement of any law relating to immigration, the Licensee and its sub-contractor(s) may bring into Tanzania such expatriate personnel as in the Licensee's judgement, required to carry out mineral prospecting operations efficiently and successfully and the Government shall expeditiously provide the necessary work permits and other approvals required for the employment of such expatriate.

4. The Licensee shall be abided by the procurement plan of goods and services available in the United Republic of Tanzania.

SUBHAV INTERNATIONAL LTD. TANZANIA

ANNEX C

PROSPECTING PROGRAMME AND FINANCIAL EXPENDITURE ESTIMATE.

Subject to Section 30 of the Mining Act 2010 and Regulation 8 of the Mining (Mineral Rights) Regulations 2010 , the Licensee shall expend on prospecting operations in respect of the licence granted as per submitted prospecting programme and financial expenditure estimates approved by the Licensing Authority.

TEMP PERMI

TFN. 226
(Rev. 2/96)

CI 87788
Box 3087
MOROGORO

JAMHURI YA MUUNGANO WA TANZANIA

LESENI YA BIASHARA

B 01426003

(Imetolewa chini ya Sheria ya Leseni za Biashara Na. 25 ya Mwaka 1972, marekebisho ya mwaka 1980 na masharti yaliyo nyuma)

*Futa isiyotakiwa.

1. Ofisi iliyotolewa MINISTRY OF INDUSTRY & TRADE
2. Nambari ya Ushuru wa mapato 117-144-526
3. Leseni imetolewa kwa UDBHAV INTERNATIONAL LIMITED
   kuendesha biashara ya MINING OF IRON ORE
   katika Wilaya/~~Kanda~~* ya MOROGORO Mtaa FOREST HILL
4. Ni ya Shina/~~Tawi~~*
   Ada Sh. ——— Nambari ya Stakabadhi ———
   ya tarehe ———
5. Mpya ~~inaendeleza*~~ muda wa leseni Na. ———
   ya tarehe ———
   (ii) Muda wa leseni hii utaishia ~~30 Juni, 20~~ ~~06/11~~/2012

Tarehe 05/09/2012

Sahihi na Muhuri wa Mtoaji Leseni

GP. DSM

UDBHAV INTERNATIONAL LTD TANZANIA

CTIN.: 1621567

ISO 9001 : 2008 Certified

TRA

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

UDBHAV INTERNATIONAL LIMITED

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

117-144-526

with effect from 02/05/2012

P. N. Kassera

COMMISSIONER FOR DOMESTIC REVENUE

OFFICIAL SEAL

UDBHAV INTERNATIONAL LTD. TANZANIA

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

TANZANIA

Certificate of Incorporation

Section 15

No 87788

I HEREBY CERTIFY THAT

UDBHAV 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 **16TH** day of **APRIL**

TWO THOUSAND AND TWELVE.

Asst. Registrar of Companies

UDBHAV INTERNATIONAL LTD TANZANIA

THE COMPANIES ACT, NO. 12 OF 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

UDBHAV INTERNATIONAL LIMTIED

1. The name of the Company is UDBHAV INTERNATIONAL LIMITED .

2. The registered office of the Company will be situated in the UNITED REPUBLIC OF TANZANIA.

3. The objects for which the Company is established are:-

   a. To carry on in Tanzania or elsewhere the business of prospecting, exploring, operating and working on mines, quarries and to win, set, crush, smelt, manufacture, process, excavate, dig, break, acquire, develop, exercise, turn to account, survey, produce, prepare, remove, undertake, barter, convert, finish, load, unload, handle, transport, buy sell, import, export, supply, and to act as agent, broker, Adatia, stockiest, distributor, consultant, contractor, manager, operator or otherwise to deal in all sorts of presents and future ores, minerals, deposits, goods, substances & materials, including sands, stones, and soils, chalk, clay, china clay, betonies, broils, calcite and coal, lignite, rockphoscate, brimstone, brine, bauxite, limestone, precious and other stones, gold, silver, diamonds, iron, aluminum, titanium, vanadium, mica, apalite, chrome, copper, gypsum, rutile, sulphate, tin, zinc, zircon, tungsten, silicon, brass, and other allied materials, by products, mixtures, blends, residues & substances, and to do all incidental acts and things necessary for the attainment of the objects under these presents.

   b. To carry on the business of export and import of ores, semi-finished and finished mining goods, metals and other related mining products, gem stone and precious stones.

   c. To search, survey, discover and find out and the acquire by concession, grant, purchase, barter, lease, license, degrees & tenders the allotment or otherwise of land or water area from government, semi-government, local authorities, private bodies, corporations and other persons, such rights, powers, and privileges whatsoever for obtaining mines, open cast mines, bucket mines, quarries, deposits, etc. for the accomplishment of the above objects.

   d. To carry on the business of mining exploration, mining, mineral and gemstone polishing, jewelery, promoters and participants in any industrial or commercial mineral dealing and gemstones be it at national or international levels.

   e. To purchase, take on lease, options or license, exchange or otherwise acquire in any part of the world, prospecting rights and contracts, leases, options, mineral properties, grants, sessions, charters, privileges, licenses or authorities of and over mines, land and mineral or other properties either absolute, or conditionally.

UDBHAV INTERNATIONAL LTD. TANZANIA

f. To engage in its capacity to act as Agents, wholesalers, retailers in various minerals and gemstones at national and international level.

g. To carry on the business of forestry, fishery, grocery, traders of optical, musical, and or photographic goods, fumigation, electrical and or electronic equipments, and ironmongery.

h. To carryon or engage in construction works, engineering works, improvement, maintenance and development of social and of industrial environments firms or persons carrying on or proposing to carry on such business to erect, construct, pull down and maintain any shops, stores, factories, plant, warehouses, godown, general consultants in construction industry and every kind of agency business.

i. To carry on the business of importers, dealers and distributors of kerosene, petrol, motor spirit, mineral oil, crude oil, petroleum, lubricating oil grease and all other kinds of mineral and petroleum products.

j. To provide the necessary infrastructure to harvest and develop forest resources based, to promote forest resources based Industries, to arrange marketing of timber and other forest resources on the mainland and abroad.

k. To plant, grow, cultivate, produce, and raise plantations of various forest species of proven utility and other agricultural, plantation, horticultural crops, medicinal and aromatic plants and to buy, sell, export, import, process, distribute, or otherwise deal with all kinds of forest crops, natural products agricultural, plantation and horticultural crops, medicinal and aromatic plants.

l. To carry on the business of planters, cultivators, producers, sellers and dealers in timber, processed or not and such other products of every description and to manufacture, dispose of sell and deal in products of natural forest and forest plantations, agricultural, plantation and horticultural crops and medicinal and aromatic plants.

m. To establish, administer, own and run industries for manufacturing forest products, agricultural, plantation and horticultural products, medicinal and aromatic plants.

n. To conduct and contract for training and research connected with the integrated development of forest resources of the islands and cultivation as well as processing of agricultural, plantation and horticultural crops, medicinal and aromatic plants.

o. To maintain and improve Wild Life and other natural Resources.

p. To carry on the business of all kinds of farming, horticulture, sericulture, pisiculture, dairy, gardening and of raising, breeding, improving, developing, buying, selling, producing, preserving and dealing in all kinds of product of such business and in particular, food grains seeds pure bred and inbred game, meat cattle and other live and dead stock eggs, sausages, preserved meat, trees, plants, plants fruits, flowers and vegetable milk and milk products and to establish experimental farms and research stations anywhere in Tanzania for conducting experiments test and research for developing better qualities of seeds, foodgrains and agricultural products and for developing milch strain in cattles by

UDBHAV INTERNATIONAL LTD. TANZANIA

cross breeding or otherwise and increasing egg laying capacity in poultry and also for finding other ways and means of improving other agricultural crops produce, seeds, fodder, crops and cattle feed of all kinds.

q. To cultivate, grow, produce or deal in any agriculture, vegetable or fruit products, food items, vegetable oils, neebra oil, oil cakes and by products thereof and to carry on all or any of the business of farmers, dairymen, milk contractors, dairy farmers, millers, surveyors, and vendors of milk products, condensed milk and powdered milk, cream , cheese, butter, poultry, fruits, vegetables, condensed milk and powdered milk, cream, cheese, butter, poultry, fruits, vegetables, cash crops and provision of all kinds, growers of and dealers, in corn, hay and straw, seedsmen and nurserymen and to buy, sell, manufacture and trade in any goods usually traded in any of the above business or any other business inclusive of staple foods and medicinal preparations from milk, vegetable and animal products or any substitute for any, them associated with the farming interests.

r. To sell, lease, or otherwise dispose of the whole or any part of the property, undertaking and assets of the Company either together, or in portions, for such consideration as the Company may think fit.

s. To do all or any of the above things in any part of the work and either as principals, agents, trustees, contractors, or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees, or by means of any subsidiary or auxiliary company of otherwise.

t. To enter into contracts, agreements, arrangements and joint ventures with any other company for the carrying out by the company or such other company on behalf of the company of any of the objects for which the company is formed.

u. To acquire any such shares, stocks, debentures, debenture stock, scripts, bonds, notes, securities, obligations, funds or loans by original subscription, tender, purchase, participation in yndicates, exchange or otherwise, and to guarantee subscription thereof, the company's investments for the time being.

v. To acquire and take over the whole or any part of business, property and liabilities of any company or person carrying on any business which the company is authorised to carry on, or possessed of any property or assets suitable for the purpose of the company.

w. To pay for any property or assets acquired by the company either in cash or fully or partly paid shares or by the issue of securities or obligations, or partly in one mode and partly in another and generally on such terms as may be determined.

x. To lend money and/or guarantee the performance of the contracts or obligations of any company, firm or person, and the payment and repayment of the capital and principal of, and dividends, interest or premium on, any stock, shares and security of any company, whether having objects similar to those of the company or not, and to give all kinds of indemnities, and to make and receive subvention payments.

y To amalgamate with any other company, whose objects are or include objects similar to those of the company.

z. To carry on any trade of business whatever which can in the opinion of the board of Directors be advantageously carried on in connection with or ancillary to any of the businesses of the company

aa. To enter into working arrangements of all kinds (including joining in a co-operative arrangements) with other companies, corporation, firms or persons and also to make and carry into effect arrangements with respect to union of interests or amalgamation either in whole or in part of any other arrangements, including joint ventures, with other companies, corporation, firms or persons.

bb. To lend and advance money or give credit on such terms as may seem expedient and with or without security to customers and others to enter into guarantees, contracts of indemnity and surety ships of all kinds, to receive money on deposit or loan upon any terms and to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person including any holding or subsidiary company.

cc. To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the company, or of undertaking any business or operations which may appear likely to assist or benefit the company or to enhance the value of any property or business of the company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.

dd. To remunerate any person, firm or company rendering services to the company either by cash payment or by the allotment to him or them of shares or other securities of the company credited as paid up in full or in part or otherwise as may be thought expedient.

ee. To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and alone or in conjunction with others.

ff. Generally to do all such other this as may appear to the company to be incidental or conducive to the attainment of the above object or any of them.

It is hereby expressly declared that each sub-clause of this clause shall be construed independently of the other sub-clauses hereof, and that none of the objects mentioned in any sub-clause shall be deemed to be merely subsidiary to the objects mentioned in any other sub-clause.

4. The liability of the members is limited.

5. The capital of the Company is Shs 5,000,000,000 divided into 500,000 shares of Shs 10,000 each.

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

UDBHAV INTERNATIONAL LTD TANZANIA

Name Addresses and Descriptions of subscribers	Number of shares Taken by each Subscriber	Signatures of subscribers
Mr.Sweekar Pernankila Nayak, 161B, Udbhav, Paniyadi, Kunjibettu Post, Udupi, 576102, Karnataka, India.	6,668	
Mr.Shravan Kumar, Gowri Nilaya, Pernankila, Udupi-576141, Udupi.	6,666	
Ms.Usha Nayak , 161B, Udbhav, Paniyadi, Kunjibettu Post, Udupi, 576102, Karnataka, India.	6,666	

DATED this 14th Day of APRIL 2012

WITNESS to the above signatures:

FULL NAME:

SIGNATURE:

QUALIFICATION:

STEPHEN MOSHA
ADVOCATE,
NOTARY PUBLIC
&
COMMISSIONER
FOR OATHS
P.O. Box 45180, D.S.M.

UDBHAV INTERNATIONAL LTD
TANZANIA

THE COMPANIES ACT No. 12 OF 2002

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
UDBHAV INTERNATIONAL LIMITED

1. The regulations contained in Table A in the First Schedule to the Act shall not apply to the Company.

Interpretation

2. In these Articles, if not inconsistent with the subject or context:

"**Act**"	shall mean the Companies Act, No. 12 of 2002;
"**Articles**"	shall mean these Articles of Association as now framed or as from time to time altered by Special Resolution;
"**Board**"	shall mean the Board of Directors of the Company or the Directors present at a duly convened meeting of the Directors at which a quorum is present;
"**Company**"	shall mean **UDBHAV INTERNATIONAL LIMITED**
"**debenture**"	shall include debenture stock;
"**Director**"	shall include an alternate director;
"**dividend**"	shall include bonus;
"**Member**"	shall mean a shareholder in the Company;
"**month**"	shall mean a calendar month;
"**paid up**"	shall mean paid up or credited as paid up;
"**Seal**"	shall mean the common seal of the Company;
"**Secretary**"	shall include a temporary or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
"**TShs.**"	Shall mean Tanzanian shillings;
"**Tanzania**"	shall mean the mainland part of The United Republic of Tanzania

the expression "**in writing**" or "**written**" shall include words written, printed, lithographed or represented or reproduced in any other mode in visible form;

words signifying the singular number only shall include the plural number and *vice versa*;

UDBHAV INTERNATIONAL LTD TANZANIA

words signifying the masculine gender only shall include the feminine gender;

words importing persons shall include corporations;

reference to any provision of the Act shall be construed as a reference to such provision as modified or re-enacted by any act for the time being in force.

3. Subject to the last preceding Article, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRIVATE COMPANY

4. The Company is a private company and accordingly:

(a) the number of Members of the Company (exclusive of persons who are in the employment of the Company and of persons who, having been formerly in the employment of the Company, were while in such employment and have continued after the determination of such employment to be Members of the Company) is limited to fifty; provided that where two or more persons hold one or more shares in the Company jointly, they shall, for the purpose of this Article, be treated as a single Member;

(b) any invitation to the public to subscribe for any shares or debentures of the Company is prohibited;

(c) the Company shall not have power to issue share warrants to bearer;

(d) the right to transfer shares is restricted in manner hereinafter provided.

BUSINESS

5. Any branch or kind of business which the Company is either expressly or by implication authorised to undertake may be undertaken by the Board at such time or times as it shall deem fit and, further, may be permitted by it to be in abeyance, whether such branch or kind of business may have been actually commenced or not so long as the Board may deem it expedient not to commence or proceed with the same.

6. The registered office of the Company shall be at such place in Tanzania as the Board shall from time to time appoint.

7. No part of the funds of the Company shall be employed in the subscription or purchase of or in loans upon the security of the Company's shares or those of its holding company (if any) and the Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with any purchase or subscription by any person of or for shares in the Company or in its holding company (if any) provided

that nothing in this Article shall prohibit transactions mentioned in the proviso to section 57(1) of the Act.

SHARE CAPITAL AND VARIATION OF RIGHTS

8. The share capital of the Company is Tanzanian Shillings Five Billion (Tshs. 5,000,000,000/=) only divided into Five Hundred Thousand (500,000) shares of Tanzanian Shillings Ten Thousand (Tshs. 10,000/=) only each.

9. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine.

10. Subject to the provisions of section 61 of the Act, any preference shares may, with the sanction of a Special Resolution, be issued upon the terms that they are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company may by Special Resolution determine.

11. If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may from time to time, whether or not the Company is being wound up, be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting, all the provisions of these Articles relating to General Meetings of the Company shall, *mutatis mutandis*, apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

12. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided by the conditions of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith.

13. Subject to the provisions of these Articles, the shares in the capital of the Company shall be at the disposal of the Board which may allot, grant options over or otherwise dispose of them to such persons, for such consideration, on such terms and conditions and at such times as it may determine provided that no shares shall be issued at a discount except in accordance with section 56 of the Act.

14. Unless otherwise determined by Special Resolution and except in the case of the issue of shares pursuant to any rights previously conferred in accordance with these Articles, whenever the Board proposes to issue any shares it shall offer them in the first instance to Members (other than preference shareholders not specifically entitled to them under the terms of issue of their preference shares) in proportion as

nearly as may be to the number of existing shares held by them. Such offer shall be made by notice specifying the number of shares to which the Member is entitled and limiting a time (not less than twenty-one days) within which the offer, if not accepted, will be deemed to be declined and, after the expiration of that time (if the offer is not accepted) or on the earlier receipt of an intimation from the Member to whom the offer is made that he declines to accept the shares offered, the Board may allot or otherwise dispose of those shares to such persons and upon such terms as may be decided by it. The Board may likewise so dispose of any shares which, by reason of the ratio which the number of shares offered bears to the total number of existing issued shares, cannot in the opinion of the Board be conveniently offered under this Article.

15. The Company may exercise the powers of paying commissions conferred by section 56 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid and the number of shares for which persons have agreed for a commission to subscribe absolutely shall be disclosed in the manner required by that section and that such commission shall not exceed ten per cent of the price at which the shares in respect whereof the same is paid are issued or the amount or rate authorised by the Articles, whichever is less. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also, on any issue of shares, pay such brokerage as may be lawful.

16. If any shares in the capital of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long time, the Company may, pay interest on so much of such share capital as is for the time being paid up and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of plant as the case may be.

17. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or, except only as by these Articles or by law otherwise required or provided, any right in respect of any share other than an absolute right to the entirety thereof in the registered holder.

CERTIFICATES

18. Every person whose name is entered as a Member in the Register of Members shall be entitled, without payment, to one certificate for all his shares of each class and, when part only of the shares comprised in a certificate is sold or transferred, to, a new certificate for the remainder of the shares so comprised or,

upon payment of such sum, as the Board shall from time to time determine, several certificates each for one or more of his shares of such class. Every certificate shall be issued within sixty days after allotment or lodgement of the instrument of transfer or within such other period as the conditions of issue shall provide, shall be under the Seal and shall specify the share or shares to which it relates and the amount paid up thereon. In the case of shares held jointly by several persons, the Company shall not be bound to issue more than one certificate therefore and delivery of a certificate to one of the several joint holders shall be sufficient delivery to all.

19. If a share certificate is defaced, lost or destroyed, it may be replaced on payment of such fee in the case of loss or destruction, on such terms, if any, as to evidence and indemnity and payment of the out-of-pocket expenses of the Company of investigating such evidence, as the Board may think fit and, in case of defacement, on delivery of the old certificate to the Company.

LIEN

20. The Company shall have a lien on every share (other than a fully paid share) registered in the name of a Member, whether solely or jointly with others, for all moneys, whether presently payable or not, due by such Member or his estate, either alone or jointly with any other person, to the Company but the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a share shall extend to all dividends payable thereon.

21. The Company may sell, in such manner as the Board may determine, any share on which the Company has a lien but no sale shall be made unless a sum in respect of which the lien exists is presently payable or before the expiration of fourteen days after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default, shall have been given to the holder for the time being of the share or to the person entitled by reason of his death or bankruptcy to the share.

22. To give effect to any such sale, the Board may authorise any person to transfer the share sold to the purchaser thereof. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.

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

CALLS ON SHARES

24. The Board may, from time to time, make calls upon the Members in respect of any moneys unpaid on their shares and not, by the conditions of allotment thereof, made payable at fixed times and each Member shall, subject to the Company giving to him at least fourteen days' notice specifying the time or times and place of payment, pay to the Company at the time or times and place so specified, the amount called on his shares. A call may be revoked or postponed as the Board may determine.

25. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

26. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

27. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding fifteen per cent per annum, as the Board may determine but the Board may waive payment of such interest wholly or in part.

28. Any sum which, by the terms of issue of a share, becomes payable on allotment or on any fixed date, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable and, in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

29. The Board may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

30. The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any of the moneys so advanced may, until the same would, but for such advance, become presently payable, pay interest at such rate, not exceeding fifteen per cent per annum, as may be agreed upon between the Board and the Member paying such sum in advance.

TRANSFER OF SHARES

31. The transfer of any share in the Company shall be in writing in any usual or common form and shall be signed by the transferor and the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof. All instruments of transfer, when registered, shall be retained by the Company.

32. Subject to the provisions of this Article 32 no share in the Company shall be transferred unless and until the rights of pre-emption conferred by the provisions of this Article shall have been exhausted.

(a) Every Member who desires to transfer any shares (the "**Vendor**") shall give to the Company notice in writing of that desire ("**transfer notice**"). A transfer notice shall specify the proposed price for the shares comprised in the notice (the "**Shares**") and may, at the option of the Vendor, include the condition that, unless all the Shares are sold pursuant to the provisions of this Article, none shall be sold. If the Vendor holds more than one class of share, he shall specify in the transfer notice the number of each class of shares that he desires to transfer and the price proposed for each class of share.

(b) A transfer notice shall constitute the Company the Vendor's agent for the sale of the Shares to the Members other than the Vendor at the price, if approved by the Board, specified in the notice or, if not so approved, at the price which the auditor of the Company for the time being shall certify in writing to be, in his opinion, the fair value of the Shares as between a willing seller and a willing buyer.

(c) Within thirty days of service of a transfer notice, the Board shall either approve the proposed price for the Shares and give notice to each Member in accordance with paragraph (e) or require the auditor to certify the fair value of the Shares.

(d) If an auditor's certificate is required, the Company shall, immediately upon receipt, serve a copy of the certificate on the Vendor and require the Vendor, within thirty days of the service upon him of the certificate, to approve or reject the value certified by the auditor as the price for the Shares and to confirm or cancel the Company's authority to sell the Shares. The cost of obtaining the certificate shall be borne by the Company unless the Vendor shall cancel the sale, in which case, he shall bear the cost.

(e) Within seven days of approval of the price for the Shares by the Board or the Vendor (as the case may be), the Company shall give notice in writing to all the Members other than the Vendor informing them of the number and price for the Shares and inviting each of them to apply in writing to the Company within twenty-one days of the date of service of the notice for all or any of the Shares.

(f) Within seven days of the expiry of the period fixed for receipt of applications for the Shares, the Board shall allocate the Shares (or, unless the transfer notice contains a condition to the contrary, so many of them as may be applied for) to or amongst the applicants and, in case of competition, *pro rata* (as nearly as possible) to the number of shares in the Company of which they are registered or unconditionally entitled to be registered as holders; Provided that no applicant shall

be allocated more than the maximum number of shares specified in his application. Within seven days of the allocation, the Company shall give notice of the allocations ("**allocation notice**") to the Vendor and the applicant Members specifying the place and time (being not earlier than fourteen and not later than twenty-eight days after the date of the notice) at which the sale of the shares so allocated shall be completed.

(g) The Vendor shall be bound to transfer the shares comprised in an allocation notice as specified in the notice and, if he shall fail to do so, the Chairman of the Company or some other person appointed by the Board shall be deemed to have been appointed attorney of the Vendor with full power to execute, complete and deliver, in the name and on behalf of the Vendor, transfers of the Shares to the purchasers against payment of the price to the Company. The Company shall forthwith pay the price into a separate bank account in the Company's name and shall hold the price in trust for the Vendor.

(h) If any purchaser fails to complete the purchase of any shares as specified in an allocation notice, he shall be deemed to have forfeited his right to those shares which shall then be re-allocated by the Board to the applicants (other than any defaulting purchaser) in accordance with paragraph (f). If, in any such case, the transfer notice was subject to the condition that all the Shares be sold, completion of the sale of all the Shares shall be deferred until such time as may be specified in the notice of re-allocation.

(i) During the six months following the expiry of the period of twenty-one days referred to in paragraph (e), the Vendor shall, subject nevertheless to the provisions of Article 34, be at liberty to transfer to any person and at any price (not being less than the price fixed under this Article) any share not allocated by the Board in an allocation notice provided that, if the Vendor stipulated in his transfer notice that, unless all the Shares were sold pursuant to this Article, none should be sold, the Vendor shall not be entitled, save with the written consent of all the other Members of the Company, to sell only some of the Shares.

(j) Time shall be of the essence for all purposes of this Article.

33. The rights of pre-emption conferred in Article 32 shall not apply to:

(a) any transfer approved in writing by all the Members;

(b) any transfer by a Member to the spouse, child or remoter issue, brother, sister or parent of that Member;

(c) any transfer by the personal representative of a deceased Member to the widow, widower, child or remoter issue, brother, sister or parent of that deceased Member;

(d) any transfer by the trustees, executors or administrators of a deceased Member to new trustees, executors or administrators upon any change thereof;

(e) any transfer by a corporate Member to an associated company (that is to say the holding company or any subsidiary of such corporate Member and any other subsidiary of such holding company); or

(f) any transfer by a corporate Member to a company formed to acquire the whole or a substantial part of the undertaking and assets of such corporate Member as part of a scheme of amalgamation or reconstruction.

34. The Board may refuse to register any transfer of shares to a person of whom it does not approve. The Board may also refuse to register a transfer of shares:

(a) the registration of which would cause the number of Members to exceed the maximum permitted by Article 4;

(b) on which the Company has a lien;

(c) unless a fee of such amount as the Board may from time to time prescribe, is paid to the Company in respect thereof;

(d) unless the instrument of transfer is accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(e) unless the instrument of transfer is in respect of only one class of share.

35. If the Board refuses to register a transfer it shall, within sixty days after the date on which the instrument of transfer was lodged with the Company, send to the transferee notice of the refusal.

36. The registration of transfers may be suspended at such time and for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.

37. The Company shall be entitled to charge a fee of such amount as the Board may from time to time prescribe, on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney or other instrument relating to or affecting the title to any share.

TRANSMISSION OF SHARES

38. In the case of the death of a Member, the survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the

deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares; Provided that nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share solely or jointly held by him.

39. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall, upon such evidence being produced as may from time to time be required by the Board, have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made but the Board shall, in either case, have the same right to refuse or suspend registration as it would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.

40. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not, before being registered as the holder of the share, be entitled in respect of it to exercise any right conferred by membership in relation to General Meetings of the Company. The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and, if the notice is not complied with within three months after the date of service thereof, the Board may, thereafter, withhold payment of all dividends and other moneys payable in respect of the share until compliance with the notice has been effected.

FORFEITURE OF SHARES

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

42. The notice shall specify a date, not less than fourteen days from the date of service of the notice, on or before which and the place where the payment required by the notice is to be made and shall state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited. The Board may accept the surrender of any shares liable to be forfeited hereunder and, in such case, references herein to forfeiture shall include surrender.

43. If the requirements of any such notice are not complied with, any shares in respect of which such notice has been given may, at any time after the date specified therein, before the payment required by the

notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

44. When any shares have been forfeited, notice of the forfeiture shall forthwith be given to the holder of the shares or, as the case may be, to the person entitled to the shares by reason of the death or bankruptcy of the holder but no forfeiture shall be invalidated by any omission or neglect to give such notice as aforesaid.

45. Forfeited shares shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of upon such terms and in such manner as the Board may think fit but, at any time before a sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the Board may determine.

46. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares together with interest thereon, from and including the date of forfeiture to and including the date of payment, at such rate, not exceeding fifteen per cent per annum, as the Board may determine.

47. A statutory declaration that the declarant is a Director or the Secretary of the Company and that shares have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the shares. The Company may receive the consideration, if any, given on the sale, re-allotment or disposition of the shares and, in the case of sale, may appoint some person to execute a transfer thereof to the purchaser who, or, as the case may be, the person to whom the shares are re-allotted or otherwise disposed of shall be registered as the holder thereof and shall not be bound to see to the application of the consideration (if any) and whose title to the shares shall not be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposition of the shares.

INCREASE OF CAPITAL

48. The Company may from time to time, by Ordinary Resolution, increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

ALTERATION OF CAPITAL

49. The Company may, from time to time, by Ordinary Resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of section 64(1)(d) of the Act);

(c) cancel any shares which, at the date of the passing of the Resolution, have not been issued or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

REDUCTION OF CAPITAL

50. The Company may from time to time, by Special Resolution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any incident authorised and consent required by law.

51. GENERAL MEETINGS

The Company shall, in each year, hold a General Meeting as its Annual General Meeting in addition to any other Meetings in that year and shall specify the Meeting as such in the notices calling it. Not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Annual and other General Meetings shall be held at such times and places as the Board shall appoint. All General Meetings, other than Annual General Meetings, shall be called Extraordinary General Meetings.

52. The Board may, whenever it thinks fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitions as is provided by section 134(2)(b) of the Act. If, at any, time, there are not within Tanzania sufficient Directors capable of acting to form a quorum, any Director or any two Members of the Company may convene an Extraordinary General Meeting in the same manner, as nearly as possible, as that in which Meetings may be convened by the Board.

NOTICE OF GENERAL MEETINGS

53. Every General Meeting shall be called by at least twenty-one days' notice in writing (exclusive of the day on which it is served or deemed to be served and of the day for which it is given). The notice shall specify the place, the date and the time of such General Meeting and, in case of special business, the nature of that business and shall be given, in manner hereinafter mentioned or any such other manner, if any, as may be prescribed by the Company in General Meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company; Provided that a Meeting may be called by shorter notice than that specified in this Article if so agreed by all the Members of the Company.

54. In every notice calling a Meeting there shall appear, with reasonable prominence, a statement that a Member entitled to attend and vote thereat is entitled to appoint one or more proxies to attend and vote in his stead and that a proxy need not be a Member.

55. The accidental omission to give notice of a Meeting to, or the non-receipt of notice of a Meeting by, any person entitled to receive such notice shall not invalidate the proceedings at that Meeting.

PROCEEDINGS AT GENERAL MEETINGS

56. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the declaration of dividends, the consideration of the accounts and balance sheets, and any other documents accompanying or annexed thereto, the reports of the Directors and Auditors, the election of Directors, the appointment of Auditors and the fixing of the remuneration of the Directors and Auditors.

57. No business shall be transacted at any General Meeting unless a quorum is present when the Meeting proceeds to business. Save as otherwise provided by these Articles, two Members present in person or by proxy or by attorney or, in the case of a corporation, represented in accordance with Article 79 shall be a quorum, provided that one Member holding the proxy of one or more other Members or one person holding the proxies of two or more Members shall not constitute a quorum.

58. If, within thirty minutes after the time appointed for the Meeting, a quorum is not present, the Meeting, if convened on the requisition of Members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week at the same time and place and if, at such adjourned Meeting, a quorum is not present within thirty minutes after the time appointed for the Meeting, the Meeting shall be dissolved.

59. The Chairman, if any, or in his absence, the Deputy-Chairman, if any, of the Board shall preside at every General Meeting. If there is no such Chairman or Deputy-Chairman or if, at any Meeting, neither is present within fifteen minutes after the time appointed for the same or if neither is willing to act as chairman, the Members present shall choose some Director or, if no Director is present or if none of the Directors present is willing to act as chairman, they shall choose some Member present to be chairman of the Meeting.

60. The chairman of any Meeting at which a quorum is present may, with the consent of the Meeting and shall, if so directed by the Meeting, adjourn the Meeting from time to time and from place to place as the Meeting determines but no business shall be transacted at any adjourned Meeting other than the business which might have been transacted at the Meeting from which the adjournment took place. Whenever a Meeting is adjourned for thirty days or more, notice of the adjourned Meeting shall be given in the same

manner as in the case of an original Meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.

61. At any General Meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded by the chairman of the Meeting or by any Member present in person or by proxy or, in the case of a corporation, represented in accordance with Article 79. Unless a poll is so demanded, a declaration by the chairman of the Meeting that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

62. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place and in such manner as the chairman of the Meeting shall direct.

63. If a poll has been duly demanded, the result of the poll shall be deemed to be a resolution of the Meeting at which the poll was demanded.

64. The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which a poll has been demanded and such demand may be withdrawn at any time.

65. On a poll votes may be given personally or by proxy or by attorney or by a representative of a corporation appointed in accordance with Article 79.

66. In the case of an equality of votes, either on a show of hands or on a poll, the chairman of the Meeting shall be entitled to a second or casting vote.

67. If any vote shall be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the resolution unless it is pointed out at the same Meeting and not, in that case, unless it shall, in the opinion of the chairman of the Meeting, be of sufficient magnitude to vitiate the resolution.

68. Subject to the provisions of the Act, a resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at General Meetings or, being corporations, by their representatives appointed in accordance with Article 79, shall be as valid and effective as if the same had been passed at a General Meeting of the Company duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Members or by their representatives as aforesaid.

VOTES OF MEMBERS

69. Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member who is present in person or by proxy or, being a corporation, is present by a representative appointed in accordance with Article 79 shall have one vote. On a poll every Member shall have one vote for each share of which he is the holder.

70. No Member shall be entitled to be present at any General Meeting or to vote on any question, either personally or by proxy or by a representative appointed in accordance with Article 79, at any General Meeting or on a poll or to be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares held by him, whether alone or jointly with any other person.

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

72. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian appointed by that Court, and any such committee or other legal guardian may, on a poll, vote by proxy.

73. No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the Meeting whose decision shall be final and conclusive.

74. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or duly authorised attorney of such corporation. A proxy need not be a Member of the Company but shall be entitled to the same right to address a Meeting as the Member appointing him.

75. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company or at such other place in Tanzania as may be specified for that purpose in the notice convening the Meeting not less than twenty-four hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote or, in the case of a poll, the time appointed for the taking of the poll and, in default, the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

76. An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:

I/We ....., of ....., being a Member/Members of the above-named Company, hereby appoint ..... of ..... or failing him ..... of ..... as my/our proxy to vote for me/us on my/our

behalf at the Annual/Extraordinary General Meeting of the Company to be held on the ..... day of ..... 20... and at any adjournment thereof.

Signed this ..... day of ..... 20..

This form is to be used *in favour of/against the resolution. Unless otherwise instructed, the proxy will vote as he thinks fit.

Strike out whichever is not desired

77. The instrument appointing a proxy shall be deemed to confer authority to demand a poll.

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

79. Any corporation which is a Member of the Company may, by resolution of its Directors or other governing body or by notification in writing under the hand of some officer of such corporation duly authorised in that behalf, authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of the holders of any class of shares of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

DIRECTORS

80. The number of Directors shall be not less than two and, unless and until otherwise determined by the Company in General Meeting, shall not exceed seven. The first Directors shall be:

a) MR. SWEEKAR PERNANKILA NAYAK

b) MR.SHRAVAN KUMAR

c) MS.USHA NAYAK

81. The Directors, other than those whose remuneration is determined by agreement between them and the Company, shall be entitled to such remuneration for their services as the Company may, from time to time, in General Meeting determine and such remuneration shall be divided among the Directors in such proportion and manner as they may determine or, failing such determination, equally, except that in such event any Director holding office for less than a year shall only rank in such division in proportion to the period during which he has held office during such year. The Directors shall also be entitled to be reimbursed by the Company in respect of their travelling, hotel and incidental expenses reasonably incurred while engaged on the business of the Company.

82. Any Director who, by request, performs special or extraordinary services or goes or resides abroad on behalf of the Company, may be paid such extra remuneration, whether by way of lump sum, salary, commission, percentage of profits or otherwise, as the Board may determine.

83. A Director need not be a shareholder but shall be entitled to receive notice of and to attend and speak at all General Meetings of the Company or at any separate meeting of the holders of any class of shares of the Company.

84. Any Director may appoint another Director or any other person who is approved by the Directors to be his Alternate to act in his place at any meetings of the Board at which he is unable to be present. Such appointee shall be entitled, in the absence of his appointer, to exercise all the rights and powers of a Director and to attend and vote at meetings of the Board at which his appointer is not personally present and, where he is a Director, to have a separate vote on behalf of his appointer in addition to his own vote. A Director may, at any time, revoke the appointment of an Alternate appointed by him. The appointment of an Alternate shall be revoked, *ipso facto*, if his appointer ceases for any reason to be a Director. Every appointment and revocation under this Article shall be effected by notice in writing under the hand of the appointer served on the Company and on such Alternate.

85. The remuneration of an Alternate shall be payable out of the remuneration of his appointer and shall be such proportion thereof as shall be agreed between them.

86. An Alternate whose appointer is a Member of the Company shall, in the absence of a direction to the contrary in the instrument appointing him, be entitled to receive notice of and to vote at General Meetings of the Company as if he had been appointed a proxy of his appointer under the provisions of these Articles.

87. A Director shall vacate office as such if:

(a) he is removed from office pursuant to a Special Resolution of the Company in General Meeting;

(b) he ceases to be a Director by virtue of section 191(3) of the Act;

(c) he becomes bankrupt or makes an arrangement or composition with his creditors generally;

(d) he becomes prohibited from being a Director by reason of any order made under section 382, 383 and 384 of the Act;

(e) he becomes of unsound mind;

(f) he fails, without reasonable cause and without the consent of the Board, to attend three consecutive meetings of the Board and the Board resolves that, by reason of such failure, he shall cease to be a Director; or

(g) he resigns his office by notice in writing to the Company.

88. The Board may, at any time and from time to time, appoint a person to be a Director to fill a casual vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles.

89. The Company may, by Ordinary Resolution, appoint another person in place of a Director who has vacated office as such under Article 87 and, without prejudice to the powers of the Directors under Article 88, the Company may, by Ordinary Resolution, appoint any person to be a Director either to fill a casual vacancy or as an additional Director.

DIRECTORS' CONTRACTS

90. (a) A Director may contract with and be interested in any way, whether directly or indirectly, in any actual or proposed contract or arrangement with the Company, either as vendor, purchaser or otherwise, and shall not be liable to account for any profit made by him by reason of any such contract or arrangement, provided that the nature of the interest of the Director in such contract or arrangement is declared at the meeting of the Board at which the question is first taken into consideration if his interest then exists or, in any other case, at the next meeting of the Board held after he became interested and it shall be the duty of the Director so to declare his interest. No Director shall vote as a Director in respect of any contract or arrangement in which he is interested and, if he does vote, his vote shall not be counted but he shall, nevertheless, be counted in the quorum present at the meeting. These prohibitions may, at any time, be suspended or relaxed, to any extent, by the Company in General Meeting and they shall not apply:

(a) to any arrangement for giving a Director any security for advances or by way of indemnity or to any allotment to or any contract or arrangement for the underwriting or subscription by a Director of shares or securities of the Company; or

(b) to any contract or dealing in which the Director is interested by reason only of his being a director or other officer, employee or nominee of any government or corporation or company which, being a Member of the Company or holding shares in a corporation or company which is a Member of the Company, is interested in such contract or dealing whether directly or indirectly and this exception shall not cease to have effect merely by reason of the fact that the Director is also a shareholder or creditor of any such government, corporation or company or of any corporation or company in which it is interested.

For the purpose of this Article, a general notice given to the Board by a Director at any meeting of the Board to the effect that he is a member of a specified corporation, company or firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that corporation, company or firm, shall be deemed to be a sufficient declaration of interest in relation to any contract so made. A Director may hold office as a director or manager of or be otherwise interested in any other company or any corporation in which the Company is in any way interested and shall not, unless otherwise agreed, be liable to account to the Company for any remuneration or other benefits receivable by him from such other company or such corporation.

(c) A Director may hold any other office or place of profit under the Company, except that of Auditor, in conjunction with his office of Director and on such terms as to remuneration and otherwise as the Board shall arrange.

A Director may act by himself or his firm in a professional capacity for the Company, except as Auditor of the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

POWERS AND DUTIES OF THE BOARD

91. (a) The Board may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue income notes, bonds, debentures and other securities.

(b) The business of the Company shall be managed by the Board which may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as it thinks fit and may exercise all such powers of the Company as are not by the Act or by these Articles required to be exercised by the Company in General Meeting (subject nevertheless to the provisions of these Articles and of the Act) and to such regulations, being not inconsistent with such provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

(c)The Board may establish any local boards or agencies for managing any of the affairs of the Company, either in Tanzania or elsewhere, and may appoint any persons to be members of such local boards or managers or agents and may fix their remuneration and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Board, with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit and the Board may remove any person so appointed and may annul or vary any such delegation but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

(d) The Board may, by power of attorney, appoint any person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney of the Company for such purposes and with such powers, authorities and discretions, not exceeding those vested in or exercisable by the Board under these Articles, and for such period and subject to such conditions as it may think fit. Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers authorities and discretions vested in him.

(e) The Company may establish and maintain an official Seal for use outside Tanzania as shall be decided by the Board.

(f) The Company may exercise the power conferred by section 124 of the Act with regard to the keeping of a branch Register and the Board may, make and vary such regulations as it may think fit regarding the keeping of any such branch Register.

(g)All cheques, promissory notes, drafts, bills of exchange and other negotiable and transferable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Board shall from time to time determine.

(h)The Board shall cause Minutes to be made, in books provided for the purpose, recording, in respect of every Meeting of the Company, of the Board and of committees formed by the Board, the names of all persons present and all resolutions and proceedings at such Meeting. The Minutes of every such Meeting shall be read at the next Meeting of the Company, of the Board or of the committee, as the case may be, and, after being amended or corrected, if necessary, and approved by the Meeting, shall be signed by the chairman of the Meeting and, once so signed, shall be *prima facie* evidence of the matters stated therein.

(i)The Board may grant pensions, annuities, gratuities or other allowances on death, sickness, disability or retirement to any person who is or has been employed by or in the service of the Company or of its holding company or any subsidiary company of the Company or to any person who is or has been a Director or other officer of the Company or of its holding company or any such subsidiary company and to the widow, family or dependants of any such person. The Board may establish and maintain or concur with such holding or subsidiary company (if any) as aforesaid in establishing and maintaining any schemes or funds for providing such benefits as aforesaid and may pay out of the funds of the Company any premiums, contributions or sums payable by the Company under the provisions of any such scheme or fund.

PROCEEDINGS OF THE BOARD

97. (a) The Board may meet together for the despatch of business, adjourn and otherwise regulate its Meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote. The Secretary, on the instructions of the Chairman or on the requisition of a Director, shall at any time summon a Board meeting. At least seven days' notice (inclusive of the date of service and the date of meeting) of all Board meetings shall, unless waived by all Directors, be given in manner hereinafter mentioned to all Directors and Alternates.

(b) The quorum necessary for the transaction of the business of the Board shall be two Directors present either personally or by Alternate, provided that one person whether a Director or not, although a duly appointed Alternate for any number of Directors, shall not constitute a quorum.

(c)The continuing Directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the minimum number fixed by these Articles as the necessary quorum for Board Meetings, the continuing Directors may act for the purposes of increasing the number of Directors to that number or of summoning a General Meeting of the Company but not for any other purpose.

(d)The Board may elect a Chairman and Deputy-Chairman of its meetings and determine the periods for which they, respectively, are to hold office. If no such Chairman or Deputy-Chairman is elected or if at any meeting neither the Chairman nor the Deputy-Chairman is present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

(e)A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Board.

(f)The Board may form committees of its members or consisting of one or more of its members and others and may delegate any of its powers to any such committee. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

(g)The meetings and proceedings of any committee consisting of two or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article.

(h)A resolution in writing signed or approved by letter, e-mail or fax by all the Directors or by all the members of a committee shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned.

(i)All acts done by the Board or any committee or by any person acting as a Director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid or that he or any Director or member of such committee had vacated office or was not entitled to vote, be as valid as if every such person had been duly appointed and had continued to be a Director or member of such committee and to be entitled to vote.

MANAGING DIRECTOR

93. (a)The Board may from time to time appoint one or more of its body to the office of Managing Director for such period and upon such terms as it thinks fit and, subject to the provisions of any agreement entered into in any particular case, may revoke such appointment. The appointment of a Director holding such office shall (without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company) *ipso facto* determine if he ceases from any cause to be a Director.

(b)A Managing Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and either in addition to or in lieu of his remuneration as a Director.

(c) The Board may entrust to and confer upon a Managing Director any of the powers exercisable by it, other than the powers to borrow money, charge the property and assets of the Company and pay dividends, upon such terms and conditions and with such restrictions as it thinks fit and either collaterally with or to the exclusion of its own powers and may from time to time, subject to the terms of any agreement entered into in any particular case, revoke, withdraw, alter or vary all or any of such powers.

SECRETARY

94. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit and the appointment of any Secretary may be terminated by the Board.

THE SEAL

95. The Board shall provide for the safe custody of the Seal which shall only be used by the authority of the Board or a committee authorised by the Board in that behalf and every instrument to which the Seal shall be affixed shall be signed by a Director and by the Secretary or by a second Director or by some other person appointed by the Board for that purpose.

DIVIDENDS AND RESERVES

96. (a)The Company may, in General Meeting, declare dividends but no dividend shall exceed the amount recommended by the Board.

(b) The Board may, from time to time, pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company.

(c)No dividend shall be paid otherwise than out of profits.

(d)Subject to the rights of any persons entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividends are declared, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share. A dividend shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

(e)The Board may deduct from any dividend payable to a Member any sums of money presently payable by him to the Company on account of calls or otherwise.

(f)The Board may retain any dividend or other money payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(g)No dividend shall bear interest against the Company.

(h)With the sanction of a General Meeting, any dividend may be paid wholly or in part by the distribution of specific assets and, in particular, of paid-up shares or debentures of any other company or in any one or more of such ways. Where any difficulty arises in regard to such distribution, the Board may settle the same as it deems expedient and, in particular, may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees upon trust for the Members entitled to the dividend as may seem expedient to the Board.

(i)Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to such holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first on the Register of Members in respect of the shares. Every such cheque or warrant shall, unless the holder otherwise directs, be made payable to the order of the registered holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register of Members in respect of such shares and shall be sent at his or their risk. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable in respect of the shares held by such joint holders.

(j)The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company or its holding company) as may be the Board may from time to time think fit. The Board may also, without placing the same to reserve, carry forward any profits which it may think prudent not to divide.

CAPITALISATION OF PROFITS

97. (a) The Company in General Meeting may, upon the recommendation of the Board, resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or of any share premium account or of the profit and loss account or otherwise available for distribution and accordingly that such sum be set free for distribution amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up in full unissued shares, debenture notes or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such Members in the proportion aforesaid or partly in the one way and partly in the other and the Board shall give effect to such resolution: Provided that any sum standing to the credit of a share premium account or a capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.

(b) Whenever such a resolution as aforesaid shall have been passed the Board shall make all such appropriations and applications of the undivided profits, allotments and issues of fully paid shares, income notes or debentures as may be required thereby and shall do all acts and things required to give effect thereto, with full power to the Board to make such provisions by the issue of fractional certificates or by payment in cash, or otherwise as it thinks fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any shares, income notes or debentures to which they may be entitled upon such capitalisation or, as the case may require, for the payment up by the Company on their behalf, by the application thereof of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such Members.

ACCOUNTS

98. (a) The Board shall cause proper books of account to be kept with respect to:

(i) all sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure takes place;

(ii) all sales and purchases of goods by the Company; and

(iii) the assets and liabilities of the Company.

(b) The books of account shall be kept at the registered office of the Company or at such other place or places in Tanzania as the Board decides fit and shall always be open to the inspection of the Directors.

(c) The Board may, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book

or document of the Company except as conferred by statute or authorised by the Directors or by the Company in General Meeting.

(d) The Directors shall from time to time, in accordance with sections 127 to 131 inclusive, 155, and 158 of the Act, cause to be prepared and to be laid before the Company in General Meeting such profit and loss accounts, balance sheets and reports as are referred to in those sections.

(e) A copy of every balance sheet, including every document required by law to be annexed thereto, which is to be laid before the Company in General Meeting, together with a copy of the Auditor's report, shall, not less than twenty-one days before the date of the Meeting, be sent to every Member of and every holder of income notes or debentures of the Company.

AUDIT

99. Auditors shall be appointed and their duties regulated in accordance with sections 160, and 174-179 of the Act.

NOTICES

100. Any notice or document may be served by the company upon any member, either personally, or by telecopier or telex, or by sending it through the post in a prepaid registered letter, envelope or wrapper, addressed to such member at his registered place of address entitled to the company.

101. Any notice or document sent by telex or telecopier or prepaid post shall be deemed to have been served.

102. Save as herein before provided, notice of every General Meeting shall be given to every member of the company.

INDEMNITY

103. Save and except so far as the provisions of this Article shall be avoided by any provisions of the Act, the directors, auditors and Secretary and other officers for the time being of the company and the trustee, if any, for the time being acting in relation to any of the affairs of the company, shall be indemnified out of its assets against all costs, charges, expenses, losses and liabilities, sustained or incurred by him in the conduct of the company's business or in the discharge of his duties.

Name Addresses and Descriptions of subscribers	Number of shares Taken by each Subscriber	Signatures of subscribers
Mr Sweekar Premanidhi Nayak, 161B, Udbhav, Pamyadi, Kunjibettu Post, Udupi, 576102, Karnataka, India.	6,668	[signature]
Mr.Shravan Kumar, Gowri Nilaya, Perampalla, Udupi-576141, Udupi	6,666	[signature]
Ms.Usha Nayak, 161B, Udbhav, Pamyadi, Kunjibettu Post, Udupi, 576102, Karnataka, India	6,666	[signature]

DATED this 4th Day of 04 2012

WITNESS to the above signatures :

FULL NAME:

SIGNATURE: [signature]

QUALIFICATION

STEPHEN MOSHA ADVOCATE NOTARY PUBLIC & COMMISSIONER FOR OATHS P.O. Box 45180, D.S.M.

Attestation

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KIKEO-MGETA IRON ORE PROJECT

Pre-Feasibility Study – Kikeo Village Morogoro Rural District in Morogoro Region, United Republic of Tanzania

UDBHAV INTERNATIONAL LTD

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CHAPTER 1

1.0 INTRODUCTION

1.1 General Information

The Kikeo Iron Ore deposit is located at Kikeo village after Mgeta in Morogoro region, Tanzania. Total Prospective ore bearing area is very small, located across a narrow hillock. The area is not yet prospected for iron ore deposit by any agency. However, the surface indication shows presence of a small magnetite ore deposit in the area. UDBHAV (T) Ltd holds a 100% interest on Licence in the project that is located in Kikeo village, Morogoro Rural District in Morogoro Region.

This report is specifically aimed to provide the background geological and technical information with regards to a planned exploration program in the area offered to UDBHAV (T) LTD situated in the Kikeo Village.

1.2 Location of the Area

The area is located at a distance 54 Km from Morogoro town and can be approached the area by Morogoro – Mgeta - Kikeo road. The nearest Village Kikeo is located at a distance 01 Km from the Prospective area. The approach road is very narrow and is in very bad condition with steep gradients, can be approached only in dry season with four wheel drive car. And from Dar es Salaam it is approximately 252km and known as the Eastern Arc Mountainous Ranges region of the country.

1.3 Topography of the area

The Prospective area is located towards Northeast of Kikeo village on highly undulated topography with high relief. The hill rocks are very steeply undulated with steep slopes on both sides. The vegetation is scarce with local varieties of less timber value and thorny bushes and shrubs. Maximum elevation is 625m and minimum is 560m above MSL. A perennial stream is flowing from north to south on the western side of the area along the deep narrow valley.

The project area is found of the known deposit of Titaniferous Magnetite and associated iron rich rocks the German geologist Dantz, 1903 reported that "they are magnetite like those found in Liganga titaniferous magnetite complex which is located southwest of the country".

The exploration and development of the Titaniferous Magnetite deposits on the properties that are covered by the Mining licenses constitutes the Iron Ore mining Project. The Geological Survey of Tanzania published a geological report of Uluguru Mountains, bulletin 37, 1964. The Report did not provide information concerning the economic viability of the Fe Ore deposit. This Technical Report included data compilation based on the information given by the client.

Subsequently, the studies were conducted to meet the requirements and standard of the Tanzania Investment Council (TIC) as well as the National Environmental Council (NEMC). The Environmental Impact Assessment and Environmental management Plan for the project area are in progress with ("UDBHAV").

1.2 Terms of Reference

The UDBHAV Technical Team started to do Pre-Feasibility Study on it is Kikeo Iron Ore project compliance with the requirements of the Tanzania Investment Council ("TIC") and National Environmental Council ("NEMC").

The preparation of this technical report was authorized by Mr. Sweekar Nayak, one of the directors of Udbhav. The Udbhav personnel and individual consultants who comprised the Technical Team are named in Table 1 and their work was supervised by the following persons all of whom, together with Mr. S. Mushi, are Qualified Persons:

- ✓ A. Juma, Geologist, Project Director, Consultant to Udbhav;
- ✓ Sweekar Nayak, Director;
- ✓ Shravan Kumar, Director;
- ✓ Usha Nayak, Director;
- ✓ S. Mushi, Project Geologist, Consultant to Udbhav.

Table 1: Technical Team.

In alphabetical order;

A. Juma, Project Director
Sweekar Nayak, Director
Shravan Kumar, Director
Usha Nayak, Director
S. Mushi, Project Geologist, consultant

1.3 Units

In this report, unless specifically stated otherwise, quantities are generally expressed in the metric units as defined by the System International Unites ("SI"), the standard practice in the United Republic of Tanzania and internationally and fiscal amounts are expressed in United States dollars (" USD"). Table 2 sets out the various Acronyms, abbreviations and symbols used in the Feasibility Study report and hence possibly appearing in this report.

Table 2: Acronyms, abbreviations and symbols

$ Dollar

° Degree of angle

°C Degree Celsius

" Inch English measure

% Percentage

µm Micron

BF Blast furnace

EIA Environmental Impact Assessment

EIS Environmental Impact Statement

EPA Environmental Protection Act

EQA Environment Quality Act

ESH Environment, Safety and Health

Fe The chemical symbol for the element "iron"

FS Feasibility Study

Technical Report – Feasibility of the Masisiwe Iron Ore Project

GDP Gross Domestic Product

GIS Geographic Information System

GPS Global positioning system

UDBHAV

GST Geological Survey of Tanzania

H Hour

Ha Hectare

HP Horsepower

i.e. That is

IPT Integrated Project Team

JVA Joint Venture Agreement

JVC Joint Venture Company

Kg Kilogram

Km Kilometer

kPa Kilopascal

Kt Kilotons (1,000 kg)

kV Kilovolt

kVA Kilovolt-amp

kW Kilowatt

kWh Kilowatt-hour

Lts Liter

l/s liters per second

M Meter

m^2 Square meter

m^3 Cubic meter

M Million

Mm Millimeter

Mm^3 Million cubic meters

Mtpy Million tonnes per year

MVA Megavolt-ampere

MW Megawatt

N North

n.d. no date

NEMC National Environmental Council

UDBHAV

Nm^3 Normal cubic meter

NTS National Topographic System

NW Northwest

ppm parts per million

QA/QC Quality assurance/Quality control

ROM Run-of-mine

Rpm revolutions per minute

SF Sinter Fines

SiO2 The chemical formula for silica

SSF Super Fines

T Metric tonne

TIC Tanzania Investment Centre

Tph Tonnes per hour

Tpy Tonnes per year

USD American dollar

USA United States of America

UTM Universal Transverse Mercator

V Volt

W West

WHIMS Wet High-Intensity Magnetic Separation

Y Year

XRF X-Ray Fluorescence (analytical method)

1.4 Important Notice

This report was prepared as a Technical Report, in accordance with the client demand, Sweekar Nayak and his Company. The quality of information, conclusions, and estimates contained herein is based on:

I) Information available at the time of preparation, from the client as stated above

ii) Data supplied by outside sources, and

iii) The assumptions and conditions set forth in this report.

The Udbhav own 100% shares of the licenses and the company is in legal processes to acquire Mining licenses pursuant to the Mining Act, 2010. The licenses granted for the prospecting and mining of iron as according to the Mining Act, 2010 and its Regulations.

Udbhav is an authorized company to file this report as a Technical Report with Tanzanian Securities Regulatory Authorities pursuant to provincial securities legislation. Except for the purposes legislated under provincial securities law, any other use of this report by any third party is at that party's sole risk.

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CHAPTER 2

2.0 RELIANCE ON OTHER EXPERTS

The Feasibility Study and, therefore this technical report, is based in part upon data, design criteria and information developed by Udbhav and use was made of reports by

- ✓ Kimsons Ltd for all environmental aspects;
- ✓ Metallurgical testing firms and laboratories;
- ✓ Geological Survey of Tanzania ("Laboratory")
- ✓ Project Information and any other documents concern provided by Udbhav.

The authors of each of the above-listed reports are responsible for the contents thereof.

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CHAPTER 3

3.0 PROPERTY DESCRIPTION AND LOCATION

3.1 Location

The prospecting license ("PL") with iron ore deposits of the Kikeo project (the "Property") are situated to the southwest of Morogoro Region and southeast of the Town of Mgeta, along NE-SW trending of the Uluguru Mountainous range (Figure 1). By reference to the National Topographic System ("NTS"), they are in the regions of QDS 201/1 (Table 3).

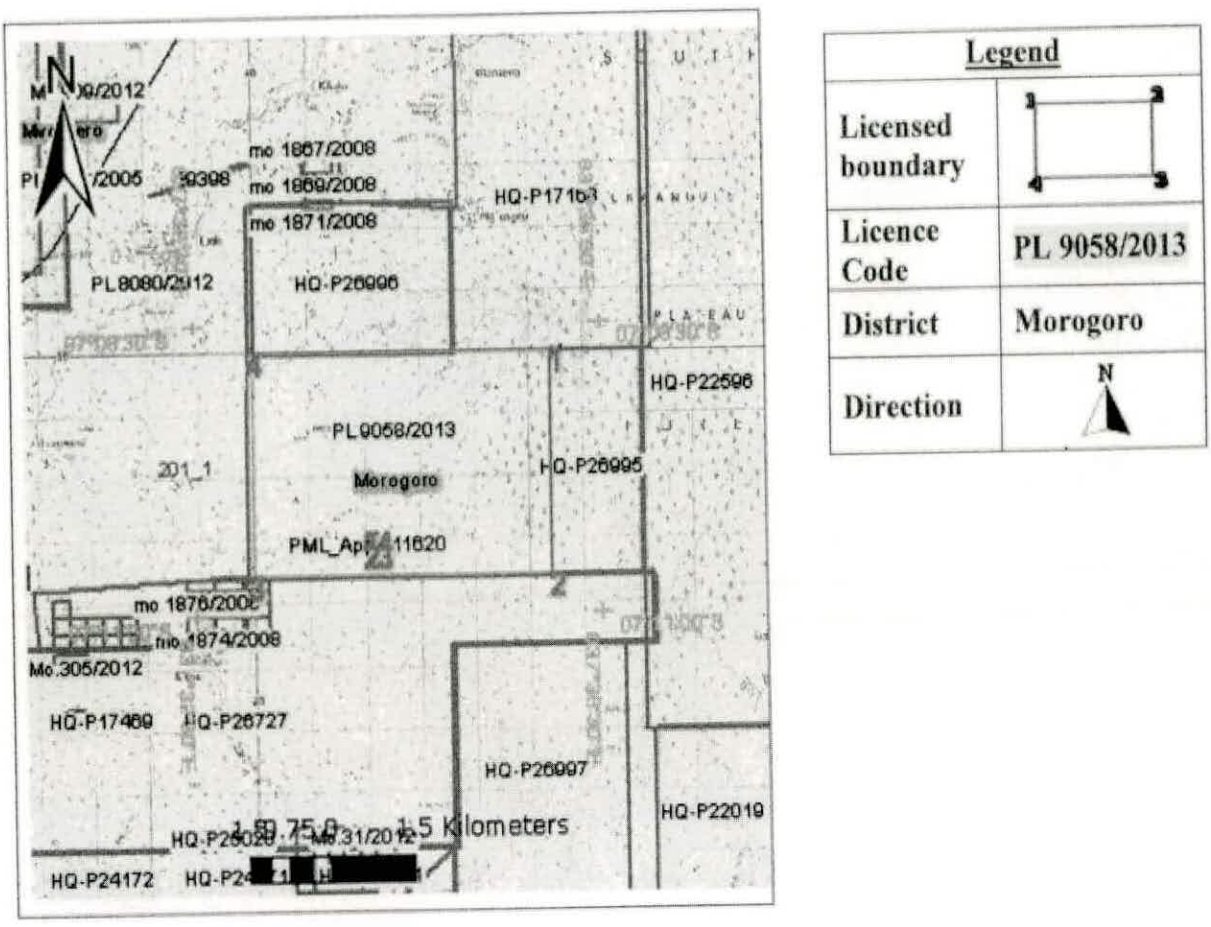


Figure 1: Location of the Project Area.

The locations of the project licenses, deposits and infrastructures are shown on Photo 5 and details of the property licenses are set out in Table 3. In addition to the discovered deposits, the UDBHAV has planned further exploration studies to identify some other deposits in the property.

Table 3: License Details

S/N	Degree	Minutes	Seconds	Degree	Minutes	Seconds
	Longitudes			Latitudes		
A	37	36	00	7	26	26.89
B	37	36	00	7	26	21.45
C	37	33	02	7	26	16.29
D	37	33	02	7	26	13.10
With exclusion of the area of PML application no. 11620/04 as defined by the following coordinates						
A	37	34	10	7	10	18
B	37	34	10	7	10	24
C	37	34	18	7	10	24
D	37	34	18	7	10	18

3.2 Property Description and Ownership

Since it is a big project the UDBHAV intended to receive mining licenses ("ML") after all procedures completed according to the Mining Acts and its regulation. The Property has not been legally surveyed but PL is defined on the basis of Universal Transverse Mercator ("UTM") coordinates and consequently the Property location is accurate (Table 3).

3.3 Agreements

Udbhav owns either 100% or a majority share in the licenses referred to in the preceding subsection and the mining of the Property is not subject to any agreement with any other entity till this moment.

3.4 Royalties

Udbhav Tanzania Ltd will obey any other obligations according to the Mining Act, 2010 and it is Regulations, regarding to royalties' payable on the extraction or sale of mineral from the Property.

3.5 Environmental Issues

The writer know of no environmental baseline investigations or studies carried out by previous history of the property and it is unlikely that neither GST nor previous owners, the companies that carried out the initial exploration of the area, only previous owner of the PML, carried out only Environmental Protection Plan ("EPP") studies during their tenure, after the amendment of the Mining Act in 2010. Since becoming the owner of the Property, Udbhav has through the environmental consulting firm, arranged baseline studies covering all environmental aspects around the project area.

The Environmental and Social Impact Assessment (ESIA) has been prepared by SCC (T) LTD and includes baseline data of the relevant environmental and social impacts associated with the Project and the mitigation measures required to minimize the impact of the Project upon the baseline. The ESIA has been prepared in accordance with National Environmental Management Council commitment to corporate responsibility and meets the requirements of the Tanzania Government.

The development of the Project will have important beneficial impacts upon the region and in recognition of this; the Mining Act 2010 aims to promote investment in the mining sector while ensuring that the environment is protected. The legislation makes provision for the establishment of a Mine Site Reclamation Fund, statutory reporting requirements and certain public health and safety regulations. The Financial Model assumes closure plan reclamation funding at the end of operations.

The social baseline conditions have been established through reviewing existing information and from information collected by the social assessment team working within the Project footprint area. During this period a good understanding of the baseline social conditions, as well as a comprehensive database of people and dwellings has been established. Health facilities are very basic and the area is served by a small clinic and a maternity home with the nearest hospital in Mgeta which is about 25 km away.

CHAPTER 4

4.0 ACCESSIBILITY AND INFRASTRUCTURE

4.1 Access

The Property is accessible to it is nearest point by a good gravel road, for around 54km southwest of Morogoro town via Mzumbe to Mgeta gravel road. Then after Mgeta you drive about 25km to the southeast there at Kikeo Village you find the property site. The roads from the property to Mgeta are very narrow and are in very bad condition with steep gradients, can be approached only in dry season with four wheel drive car or all-terrain vehicles.

4.2 Infrastructure

Airstrip is available in Morogoro town and whereby charter flights used to land. This is classified as a Remote Airport under the National Airports Policy.

TAZARA, which is owned in equal parts by the government of Tanzania and the government of Zambia, provides passengers and freight rail transportation services between Dar es Salaam and Lusaka. And Kisaki Station is the closest Station were the Iron ore concentrates will be loaded and dispatched to the Dar es Salaam port. The trains are operated by TAZARA employees from Dar es Salaam to Lusaka by alternating train trips (Tanzanian and Zambian). The major infrastructure associated with the train at Kisaki is a maintenance shelter, and a station.

CHAPTER 5

5.0 GEOLOGICAL SETTING

5.1 General Geology of Tanzania

The stratigraphy of Tanzania (Table 1) is dominated by Precambrian, Mesozoic and Cenozoic rocks. The central part of the Tanzania craton is covered by Achaean rocks of the Dodoma system. The Nyanzian Kavirondian system occupies the northern part of the country (Figure 2).

The Craton is surrounded by lower Preterozoic mobile belts of the Ubendian and Usagaran systems. The Ubendian belt is located on the western part and the Usagaran system on the eastern part of the Craton.

The craton to the far northwest is flanked by Mesoproterozoic belt known as Karagwe–Ankolean system which is overlain in the south and east by the Bukoba sediments. To the Far East, the Craton is flanked by Neoproterozoic belt known as Pan – African Mozambique belt.

5.1 Regional Geology

The Morogoro Region is located in the high grade metamorphic rocks of Early – Preterozoic age classified as Usagaran. These rocks form several blocks one known as Uluguru block. The Uluguru block (where the area under property situated) comprises of gneisses and granulites rocks.

The regional area is rich in a variety of geological formations most of which are grouped under two systems and a particular suite of igneous rocks. Garnet-quartzo-feldspathic granulites are more resistant to weathering than mafic granulites and gneisses and hence they are found to cap main hills.

These rocks overlie garnet-biotite gneisses, amphibolites and mafic granulites. The rock is faintly banded to massive, characterized by granular texture composed essentially quartz, feldspar (microcline) and garnet.

The Group of rocks consist of migmatitic quartzo feldspathic gneiss, garnet–biotite gneiss, garnet pyroxene-hornblende gneiss and amphibolites. These rocks are generally poorly exposed except in stream and river sections.

This stratigraphy is intruded by pegmatite, pegmatite quartz, quartz veins and vein lets & stringers. Lineation and joints are well developed with two predominant trends oriented at NE-SW and NW-SE. Major faults are trending NNE-SSW.

Table 4 Stratigraphy of Tanzania

PERIOD	TECTONIC DOMAIN	LITHOLOGY
MESOZOIC TO RECENT	Younger formation	Sedimentary and volcanic rocks
LOWER TRIASSIC UPPER CARBONIFERCUS	Karoo sedimentary units	Sedimentary rocks with coal beds in some places like Ruhuhu basin, Kiwira Basic
NEOPROTEROZOIC (600-100 Ma)	Pan – African Mozambique Belt (900-450 Ma) Bukoban Tectonic domain (1100-700 Ma)	Meta-pelites, meta-semi-pelites, marbles, anorthosites, ultramafics-mafic metamorphosed rocks. Conglomerates, sandstone, shales, mudstones, siltstones, dolomitic,limistones, cherts, quartzites, amygdaloidal lava.
MESOPROTEROZOIC (1800-1000 Ma)	Karagwe-Ankolean (1300-1100 Ma) UKINGA GROUP (1350-1000 Ma)	-Phylitic shales and quartz-argillites, arenites, slates, schist, granite and migmatite gneisses. -Phylitic argillites, arenites
PALAEOPROTEROZOIC (2100-1800 Ma)	Uusagaran (2100-1800 Ma)	Granite gneisses, quartzites amphibolites, schists, granulites, granite intrusion (1800-1850 Ma) volcanics, rhyolitic lavas and tuffs agglomerates.
	Ubendian Belt (2100-1800 Ma)	Quartzites, schists, gneiss, amphibolite, granutes.
LATE ARCHEAN (2500-3000 Ma)	Kavirondian super group (2680-2600 Ma)	-Sandstone, arkoses, conglomerates -Chert, tuff,ironstones -Basaltic pillow lava
	Nyanzian super group (2800-2880 Ma)	-Ferruginous chert -Rhyolite & dacite tuffs -Andesite lavas -Basalt pillow lava
	The Dodoma Tectonic Domain (3000-2759 Ma)	-Quartzite, schist, amphibolite. Gneiss, migmatites, granites

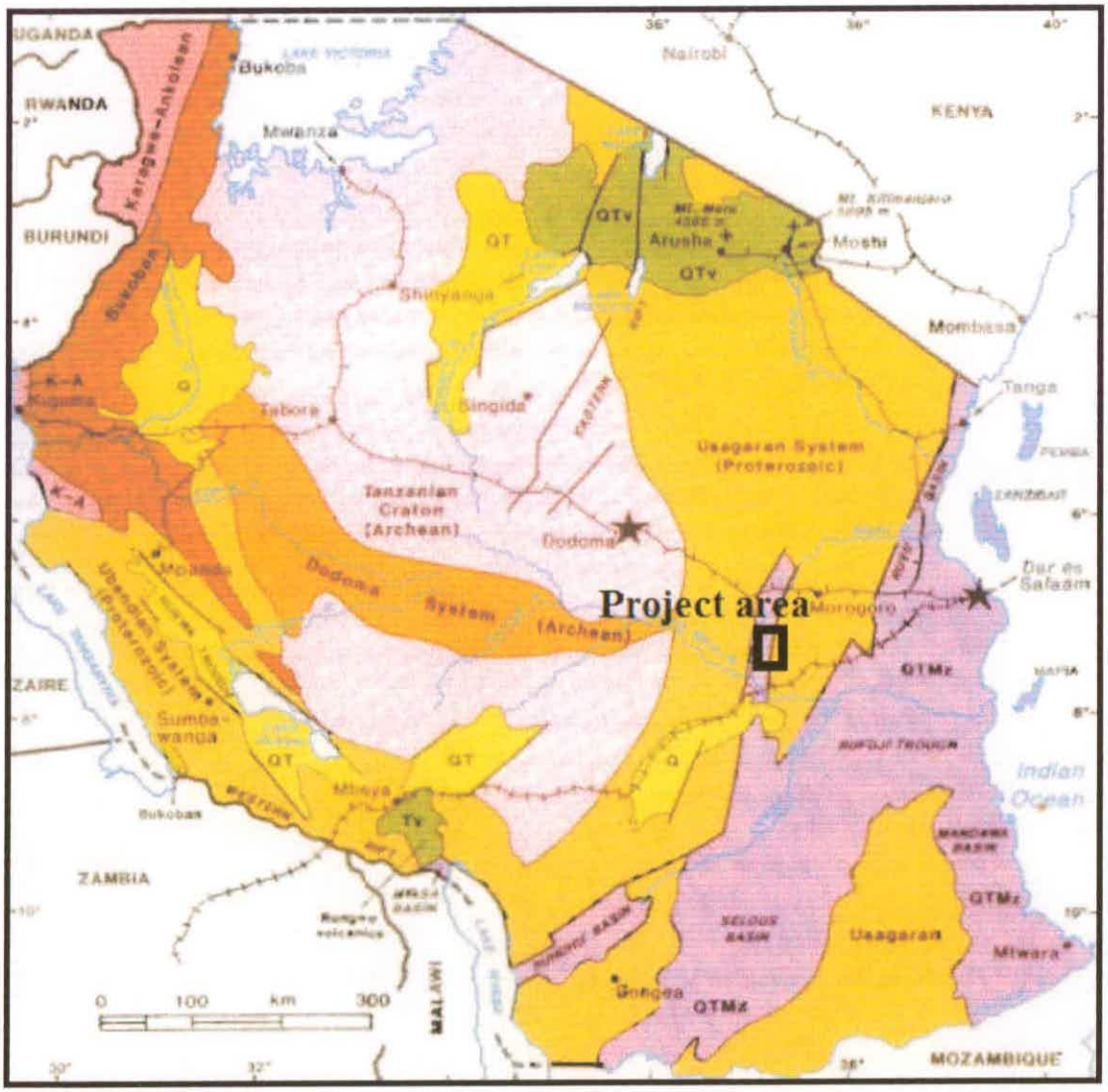


Figure 2: Regional Geology.

5.2 Local Geology

Almost all area is found covered with thick blanket of micaceous schist rock. The other rock formations found in the area include Shale and dyke rock. The alluvial deposits such as silt, mud, sand and gravel cover the most part of valleys, streams and also at places along the hill slope.

The Kikeo iron ore deposit which is Magnetic in nature is of magmatic (magmatic dissemination) in origin. The ore occurs in between the micaceous rocks as vein. From the field observation it is understood that the iron ore deposit is vein type with East – West trend and dipping vertically.

Both the hanging wall and footwall are micaceous schist rock. Post mineralization activities such as volcanic and tectonic activities have also taken place for the formation of dykes, sills, faults and folds. There is possibility of getting other accessory minerals within the micaceous schist rock.

The stratigraphy succession of the rocks is as follows;

- Soil and Laterite
- Igneous Rocks – Dyke
- Hard Lumpy Magnetite Ore
- Shale
- Micaceous Schist

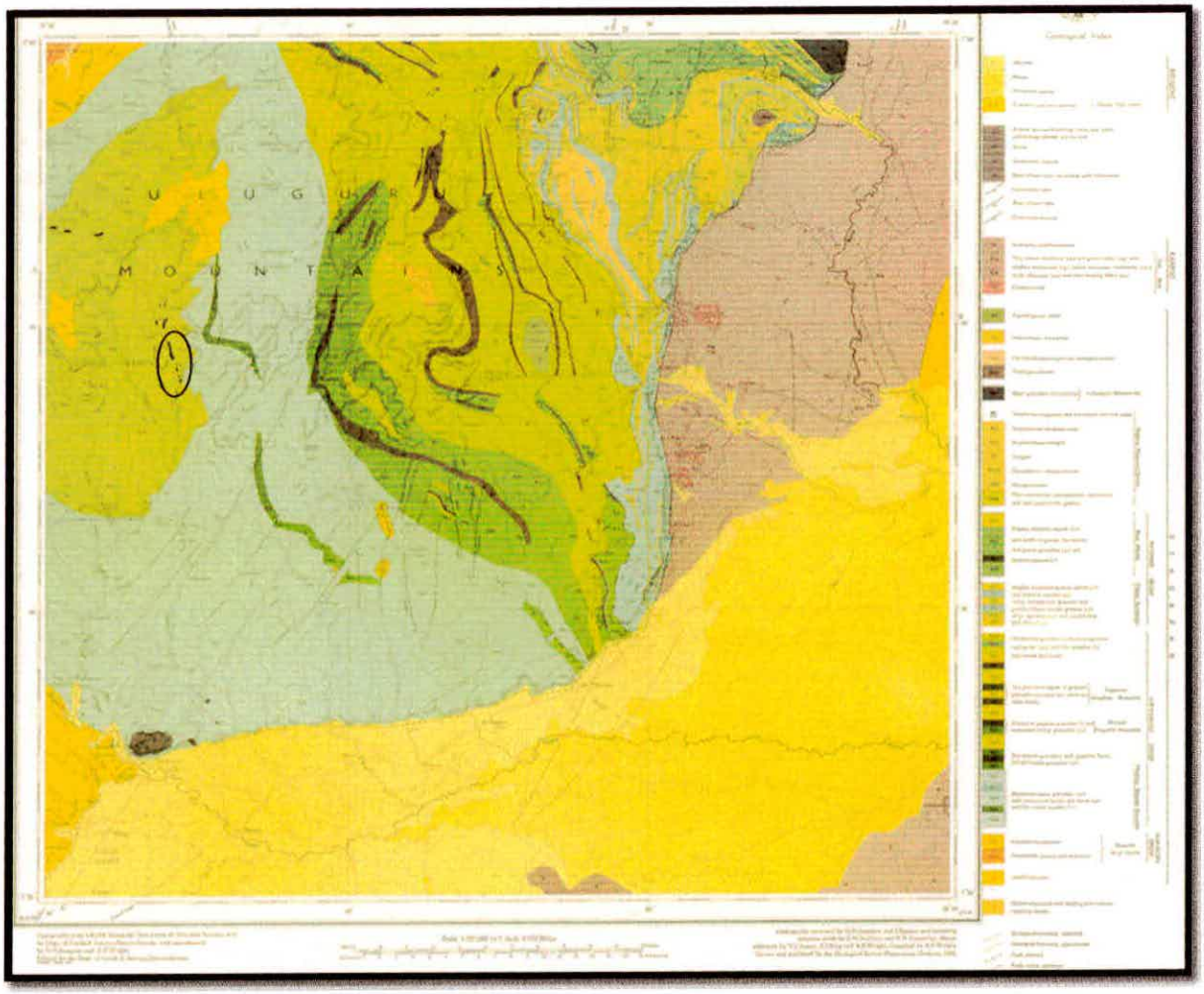


Figure 3: Geology of the Masisiwe Project Area.

The deposits are situated in an extremely hilly and mountainous range. Differences of level between valley bottom and hill top may be as much as 560m or 625m; most of the streams flow through ravines and steeply sided gorges.

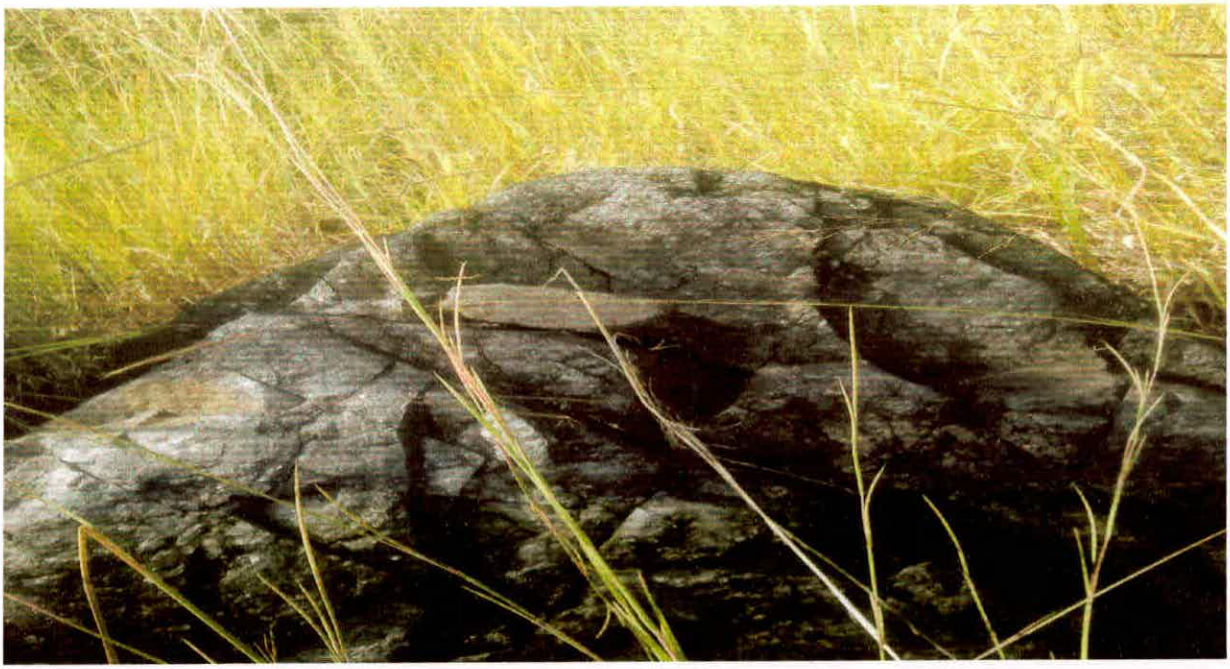


Photo 1: Kikeo Magnetite ore deposit.

Masses of magnetite are seen on the lowermost flanks of the hill and on the higher portion of the spur to the north.

The trend of the Magnetite bodies is generally concordant trend of the ridges. The calibration has been used for the attitudes measurement as since the magnetic variation is so high in the area. However, the magnetite appears to be in the form of a seam about 90cm thick and dipping at about 40^0, which are much broken up by faulting. More magnetite was found in the veins on the lower ground but it is significant in quality.

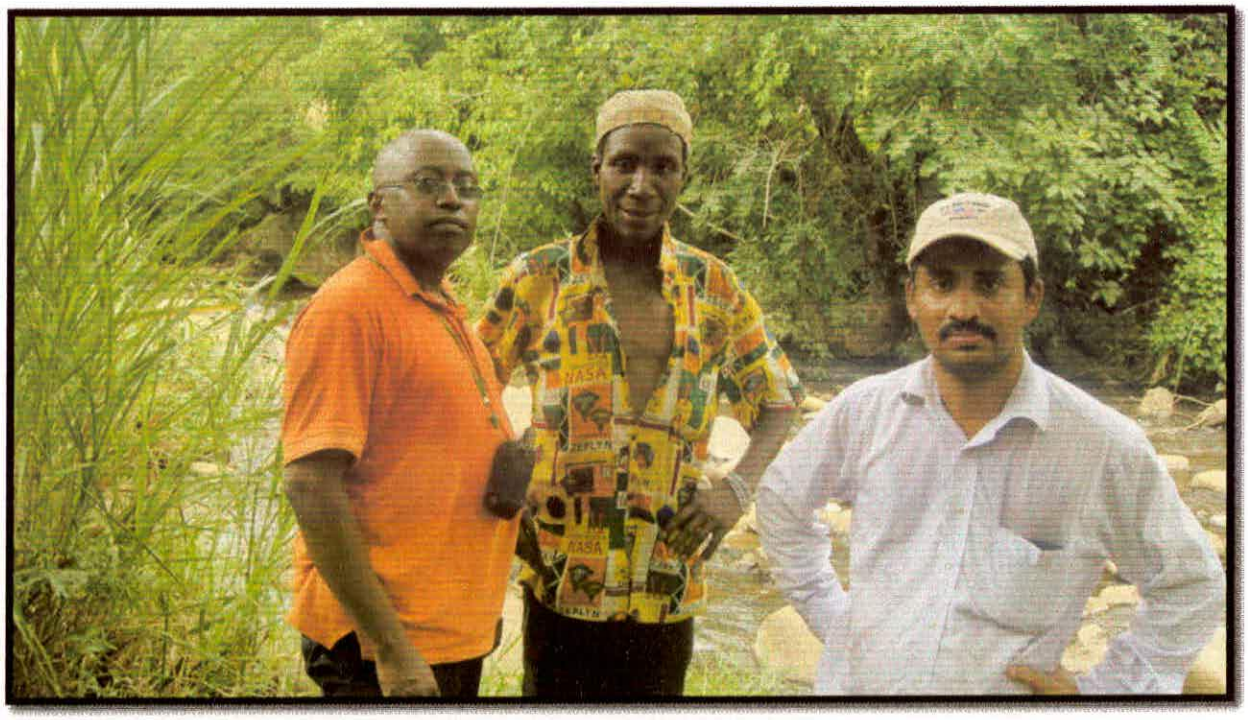


Photo 2: A photo taken at Lukangazi River the way to Kisaki from Kikeo, a river discharging water to Mbakana River that empty water to Mgeta River.

Most of the hill parts rocks were covered by eluvial deposits nowhere except some few areas can find exposed magnetite deposits. Transported deposits found along the valley bottoms and hill sided which have been washed down by rain.

5.3 Mineralization of the Magnetite Deposits

It is convenient to consider the genetic mineralization of the magnetite deposits in connection with general question of structural geology rather than dealing with it particularly under the section of Economic Geology.

The topographical terrain of the project area is mostly controlled by structures. The property area is bordered by two major fault systems that are Lukangazi and Lumba parallel Faults (NE-SW) as well as

Mbakana River driven Fault (NW-SE). There are several conjugate fault systems that follows almost parallel to the major faults trending.

The geological evidence further shows that almost all the formations in this region have suffered regional folding and thrusting, severe movement of an intense and shattering kind.

5.4 Exploration Program

In order to keep its licenses in good standing, the company conducted reconnaissance programs that consisted mainly of mapping, with limited collection of grab samples. Some of the deposits established by ground geological survey data and the drilling data evaluation from the similar and the nearby iron ore deposits. Intensive exploration has been planned to confirm other deposits and even re-confirm the ore deposits established yet.

CHAPTER 6

6.0 PREVIOUS WORK HISTORY

In 1955, the Geological Survey Department investigated a number of titaniferous magnetite bodies within the large intrusive meta-anorthositic complex which forms the core of the western Uluguru Mountains.

It was reported that the total tonnage inferred is about 8 million tons, averaging about 40 per cent iron and 6 per cent titanium.

CHAPTER 7

7.0 MINING

The study is based on mining deposits and blending the ore to provide consistent feed to the process plant. The schedule provides at least five years mine life. The schedule will maximize the utilization of capital assets and optimize operating costs.

Mining will start where accessibility and all others like stripping were established yet. Moreover, the production will start after all assessment and preparations completed (full production) in order to achieve the required blend for the plant feed.

The rocks will be drilled blasted and loaded into haul trucks that will deliver ROM ore to the primary mineral sizer that will be located at Morogoro town were electricity is available. From the pit waste will be hauled to an out of pit waste dump to be located nearby. Overburden removal and ore and waste mining operations will take place 24 hours per day 365 days per year but, for loader and trucks calculation purposes it was assumed that inclement weather will shut down operations during heavy rains.

7.1 Metallurgical Testing

An extensive testing program has been done with the objective of developing an optimum process flow sheet that would achieve the required product grades at acceptable recovery rates. The tests were performed on bulk surface samples from two selected deposits. The deposits were chosen based on the basis of the mine plan to ensure the representatives of the collection samples in every pits proposed.

A detailed test program was designed to evaluate the chemical, physical, and metallurgical characteristics of deposits from different deposits so that a blending program could be developed to ensure consistent feed quality to the plant.

Furthermore, the test results were used to select and design appropriate process equipment to upgrade the ore to the required specifications. In summary, the laboratory results of all samples collected were as shown in Table 5.

Table 5: Results of the Metallurgical Test (GST Laboratory).

Sample ID	Specific Gravity	Fe_2O_3	AL_2O_3	SiO_2
UIL-27	4.78	70.33	0.44	24.12
UIL-28	4.85	72.4	0.77	18.4

7.2 Mineral Processing

The run of mine (ROM) ore processing consists of crushing and wet screening to reduce the ore to -6mm size. Gravity Separation methods, employing jigs, spirals and hydro-classifiers are Utilized to upgrade coarse grains. Materials below 0.1mm are separated by the wet high intensity magnetic separator (WHIMS).

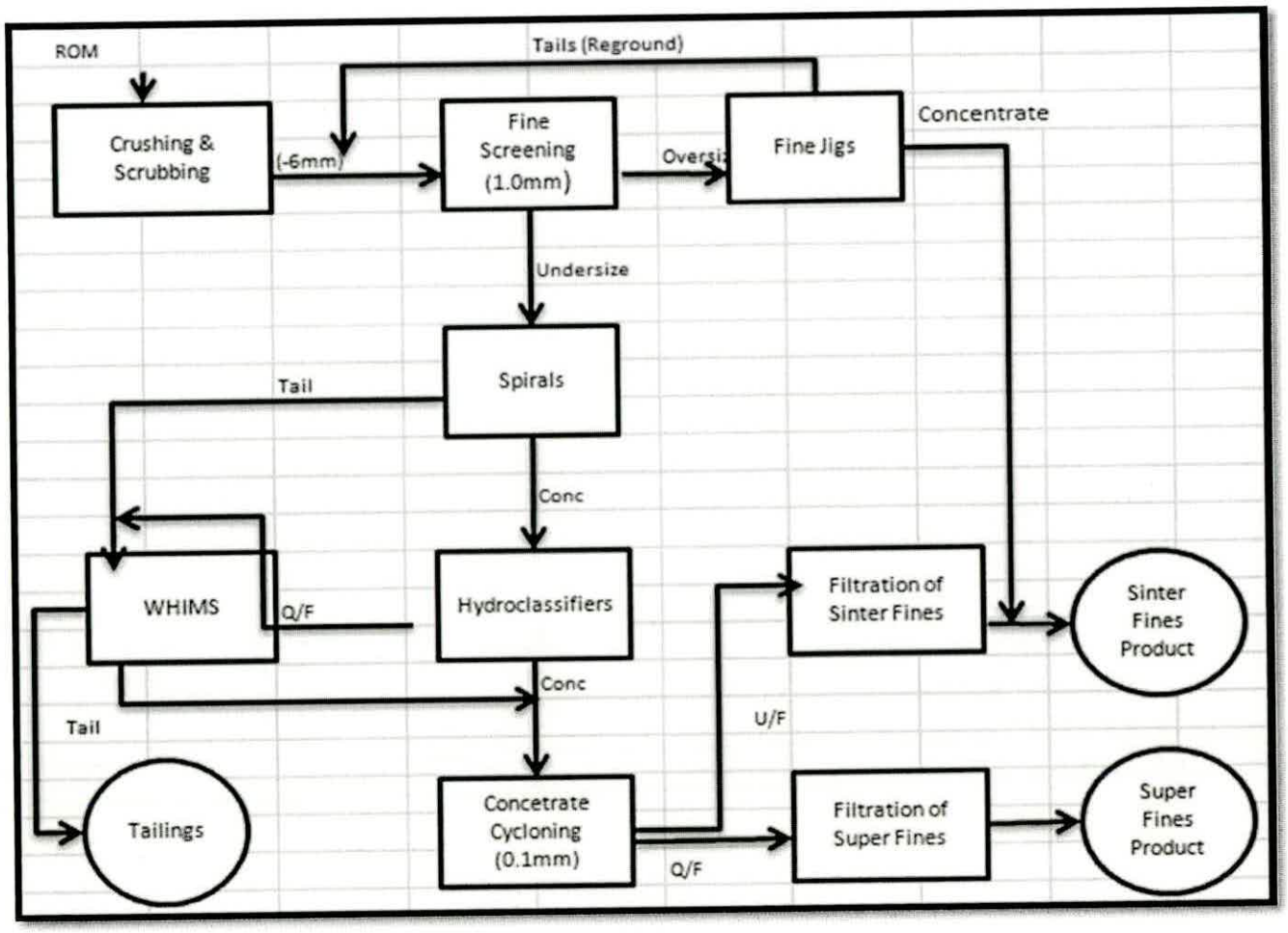
A process flow diagram representing the selected flow sheet is presented as figure 3. It covers the reception of ROM ore at primary sizing station to the loading of super fines and sinter fines products into cars for transportation to storage and ship loading facilities at Dar es Salaam.

The plant will process 0.4 millions natural tonnes per year ("mtpy") to produce 0.1 million dry tonnes of sinter fines and super fines. About 80% of the production will be the higher valued sinter fines. Various tests performed on representative bulk samples at laboratory and facility operated by

experienced technology provider demonstrated the processing ability to meet product quality requirements.

Tailings from the process plant will be pumped to the dam site and the reclaimed water will be pumped back to be used as process water.

Figure 4: Processing Plant flow sheet.



The electricity transmission line will be established from the nearby source to the plant. It is possible the plant to be constructed at Morogoro and the process of getting the site has started yet. Except for the primary sizing station and product load out facilities all other facilities will be housed under a

reasonable air support dome. In addition, to providing adequate protection from weather the dome will be more economical than having separate buildings for individual's facilities.

7.3 Transportation

Product will be filtered and dried to a low enough moisture content to prevent any reaction in cars during transporting to the port. Dried product will be stored in silos at Morogoro plant site. Trucks will be loaded for dispatching to Dar es Salaam where the product will be emptying directly to the port.

The Udbhav prepared a budget for the Kikeo to Mzumbe road development able to sustain a 15t trucks. The road is about 42km to Mzumbe from Kikeo and it is estimated to cost about 9 million Tanzanian shillings per kilometre, which are 378 million Tanzanian shillings. The amount is subject to change depends on the material costs and any other construction factors.

Alternatively, after sorting-out the issues of electricity at the project site and the road construction of Kikeo to Kisaki been done. The processing plant and storage will be implemented at the project area. Trucks will be loaded for dispatching to Kisaki TAZARA rail Station where the product will be unloaded and loaded to the locomotives ready for dispatching directly to the port.

From Kikeo site product will be hauled in 20-50 tonnes trucks to Kisaki. Negotiations are being carried out with TAZARA, each of which is designated as a common carrier with reasonable costs, regarding the tariffs to haul the ore to the port. Similar negotiations are in progress with Dar es Salaam port regarding the use of the ore handling and ship loading equipment.

To date the rail and port tariff agreements have not been concluded. For the feasibility study the Company has used it is best judgment to determine the expected cost of rail tariffs, based on an extensive study. In addition, UDBHAV has commissioned a study of the Project financial analysis and other action with Carrier Company.

7.4 Project Impact and Benefits

Two districts will be affected by the Project Implementation, Morogoro rural and urban districts. The Kikeo village lives in the vicinity of the Proposed Project. Not only there are many other villages on the way from the Mine Site to the Proposed Plant Site in Morogoro town or even to Kisaki Tazara Station. The company has prepared proper haulage by covering the material in trucks from the mine site.

More details about any other environmental impacts, social and economically will be addressed in the EIA report. Since early of 2013, ADBHAV has provided temporary employment to the villagers and has maintained a close relationship with the community. The Company representatives have held continuous meetings with members of the communities and the members of the councils from Regional to the village level to explain the long term benefits of the project.

Impacts and benefits agreements (IBA) negotiations are in progress with affected Districts, but Company has yet to conclude any such agreements. The conclusion if IBAS is desirable but not mandatory for the Project to proceed.

7.5 Person Fly-in and Fly-out Concept

A Camp to house about 15 persons at the mine site and 25 persons will be in plant site, initially to be used by construction and later for operational personnel will be built near the dome. Operations personnel will be worked on the basis of six consecutive weeks of work followed by two week rest and recreation period, when they will be returned to their home bases on a fly-in and fly-out basis.

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CHAPTER 8

8.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

8.1 Mineral Resource Estimate

In making the resource calculation, a specific gravity of 4.8 was used, as were the following cut-off grade parameters (as analyzed by the Geological Survey of Tanzania laboratory):

- ✓ Fe2o3 ≥70.4%
- ✓ Mn ≤1.0%
- ✓ SiO2 ≤24.12%

Table 6: Iron Ore Reserve Estimation

DESCRIPTION	UNITS	ESTIMATED VOLUME
Average vein width (m)	200	
Vein dip	Sub-vertical	
Strike considered (m)	300	
Depth considered (m)	150	
Specific gravity (t/m3)	4.90	
Assumed area (m2)	45,000	
Volume (m3)	9,000,000	
In situ tonnage (t)	44,100,000	
80% Weight Recovery of iron ore (t)	0.80	35,280,000
Fe cut-off grade (50%)	0.50	
Allowed estimation error of ore grade (%)	0.3	0.15
Approximately Estimated Iron Reserve (t)		**5,292,000**

The first parameter applied to the resources estimate was the moisture content. This value, which is different for each pit, is required for the economic analysis and mine scheduling.

The second parameter applied was recovery. This value is the same for each pit but also the same set of values is used for each deposit. These values are required for the economic analysis and mine scheduling. Based on the results of laboratory test, recovery values were estimated.

8.2 Design Parameters

The following parameters were used in the engineered pit designs:

- ✓ Bench Height: 6m
- ✓ Ramp Width: 10m
- ✓ Ramp Grade: 8% maximum
- ✓ Minimum Working Area: 15m
- ✓ Face Angle: 70°
- ✓ Overall Pit Slope: 50°
- ✓ Catch Bench Width: 2.5m
- ✓ One catch bench per bench

In all deposits, the pit ramp did not extend down to the pit bottom. It was assumed that a backhoe will mine the lowest bench, thereby reducing the waste volume required to be extracted.

Table 7: Sample Analysis Results

Resource Classification	Tonnes Mt	Fe (%)	Al_2O_3 (%)	SiO_2(%)	P (%)	Mn (%)	MgO (%)
Indicated	5.29	70.40	0.77	18.40	0.3	1.00	2.00
Inferred	4.23	64.33	0.44	24.12	0.2	0.3	1.1
TOTAL	9.52	67.365	0.605	21.26	0.5	0.65	1.55
Specific gravity = 4.85;		Recovery =80%Fe lower		cut-off grade = 50%			

8.3 Design Criteria

Basic plant design criteria was based on the reserve estimation calculation as shown in Table 8. Plant availability is consistent with Tanzania Bureau of standards for the type of equipment to be used and spare equipment, where appropriate, will be held on site to ensure maximum plant availability.

8.4 Product Transportation

The ore product will be transported by 15t trucks from site to Morogoro were will be loaded to 30t trucks that transport the materials to Dar es Salaam. Via Kisaki Tazara railway, ore product will be transported by 15t trucks directly to the station. At the rail Station, the load-out station operator (or front end load operator) will use and load railcars. The loaded railcars will be verified at a weigh station to ensure proper loading and improperly loaded railcars will be corrected at that time.

The railway company will deliver the train to the port at Dar es Salaam to be handed over and either loaded to the ship. All appropriate protocols will be followed to ensure a safe and a productive operation. Efficiency in the use of locomotives will be achieved by a rail layout that will make it possible for the same sets of locomotives to exchange.

To provide a rail against road transportation cost estimate, the company developed an operation plan and determined what additional capital assets will be required to move iron ore over this routing in an economical, efficient, effective and safe manner.

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Table 8: Basic Process Plan Design Criteria.

Parameter	Phase 1	Phase 2
Sizing Capacity		
Ore Processing rate (t/y)	200,000	200,000
Ore Processing rate (t/d)	548	548
Ore processing rate (t/h)	25	25
Operating time (%)	90	90
Processing Plant Capacity		
Ore Processing rate (t/y)	2,000,000	2,000,000
Ore Processing rate (t/d)	5,479	5,479
Ore processing rate (t/h)	254	254
Operating time (%)	90	90
Weight recovery (%)	70	75
Total products (t/y) dry	140,000	150,000
Products		
Sinter Fines (t/y)	112,000	120,000
Sinter Fines (t/d)	307	329
Sinter Fines proportional (%)	80	80
r Fines (t/y)	28,000	30,000
Super Fines (t/d)	1,296	1,389
Super Fines proportional (%)	20	20

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CHAPTER 9

9.0 OTHER RELEVANT DATA AND INFORMATION

9.1 Mining Method

The mining method selected for the Project is conventional open-pit mining with a front-end loader/truck operation. The rock will be drilled, blasted and loaded into haul trucks that will deliver ROM ore to the primary mineral sizer, located at the Morogoro plant Site. From each pit, waste will be hauled to an out-of-pit waste dump to be located nearby. Overburden removal and ore and waste mining operations will take place 24 hours per day, 365 days per year but, for loader and truck calculation purposes, it was assumed that operations will shut down for an average of five days per year due to inclement weather (depends on weathering condition).

9.2 Dump Site

Dumps that will serve as storage for material that is currently considered to be sub-economical will be located at various points between the pits, in non-mineralized areas to be defined based on the results of condemnation drilling yet to be carried out. Waste dumps were designed for each deposit to accommodate the quantity of waste that will be removed, taking into account the fact that waste rock will be used for the rehabilitation of haul roads and, initially, the access road. The waste dumps will be progressively rehabilitated. The following parameters were used in the waste dump designs:

- ✓ Lift Height: 10 m;
- ✓ Lift Slope: 45°;
- ✓ Berm Width: 10m;
- ✓ One berm per lift;
- ✓ Overall Dump Slope: 26.5°;
- ✓ Swell Factor: 1.25;

- ✓ Minimum Dump Footprint Offset:
- ✓ Pit Crest: 100m;
- ✓ Railroad : 100m;
- ✓ Provincial Border: 50m;
- ✓ Haul Road: 10-50m;

The positions and sizes of the planned dumps were shown on the ultimate waste rock pit design and site layout.

9.3 Equipments

The various pieces of equipment required to achieve the mine plan are addressed hereafter. The auxiliary equipment required for the maintenance of haul roads, the building of the access road and the creation of waste dumps, for bench preparation and for levelling before drilling is listed in Table 9 together with a selection of maintenance and other equipment including cranes and specialized service trucks, as well as equipment for use in the Process Plant.

Table 9: Equipments

Units	Number	Unit	Number
Water Bowser(18,000lts)-Inter 700 Series	2	Air Compressor (1000lts)	2
Dozer with Ripper (D7R/Komatsu 275)	1	Wagan Drill	2
Grader (Cat 140H/160H)	1	Fire truck (powder)	1
Dump truck (50 tonne)	4	Fuel Tanker Truck	1
Backhoe Loader	1	Pumps	2
Excavator (45 tonne)	1	Mobile light tower	2
Excavator (30 tonne)	2	Mine radio	4
Genset (600KVA)-Perkins/cummins	1	Fork-lift (Propane powered)	1
Crusher (100tph)	1	Tire Handler	1
Mobile Crane (50/5tonne)	1	Pick-up Truck	2
Wheel Loader (6Cum)-WA 600	1	Flatbed	1
Wheel Loader (6Cum)-JCB 500	2		

Wherever practical, to minimize spares, mobile equipment to service the Process Plant, camp and other installations will be standardized with that specified for the mines.

9.4 Tailings Management

The dam and polishing ponds will be used as both the tailings containment basin and the process water reservoir. The tailings containment system will operate in closed circuit with the Process Plant. The design will meet all existing safety and environmental standards.

9.4.1 Site selection

Tailings disposal location will be evaluated relatively close to the Process Plant, thereby minimizing capital and operating costs for the tailings handling and process water reclaim system.

9.5 Infrastructure

The locations of various elements of infrastructure are shown on the already-presented Figure 1-3. Access to the Kikeo Site will be via the Mzumbe-Mgeta gravel road that starts at the outskirts of the town of Morogoro. The existing 35km of road from Mzumbe towards the Mgeta (junction to the site) already meets the specification of an all-weather unpaved road that medium weight traffic can circulate at normal speed as regulated by the provincial government, but. From Mgeta to the site will require relatively minor repairs to meet the requirements for the 15t trucks to pass over 12 hours a day.

Haul roads from the pits and site roads to be used by off-highway mine trucks will be rehabilitated to a stronger construction standard than the main access road and will be 10 m wide. Site roads are required to access different parts of the property. The Site roads include the following:

- ✓ The continuation of mine haulage roads to the Primary Crushing Station and the maintenance garage;
- ✓ A road from the bulk explosive manufacturing plant and the explosive storage magazine to the network of roads leading to pits;
- ✓ A road from the Primary Crushing Station to the Process Plant that will also
- ✓ Provide access to the crushed ore storage pile on the way.

Existing roads on and around the proposed site will be re-opened and used wherever possible.

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CHAPTER 10

10.0 CAPITAL COST ESTIMATE

This Section covers the capital cost estimate for implementation of the ore mining, processing, transporting, ship loading facilities and infrastructure required for the Kikeo Iron Ore Project.

The following paragraphs outline the methodology used by UDBHAV personnel for the estimation of the capital cost of the ore processing facilities and infrastructure. The resulting estimate is based on the application of standard methods required to achieve a Feasibility Study with an assumptions indicated in Appendix 1-6.

10.1 Scope of Estimate

The current estimate covers the costs associated with the construction of the ore processing facilities namely; the primary sizing station, the plant feed conveyor and its drive house, the Process Plant, the secondary crusher, transfer conveyors, thickeners, the product storage and load-in and out facilities, tailings and process water reclaim pipelines.

The capital costs estimate also covers the following areas:

- **Mining Costs**, including mine development, mine facilities and services, and mining equipment; tailings disposal, including tailings delivery and process water reclaim systems; and the electricity generating station, its diesel generators and switchgear and associated substation;
- **Transportation and Infrastructure Costs**, including site development and roads, warehouse and maintenance buildings, other ancillary buildings and facilities, fresh water supply and camp accommodation; Surface,
- **Maintenance Costs**, Machinery service and emergency vehicles; as well as Modifications to the product storage and handling facilities;
- **Rate of Interest on Term Loan**
- **Depreciation on Fixed Asset**

10.2 Basis of Estimate

The base date for the cost estimate is the third quarter of 2013. The estimate is expressed in US dollars. No allowances for escalation or currency fluctuation are included. All the quotations for the machinery and equipments were received in US dollars. The labour rate was established as an all-inclusive hourly rate by considering the basic hourly rates for tradesmen, foremen, and superintendents provided by qualified contractors for unionized workers. The contractors were selected based on their ability to work in the remote area and environment. The estimate is based on the assumption that labour rates are for a remote site. The all-in labour rate includes the direct and indirect supervision, small tools and consumables, clothing and safety supplies, transportation between home base and the construction camp, contractor's small tools, and site establishment facilities and contractor's overhead and profit.

The construction working calendar was established as eight hours per day, six days per week including one half day. The turnaround was established as six weeks in, two weeks out. In the present study, the productivity loss factor was estimated at 1, which takes into account the fact that most of the work will be carried out inside the climate-controlled Dome. Labour and construction resources were surveyed among qualified contractors currently active in Tanzania. Udbhav considers that trained and certified workers, as well as construction resources, will be available.

TAZARA were requested to provide a price for the delivery of materials and equipments to and from Kisaki, ready for to the transporting to and from the Site by company trucks. This freight cost was included as indicated by the suppliers. In an estimate, provisions are included for different areas to reflect the level of definition of the project. As such, design allowances and contingencies are two different, but essential elements of cost. Their inclusion ensures that the estimate covers all needs and requirements of the project scope.

The following definitions are taken from the literature:

Design Allowances: Additional cost included in the estimates to cover the costs of known, but undefined, requirements for an individual activity or work item. In the Study, design allowances were not included and this was compensated by a higher level of contingencies.

Contingency: A value added to an estimate to allow for unknown items. This may be derived either through statistical analysis of past project costs or by applying experience gained on similar projects. Contingency is not intended to cover changes in scope.

For the Feasibility Study, the contingency factor reflects the study team's knowledge of the various aspects of the project and was applied to cover potential errors and omissions and possible unknowns. In the study, the overall factor was estimated to be 11.4% of the direct costs. It is to be noted that contingency is an expense, and as such, is expected to be spent during the life of the project.

Quantities for civil work, including site preparation, excavation and backfill, for concrete work including building foundations, slabs on grade, elevated slabs and equipment foundations, were calculated from site plans and from building layouts and elevation drawings. Unit prices were obtained from qualified contractors or from information from recent, similar projects. Those unit prices were applied to material take-off quantities for the majority of the buildings and infrastructure. Quantities for site roads were estimated from the site layout. Unit costs for site road construction and improvement were established using information from recent similar projects. An allowance was established for the upgrade of the existing access road.

The following quantities were calculated from layouts: structural steel including heavy and medium steel, building frame, secondary and light steel including steel deck, stairs with handrails, handrails and grating, building exteriors including insulated roofing and cladding, louvers, windows, man doors and truck doors, building interior finishing including block walls, offices and living quarters finishing,

safety and security fencing and chemical resistant lining where appropriate. Budget unit prices were obtained from qualified contractors and applied to material take-off quantities.

A budget price proposal was obtained for the camp accommodations including dormitory, kitchen and recreational facilities. The proposal includes delivery to site and installation. A budget price proposal was obtained for the Emergency Vehicles Storage Building. The proposal includes delivery to site and installation. A budget price including delivery to site and installation was also obtained for the office complex.

10.3 Equipment

The process equipment list was derived from the flow sheets. Based on data sheets, data tables and technical descriptions, budget prices were obtained from qualified suppliers for more than 90% of the value of the process equipment. The remaining equipment was estimated from recent database information for similar projects. Equipment installation man-hours were estimated from a recently updated in-house database for similar projects. A construction allowance to cover the cost of construction material, sub-contracts and contractors for installation was established at 2% of the equipment cost, based on recent information for similar projects.

Process piping costs include supply and installation of pipes, slip-on flanges and back-up rings, fittings and manual valves and freight to site. Unit costs for High Density Polyethylene (HDPE) pipelines and fittings were provided by a qualified supplier. Updated unit prices from in-house databases were used for the remaining items. The labour hourly rate and productivity factor were used to estimate installation costs. Quantities for large bore process and water piping were calculated by take-off from flow sheets and layouts. Quantities for service piping and small bore lines were factorized. The percentage of total equipment direct cost was also taken into consideration to estimate the overall piping cost. Installation man-hours were estimated from in-house databases. The cost includes supply and installation of piping, flanges and couplings, fittings and valves, secondary steel, supports and freight.

Pipelines were estimated as HDPE pipes supplied in fusion-welded and required lengths, with bolted flanges provided, and flanged connections for valves, instruments and other equipment.
Quantities for the tailings pipeline and the fresh water and reclaim water lines were calculated from layouts. Installation and bolt-up man hours were estimated from in-house databases. An allowance was included for service pipelines and sanitary waste water pipeline cost.

The electrical equipment and material list was derived from single line diagrams and the mechanical equipment list. Quotations were received for most of the major equipment and electrical material was estimated based on databases for recent similar projects. Quantity take-offs for instrumentation and the plant communications systems were made from flow sheets and mechanical layouts. Installation labour hours were established from in-house databases for similar projects, adjusted for hourly labour rates and productivity factors specific to the project.

Budget prices for equipment, instruments and materials were obtained from qualified potential suppliers or from databases or recent similar projects. For the diesel-fired generators, data sheets were prepared and issued to bidders based on a complete installation package, including skid-mounted generating sets, fuel distribution system, synchronization and control system, diesel day tank, sound-proofing and heat recovery equipment. Suppliers were requested to provide an optimum system in terms of capital and operating costs. Budget prices for mobile equipment were either established from in-house databases for recent similar projects or based on quotations from qualified potential suppliers.

The fire protection requirements were developed by a qualified supplier based on mechanical equipment and site layouts. The fire protection costs include the fire loop, hydrants, sprinkler systems, specialized local fire protection required for electrical rooms and hydraulic units and fire hose reels. In addition to the ore processing facilities, the fire loop will also service facilities outside the Dome, including the Primary Sizing plant, the loading area and the camp.

Heating, Ventilation and Air-conditioning (HVAC) data table was developed to calculate the heating and process ventilation requirements by area and facility, based on local conditions. These requirements based in standard industrial needs as well as applicable codes and regulations. The HVAC costs include the heating and ventilation equipment, ducting, mechanical installation and freight. The costs also include proper piping material, installation and freight as well as excavation work. Budget prices were obtained from a qualified supplier for the equipment, ducting and installation. In-house databases were used to estimate the costs of the piping and excavation.

A data table was developed to define the tooling and storage equipment requirements by area and facility. Mechanical, piping and electrical tool kits were also identified to properly equip site service trucks and the truck servicing facilities. Budget prices were obtained from industrial catalogues or allowances were made based on in-house databases. An allowance was included for each administration office, room and area to provide for interior finishing, furniture and equipment such as work desk and chairs, cabinets and bookshelves, as well as computer and office supplies. A budget price proposal was obtained for the provision of change rooms, including interior finishing, room services and also equipment such as lockers and benches as well as restrooms.

10.4 Mining

Mine development costs were estimated from quantities and unit costs developed in-house by UdbhavL specialists experienced in the type of mining to be adopted for the project. It is intended that major mine equipment such as that listed hereafter will be purchased directly from manufacturers under the terms of lease/buy agreements to be negotiated. The production equipment costs were based on budget quotations from manufacturers or even distributors and included transportation to Site and erection where applicable. It was assumed that the costs will be redeemed by monthly payments over ten years for the trucks and drills and as such; they are excluded from the estimate of initial capital expenditure but are taken into account, as a capital lease, in the financial evaluation.

Budget prices, including delivery to site and, where appropriate, erection for mine support equipment such as fuel and service trucks, mobile cranes, pick-up trucks, mine dewatering pumps, radios and

mobile light towers were obtained from qualified potential suppliers. Budget prices for mine facilities and services, including mine dewatering, were established from databases for recent similar projects.

10.5 Off-site Facilities

It was assumed that the costs of roads and railway that will be acquired in the same manner as mining equipment, will be redeemed by payments over five years for and as such, they are excluded from the estimate of initial capital expenditure but are taken into account, as a capital lease, in the financial evaluation. The estimate of the cost of port Facilities at Dar es Salaam based on unit rates and on work carried out, adjusted to reflect revised scope and other cost reduction measures. All these based and provided by the Tanzania Ports Authority (TPA). UDBAHV compiled indirect costs for its scope of work and that of others, based on an implementation schedule developed in-house by the company.

The various elements of indirect costs are addressed hereafter:

Those costs may include engineering studies to come such as further metallurgical studies, independent reviews, environmental and social impact studies, occupational hazard reviews and also the costs of permitting. Project development costs are shown as provided by the company.

A project implementation cost also includes engineering, procurement and construction management (EPCM), and other Company's cost databases. The capital cost estimate is summarized in Appendices 1-6.

10.6 Operating Cost Estimate

The estimated total operating cost for the mine, Process Plant, rail transportation and administration, averaged over the life of the Project, is about USD 80 per metric tonne of dry product (Sinter Fines & Super Fines), which is in line with published costs for similar operations elsewhere. A summary of the

estimated ROM, waste and product tonnages over the life of the mine are described in chapter 8, along with a breakdown of the major components of the estimated operating cost in USD per tonne.

10.7 Operating Schedules

The labour force requirements were based on the assumptions that the mines, Process Plant and product stockyard will be in continuous operation, 24 hours per day, six days per week, but maintenance and repair will generally be done on a day shift basis. Ship loading operations will be governed by the presence of ships.

At the mines and the Process Plant, a crew will work seven 12-hour shifts per week and will rotate on the basis of six weeks at work with two weeks off work, therefore requiring four complete crews for the mine and the Process Plant. Some clerical employees, engineers and technicians and various tradesmen in the workshops and in the Process Plant will work 8-hour day shifts, six days per week. The only overtime paid will be for the hours worked above the normal 40 hours per week averaged on an annual basis, and this overtime will be paid at the company's standards times the base rate.

10.8 Maintenance

Mine operating costs are developed on the basis of the mining equipment list with the required operating hours to achieve production. Mechanical parts, components and replacement parts that require regular maintenance include: drill bits and drill steels, bucket teeth, teeth adaptors and wear plates, tires or undercarriage components, as well as required greases and lubricants. Hourly estimates for repair costs and parts were developed in collaboration with major equipment suppliers. Machine operating hours were obtained through fleet sizing calculations which were based on the appropriate mechanical availability and utilization factors for the various machines.

10.9 Explosive

The cost of mining includes, as a separate item, the cost of blasting. The cost estimate is based on the assumptions that slurry emulsion explosive will be manufactured on site and pumped directly into blast holes from explosives loading trucks. The manufacture and preparation of explosives, as well as the down-the-hole service, will be carried out by the explosives supplier. Assuming below normal rock

hardness and based on experience from experienced operators it is assumed that 0.20kg of explosive may be required per tonne of ore and 0.18kg per tonne of waste blasted. This will be achieved by using a pattern of 8.5m × 7.5m in ore and 9m × 8m in waste rock on a 12m bench and 1.5m sub-drilling. The holes will be filled up to a collar height of 6m. Crushed rock will be used for stemming purpose. These costs have been included in the costs of mining ore and waste.

10.10 Site Restoration and Mine Closure

The preliminary cost estimate of the rehabilitation and closure plan is based on the progressive re-vegetation of the waste dumps as the various mines are sequentially closed. The re-vegetation cost has been included on mining costs and will be set aside on a yearly basis over the life of the Project.

At the end of the life of the mine, a closure program will be implemented based on a detailed plan to be developed during the first last year of operation. A special trust fund will be established that will cover the costs of re-vegetation of waste rock piles and the dismantling of project installations, including buildings and equipment. It is assumed that a portion of those costs will be offset by the residual value of equipment to be sold at that time.

CHAPTER 11

11.0 FINANCIAL ANALYSES

11.1 General

This Section describes the method of analysis, the basic assumptions made, and the findings of the analyses to evaluate the viability of the Makete Ore Project to produce and sell 0.45 million dry tonnes per year of iron ore (approximately 80% of it in the form of Sinter Fines and 20% as Super Fines) with an average Fe content of 67.4% and SiO_2 plus Al_2O_3 about 10%.

The analyses were performed using estimates of capital and operating costs, an estimated construction schedule and an estimated production schedule, all as set out in preceding Sections of this report. The analyses were made on the basis of 100% equity financing with mining investment documents and equipment being leased.

All financial amounts were expressed in fourth quarter 2013 US dollars. The estimates and assumptions were fed into a financial model constructed on Microsoft Excel 2010 Window software, developed by Microsoft Company. The software produced an Income and Cash Flow Statement, a Balance Sheet, and other financial schedules for the chosen financial structure, in this case 100% equity financing. The internal rate of return IRR was calculated according to the discounted cash flow methodology, and sensitivity analyses were undertaken.

From the results of the financial analysis, it was determined that the project economics benefitted significantly from the adoption of the following strategies:

- Optimizing the Process Plant in regards to the use of water, and product recovery;
- Optimizing the mining sequence in order to reduce mine operating costs,

This analysis has assumes tariffs for railway operation based upon on-going rate negotiations with the providers of those services.

11.2 Revenues

Details related to tonnages and sales for iron ore in direct shipping ore are given in Appendix 1-6. Following discussions between management and experts about the global iron ore market, it was decided that the free on board (FOB) prices for this Feasibility Study would be based on projected long-term prices provided by world market. Therefore, for iron ore at 50.4% Fe, the average price used was USD 100 per Metric tonne. For the purpose of the financial analyses, no inflation was applied to those prices, which were assumed to be constant for the life of the Project.

There will be minimal revenue in year 1 which is also a construction year as the project will only produce below the estimation of its rated capacity towards the end of the year, based on production start up by mid-October. Estimated sales tonnages and revenues are shown in Appendices 1-6.

11.3 Expenses

Operating expenses were generated on an annual basis but expressed in fourth quarter 2013 USD. Expenses were developed on a year-by-year basis for the mines, to reflect the evolution and location of the pits, and as a yearly average for other sectors of the operation. The overall cost of production, averaged over the life of the Project, is about 80 USD per dry tonne of product, which compares favourably with other operations world-wide. However, transportation costs and Maintenance costs are a very important factor as they account for more than half of the total operating expenses.

11.4 Capital Expenditures

The initial capital cost of the Project was estimated to be approximately USD 5.7 million, including own of USD 1.5 million and term loan funds of USD 4.2 million. This amount includes the capitalized

component of the cost of leasing mining license and operations, consultations, rolling stock, as well as the annual cost of mine rehabilitation. Interest components of leasing are included in the financial model cash flow as well as Tax payments (Appendix 1-6). The impact of taxes on project profitability is demonstrated by the "After Tax" shown in Appendix (1-6).

11.5 Sensitivity

A sensitivity analysis was prepared by measuring the effect of variations of up to ± 20% in key parameters on the Project internal rate of return (IRR) for the case "Before income taxes". The selected parameters were:

- Revenue
- Capital Expenditure
- Annual Operating Costs

As shown in appendix 1-6, for the pre-tax case the viability of the Project is most sensitive to variations in Revenue, and least sensitive to variations in Annual Operating Costs. Sensitivity analyses were also carried out for the case "After income taxes" and are included in the financial model.

11.6 Financing

The financial model was created to address the case where equity is assumed to be 100% of the Project capital cost. It is however assumed that any cash deficit in the operation period will be offset by a short term financing facility at a 9% interest rate.

11.7 Results

The results of financial analyses for each of the before and after tax cases are presented in appendix 1-6. The results show that the Project generates sufficient funds to cover its own expense and has an attractive return on investment.

11.8 Project Management and Organization

To carry out the Project, UDBHAV intends to adopt an Engineering, Procurement and Construction Management ("EPCM") approach. However, unlike the traditional approach to such a project, the EPCM team will be an Integrated Project Team ("IPT"), comprised of personnel from RRECL, consultants and subcontractors.

The purpose of this project organization is to quickly and efficiently bring the project to production, while engaging the skills and expertise of different EPCM contractors and subcontractors on the project. The project consists of the development of mines, processing facilities and supporting infrastructure, some of which will be geographically located at some distance from the others. The nature of the construction work at the different locations will also vary. It is therefore planned to engage contractors or consultants that are specialized in a specific area or process, and for them to provide the expertise and resources required to cover particular elements of the project. The overall

management and coordination of the Project will be under the control of the IPT Project Manager, who will represent the owners of the project.

The IPT will be responsible for the scope and execution of the overall project, with the specific specialized personnel and consultants reporting through counterparts in the IPT to the IPT Project Manager.

11.9 The Integrated Project Team

The RRECL will establish a team, consisting of its employees or individual consultants who have been involved in the development of the Project thus far, supplemented by newly-hired or contracted persons who have experience of the successful realization of projects of a similar nature.

11.10 Schedule

As soon as the required all funds are organized, UDBHAV will start detailed engineering, site camp mobilization and procurement of long-delivery equipment. Based on the above, production is expected to start in mid October, 2013. Upon completion of Environmental Permitting in third quarter of 2013, it is estimated that the Project can be launched in the third or fourth of 2013. However, due to long delivery times for certain major items for the Project and subject to funding, engineering and procurement activities have already started.

11.11 Advance Engineering Activities

Advance engineering activities are those that will improve the schedule by allowing the early design and procurement of key equipment that impacts the critical path of the project. Advance engineering

activities also provide additional time to obtain the permits and authorizations required for the project. Since some of them may well take longer to obtain than estimated it is prudent to get an early start to these activities Advance Engineering Costs. The cost of the advance engineering activities is the costs to engineer and procure those items of equipment that have an impact on the end date of the project schedule. In order to meet schedule dates, it will be necessary to negotiate delivery lead times for some specific equipment that are better than those provided by the potential suppliers of the equipment. It is expected that this will be achieved through successful negotiations at the time of placing a firm order.

11.12 Feasibility Study

The Feasibility Study was started at the beginning of December 2012, and this Study Report was submitted for review by executive management at the end of January 2013.

11.13 Production Start-up

Start-up of production will be initiated immediately following the end of construction. The start-up and commissioning will focus on having at least one of every piece of equipment and one of every system functional so they can be fed with feedstock. Commissioning of complementary equipment and systems will take place while the plant is operational. Start of production is scheduled to start in the October 2013. It is expected that the plant will attain 10% of its name plate capacity for each of the first nine months. The remaining capacity is expected to be achieved in the following four months – thus full production is expected in the year 2014, some 6 months after start-up.

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CHAPTER 12

12.0 INTERPRETATION AND CONCLUSIONS

12.1 Interpretation

The Kekio Iron Ore Project is a major project that will significantly add Iron ore production capacity in the country, as well as to the world capacity. This Study of the Project is not only confirmed the UDBHAV belief that the project is technically feasible viable but also demonstrated that the project would be capable of producing iron ore in a form and of a quality suitable to be a captive source of supply of raw material to feed the country steelmaking facilities. The study not based on the financial assessment of the project, since the informations where not provided by the client during the write-up.

Following an in-depth review of all aspects of the Study, the interpretation of the Study is summarized as follows:

- Resource estimation
  - ✓ The deposits that are the basis of the project were explored and the intensive exploration has been employed, and historical drill hole data, geological informations were in the Geological Survey of Tanzania was recovered by UDBHAV.
  - ✓ Under the procedure adopted by UDBHAV, the principal assay laboratory selected sample pulps and directed them to a control laboratory without the intervention of Udbhav.
  - ✓ In making the resource calculation, a specific gravity of 4.85 was used, as were the cut-off grade parameters used as shown in Table 7.

- Environmental Aspects
  - ✓ All informations concerning the environment will be addressed in the EIA report.

12.2 Conclusions

- Enough informations collected by the client about the resources have been established for a sustainable project having an acceptable mine life;
- UDBHAV's exploration work has demonstrated a close correlation between the historical resources and the recent resources defined by the UDBHAV Exploration programs.
- The extent and quality of detailed technical work (data interpretation) performed is more than adequate for a Study of this type and level of accuracy.
- The economics of the project (based on the world market) appear to be robust and will absorb variances in parameters such as product price, capital costs and operating costs.

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CHAPTER 13

13.0 RECOMMENDATIONS

Although the overall opinion as to the extent and quality of the work done in preparing the Study is favourable, there are a number of specific areas in which additional work is recommended.

- Even though bulk density measurements were made for ore types using, additional measurements for ores from different ore bodies should be continued. Such measurements should include bulk density, dry density and moisture content.
- Before construction starts, geotechnical investigation has to be made at the proposed location of the Process Plant and other facilities.
- Geotechnical work will need to be done in order to assess likely pit-wall stability.
- Hydrology investigation needs to be completed around the pits to better understand the groundwater movement, and elsewhere to predict more precisely the amount of pit dewatering that will be required for the mining operation.
- In order to maximize the use of resources, an investigation should be made to determine the optimum grade of plant feed that could be upgraded to meet the customer's specifications.
- Secondary haul roads need more definition and possible adjustments depending on the final truck selection, as referred to above.
- The Financial Analysis, IBA's as well as rail and port tariffs need to be confirmed and binding agreements concluded with the various operators to confirm the accuracy of the operating cost of the results of the Financial Analysis.

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Appendix 1: Loan Repayment in USD

	Years				
Particulars	**1**	**2**	**3**	**4**	**5**
Principle Amount	840,000	840,000	840,000	840,000	840,000
Interest on Loan (9%)	378,000	302,400	226,800	151,200	75,600

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Appendix 2: Projection of Profitability and Repayment (USD IN 000)

Years	1	2	3	4	5
Ore Production (cubic meter)	100,000	110,000	120,000.00	130,000	140,000
Sales	10,000	11,000	12,000	13,000	14,000
Mining (24 $/t) in 000	2,400	2,640	2,880	3,120	3,360
Transportation costs (32 $/t)	3,200	3,520	3,840	4,160	4,480
Maintenance (14 $/t)	1,400	1,540	1,680	1,820	1,960
Interest on Term Loan (9% per annual)	378	302.400	227	151	76
Depreciation on Machinery, Vehicle (25%)	1,425	1,069	802	601	451
TOTAL	**8,803**	**9,071**	**9,428**	**9,852**	**10,326**
Profit before Tax	**1,197**	**1,929**	**2,572**	**3,148**	**3,674**
Income Tax	**359**	**579**	**771**	**944**	**1,102**
Net Profit after Tax	**838**	**1,350**	**1,800**	**2,203**	**2,571**
Depreciation added back	1,425	1,069	802	601	451
Net Cash accruals	2,263	2,419	2,602	2,804	3,022
Repayment obligation towards Term Loan	840	840	840	840	840
DSCR	2.69	2.88	3.10	3.34	3.60
		Avg. DSCR 3.12			

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Appendix 3: Cash Flow Statement (USD IN 000)

Particulars	1st year	2nd year	3rd Year	4th Year	5th Year
A. Source of Funds					
1. Cash accruals(PBT)	1197	1928	2571	3148	3673
2.Depreciation	1425	1069	802	601	451
3.Increse in Capital	1500	0	0	0	0
4.Increse in Term Loan	4200	0	0	0	0
TOTAL SOURCES(A)	**8322**	**2997**	**3373**	**3749**	**4124**
B.Disposition of Funds					
1.Increse in Capital Expenditure	5700	0	0	0	0
2.Decrese in Term Loan	840	840	840	840	840
3.Income Tax	359	578	771	944	1102
TOTAL DISPOSITION(B)	**6899**	**1418**	**1611**	**1784**	**1942**
C. Opening Balance	**0**	**1423**	**3002**	**4764**	**6729**
D. Net surplus(A-B)	1423	1579	1762	1965	2182
E. Closing Balance(C+D)	**1423**	**3002**	**4764**	**6729**	**8911**

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Appendix 4: Projected Balance Sheet (USD IN 000)

Particulars	1st year	2nd year	3rd Year	4th Year	5th Year
A. LAIABILITIES					
1) Share Capital	1500	1500	1500	1500	1500
2) Reserves & Surplus	838	2188	3988	6192	8763
3) Term Loans	3360	2520	1680	840	0
TOTAL	**5698**	**6208**	**7168**	**8532**	**10263**
B . Assets					
1) Net Fixed Assets	4275	3206	2404	1803	1352
2) Net Current Assets	1423	3002	4764	6729	8911
TOTAL	**5698**	**6208**	**7169**	**8532**	**10263**

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Appendix 5: Source of Funds

Particulars	Amount (USD)
1) Own Contribution	1500000
2) Term Loan	4200000
3) TOTAL	**5700000**

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Appendix 6: Assumptions

Working days per month	**26**	**100,000.00**	**t/m**		
Working months per year	3				
Average specific gravity	4.5	3,846	t/d		
Recovery 90%	0.9	384.62			
Factor	0.001				
Metric ton in first year	100,000	10% Inclement			
Ore production (t/d)	3,846	4,231	4,615	5,000	5,384.62
Mining including processing, royalty etc (24 $/t)	24				
Transportation (32 $/t)	32				
Maintenance Cost (14 $/t)	14	27-30% of Mining			
General administration (3 $/t)	3				
Contingency (11.4%)	0.114				
Int. on term loan (9%)	0.090				
Term Loan	4,200,000	3,360,000	2,520,000	1,680,000	840,000
Depreciation on Machinery, Vehicle (25%)	0.25	356	267	200	150
Income Tax (30%)	0.3				
Sales	10,000	11,000	12,000	13,000	14,000
Sales Price FOB (100 $/t)	100	10,000,000			

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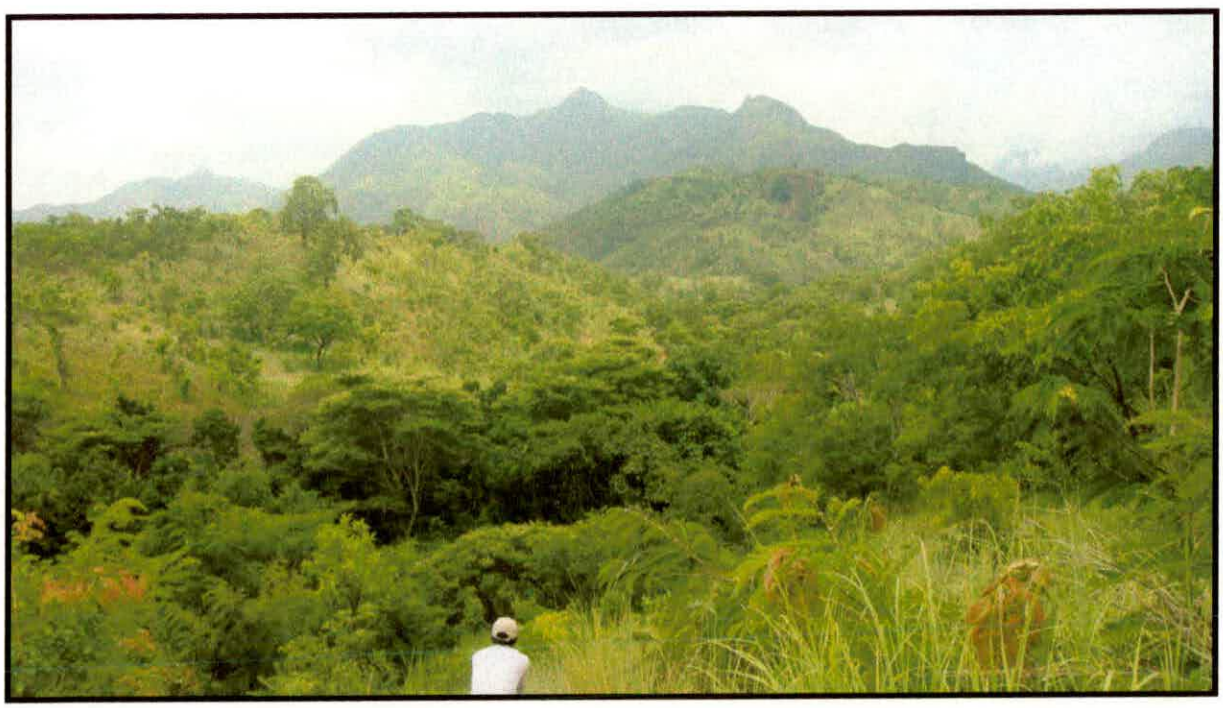
KIKEO-MGETA IRON ORE PROJECT



Pre-Feasibility Study – Kikeo Village Morogoro Rural District in Morogoro Region, United Republic of Tanzania

UDBHAV INTERNATIONAL LTD

Registered Office: "UDBHAV International Limited", Plot No. 111, Block No. MD, PO Box No. 1792, Morogoro. Tanzania **Cell**: 0687178217, 0717029092, Email: udbhav.international@udbhav.in

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CHAPTER 1

1.0 INTRODUCTION

1.1 General Information

The Kikeo Iron Ore deposit is located at Kikeo village after Mgeta in Morogoro region, Tanzania. Total Prospective ore bearing area is very small, located across a narrow hillock. The area is not yet prospected for iron ore deposit by any agency. However, the surface indication shows presence of a small magnetite ore deposit in the area. UDBHAV (T) Ltd holds a 100% interest on Licence in the project that is located in Kikeo village, Morogoro Rural District in Morogoro Region.

This report is specifically aimed to provide the background geological and technical information with regards to a planned exploration program in the area offered to UDBHAV (T) LTD situated in the Kikeo Village.

1.2 Location of the Area

The area is located at a distance 54 Km from Morogoro town and can be approached the area by Morogoro – Mgeta - Kikeo road. The nearest Village Kikeo is located at a distance 01 Km from the Prospective area. The approach road is very narrow and is in very bad condition with steep gradients, can be approached only in dry season with four wheel drive car. And from Dar es Salaam it is approximately 252km and known as the Eastern Arc Mountainous Ranges region of the country.

1.3 Topography of the area

The Prospective area is located towards Northeast of Kikeo village on highly undulated topography with high relief. The hill rocks are very steeply undulated with steep slopes on both sides. The vegetation is scarce with local varieties of less timber value and thorny bushes and shrubs. Maximum elevation is 625m and minimum is 560m above MSL. A perennial stream is flowing from north to south on the western side of the area along the deep narrow valley.

The project area is found of the known deposit of Titaniferous Magnetite and associated iron rich rocks the German geologist Dantz, 1903 reported that "they are magnetite like those found in Liganga titaniferous magnetite complex which is located southwest of the country".

The exploration and development of the Titaniferous Magnetite deposits on the properties that are covered by the Mining licenses constitutes the Iron Ore mining Project. The Geological Survey of Tanzania published a geological report of Uluguru Mountains, bulletin 37, 1964. The Report did not provide information concerning the economic viability of the Fe Ore deposit. This Technical Report included data compilation based on the information given by the client.

Subsequently, the studies were conducted to meet the requirements and standard of the Tanzania Investment Council (TIC) as well as the National Environmental Council (NEMC). The Environmental Impact Assessment and Environmental management Plan for the project area are in progress with ("UDBHAV").

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1.2 Terms of Reference

The UDBHAV Technical Team started to do Pre-Feasibility Study on it is Kikeo Iron Ore project compliance with the requirements of the Tanzania Investment Council ("TIC") and National Environmental Council ("NEMC").

The preparation of this technical report was authorized by Mr. Sweekar Nayak, one of the directors of Udbhav. The Udbhav personnel and individual consultants who comprised the Technical Team are named in Table 1 and their work was supervised by the following persons all of whom, together with Mr. S. Mushi, are Qualified Persons:

- ✓ A. Juma, Geologist, Project Director, Consultant to Udbhav;
- ✓ Sweekar Nayak, Director;
- ✓ Shravan Kumar, Director;
- ✓ Usha Nayak, Director;
- ✓ S. Mushi, Project Geologist, Consultant to Udbhav.

Table 1: Technical Team.

In alphabetical order;

A. Juma, Project Director
Sweekar Nayak, Director
Shravan Kumar, Director
Usha Nayak, Director
S. Mushi, Project Geologist, consultant

1.3 Units

In this report, unless specifically stated otherwise, quantities are generally expressed in the metric units as defined by the System International Unites ("SI"), the standard practice in the United Republic of Tanzania and internationally and fiscal amounts are expressed in United States dollars (" USD"). Table 2 sets out the various Acronyms, abbreviations and symbols used in the Feasibility Study report and hence possibly appearing in this report.

Table 2: Acronyms, abbreviations and symbols

$ Dollar

° Degree of angle

°C Degree Celsius

" Inch English measure

% Percentage

µm Micron

BF Blast furnace

EIA Environmental Impact Assessment

EIS Environmental Impact Statement

EPA Environmental Protection Act

EQA Environment Quality Act

ESH Environment, Safety and Health

Fe The chemical symbol for the element "iron"

FS Feasibility Study

Technical Report – Feasibility of the Masisiwe Iron Ore Project

GDP Gross Domestic Product

GIS Geographic Information System

GPS Global positioning system

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GST Geological Survey of Tanzania

H Hour

Ha Hectare

HP Horsepower

i.e. That is

IPT Integrated Project Team

JVA Joint Venture Agreement

JVC Joint Venture Company

Kg Kilogram

Km Kilometer

kPa Kilopascal

Kt Kilotons (1,000 kg)

kV Kilovolt

kVA Kilovolt-amp

kW Kilowatt

kWh Kilowatt-hour

Lts Liter

l/s liters per second

M Meter

m^2 Square meter

m^3 Cubic meter

M Million

Mm Millimeter

Mm^3 Million cubic meters

Mtpy Million tonnes per year

MVA Megavolt-ampere

MW Megawatt

N North

n.d. no date

NEMC National Environmental Council

UDBHAV

Nm^3 Normal cubic meter

NTS National Topographic System

NW Northwest

ppm parts per million

QA/QC Quality assurance/Quality control

ROM Run-of-mine

Rpm revolutions per minute

SF Sinter Fines

SiO2 The chemical formula for silica

SSF Super Fines

T Metric tonne

TIC Tanzania Investment Centre

Tph Tonnes per hour

Tpy Tonnes per year

USD American dollar

USA United States of America

UTM Universal Transverse Mercator

V Volt

W West

WHIMS Wet High-Intensity Magnetic Separation

Y Year

XRF X-Ray Fluorescence (analytical method)

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1.4 Important Notice

This report was prepared as a Technical Report, in accordance with the client demand, Sweekar Nayak and his Company. The quality of information, conclusions, and estimates contained herein is based on:

I) Information available at the time of preparation, from the client as stated above

ii) Data supplied by outside sources, and

iii) The assumptions and conditions set forth in this report.

The Udbhav own 100% shares of the licenses and the company is in legal processes to acquire Mining licenses pursuant to the Mining Act, 2010. The licenses granted for the prospecting and mining of iron as according to the Mining Act, 2010 and its Regulations.

Udbhav is an authorized company to file this report as a Technical Report with Tanzanian Securities Regulatory Authorities pursuant to provincial securities legislation. Except for the purposes legislated under provincial securities law, any other use of this report by any third party is at that party's sole risk.

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CHAPTER 2

2.0 RELIANCE ON OTHER EXPERTS

The Feasibility Study and, therefore this technical report, is based in part upon data, design criteria and information developed by Udbhav and use was made of reports by

- ✓ Kimsons Ltd for all environmental aspects;
- ✓ Metallurgical testing firms and laboratories;
- ✓ Geological Survey of Tanzania ("Laboratory")
- ✓ Project Information and any other documents concern provided by Udbhav.

The authors of each of the above-listed reports are responsible for the contents thereof.

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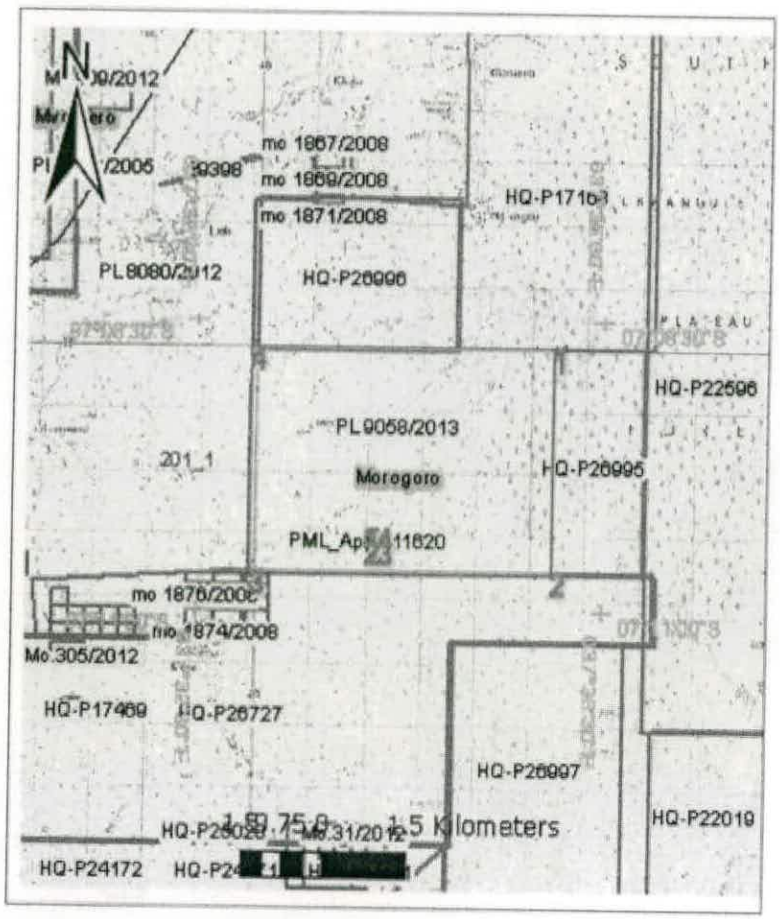
CHAPTER 3

3.0 PROPERTY DESCRIPTION AND LOCATION

3.1 Location

The prospecting license ("PL") with iron ore deposits of the Kikeo project (the "Property") are situated to the southwest of Morogoro Region and southeast of the Town of Mgeta, along NE-SW trending of the Uluguru Mountainous range (Figure 1). By reference to the National Topographic System ("NTS"), they are in the regions of QDS 201/1 (Table 3).



Legend	
Licensed boundary	
Licence Code	PL 9058/2013
District	Morogoro
Direction	N

Figure 1: Location of the Project Area.

The locations of the project licenses, deposits and infrastructures are shown on Photo 5 and details of the property licenses are set out in Table 3. In addition to the discovered deposits, the UDBHAV has planned further exploration studies to identify some other deposits in the property.

Table 3: License Details

S/N	Degree	Minutes	Seconds	Degree	Minutes	Seconds
	Longitudes			Latitudes		
A	37	36	00	7	26	26.89
B	37	36	00	7	26	21.45
C	37	33	02	7	26	16.29
D	37	33	02	7	26	13.10
With exclusion of the area of PML application no. 11620/04 as defined by the following coordinates						
A	37	34	10	7	10	18
B	37	34	10	7	10	24
C	37	34	18	7	10	24
D	37	34	18	7	10	18

3.2 Property Description and Ownership

Since it is a big project the UDBHAV intended to receive mining licenses ("ML") after all procedures completed according to the Mining Acts and its regulation. The Property has not been legally surveyed but PL is defined on the basis of Universal Transverse Mercator ("UTM") coordinates and consequently the Property location is accurate (Table 3).

3.3 Agreements

Udbhav owns either 100% or a majority share in the licenses referred to in the preceding subsection and the mining of the Property is not subject to any agreement with any other entity till this moment.

3.4 Royalties

Udbhav Tanzania Ltd will obey any other obligations according to the Mining Act, 2010 and it is Regulations, regarding to royalties' payable on the extraction or sale of mineral from the Property.

3.5 Environmental Issues

The writer know of no environmental baseline investigations or studies carried out by previous history of the property and it is unlikely that neither GST nor previous owners, the companies that carried out the initial exploration of the area, only previous owner of the PML, carried out only Environmental Protection Plan ("EPP") studies during their tenure, after the amendment of the Mining Act in 2010. Since becoming the owner of the Property, Udbhav has through the environmental consulting firm, arranged baseline studies covering all environmental aspects around the project area.

The Environmental and Social Impact Assessment (ESIA) has been prepared by SCC (T) LTD and includes baseline data of the relevant environmental and social impacts associated with the Project and the mitigation measures required to minimize the impact of the Project upon the baseline. The ESIA has been prepared in accordance with National Environmental Management Council commitment to corporate responsibility and meets the requirements of the Tanzania Government.

The development of the Project will have important beneficial impacts upon the region and in recognition of this; the Mining Act 2010 aims to promote investment in the mining sector while ensuring that the environment is protected. The legislation makes provision for the establishment of a Mine Site Reclamation Fund, statutory reporting requirements and certain public health and safety regulations. The Financial Model assumes closure plan reclamation funding at the end of operations.

The social baseline conditions have been established through reviewing existing information and from information collected by the social assessment team working within the Project footprint area. During this period a good understanding of the baseline social conditions, as well as a comprehensive database of people and dwellings has been established. Health facilities are very basic and the area is served by a small clinic and a maternity home with the nearest hospital in Mgeta which is about 25 km away.

CHAPTER 4

4.0 ACCESSIBILITY AND INFRASTRUCTURE

4.1 Access

The Property is accessible to it is nearest point by a good gravel road, for around 54km southwest of Morogoro town via Mzumbe to Mgeta gravel road. Then after Mgeta you drive about 25km to the southeast there at Kikeo Village you find the property site. The roads from the property to Mgeta are very narrow and are in very bad condition with steep gradients, can be approached only in dry season with four wheel drive car or all-terrain vehicles.

4.2 Infrastructure

Airstrip is available in Morogoro town and whereby charter flights used to land. This is classified as a Remote Airport under the National Airports Policy.

TAZARA, which is owned in equal parts by the government of Tanzania and the government of Zambia, provides passengers and freight rail transportation services between Dar es Salaam and Lusaka. And Kisaki Station is the closest Station were the Iron ore concentrates will be loaded and dispatched to the Dar es Salaam port. The trains are operated by TAZARA employees from Dar es Salaam to Lusaka by alternating train trips (Tanzanian and Zambian). The major infrastructure associated with the train at Kisaki is a maintenance shelter, and a station.

CHAPTER 5

5.0 GEOLOGICAL SETTING

5.1 General Geology of Tanzania

The stratigraphy of Tanzania (Table 1) is dominated by Precambrian, Mesozoic and Cenozoic rocks. The central part of the Tanzania craton is covered by Achaean rocks of the Dodoma system. The Nyanzian Kavirondian system occupies the northern part of the country (Figure 2).

The Craton is surrounded by lower Preterozoic mobile belts of the Ubendian and Usagaran systems. The Ubendian belt is located on the western part and the Usagaran system on the eastern part of the Craton.

The craton to the far northwest is flanked by Mesoproterozoic belt known as Karagwe–Ankolean system which is overlain in the south and east by the Bukoba sediments. To the Far East, the Craton is flanked by Neoproterozoic belt known as Pan – African Mozambique belt.

5.1 Regional Geology

The Morogoro Region is located in the high grade metamorphic rocks of Early – Preterozoic age classified as Usagaran. These rocks form several blocks one known as Uluguru block. The Uluguru block (where the area under property situated) comprises of gneisses and granulites rocks.

The regional area is rich in a variety of geological formations most of which are grouped under two systems and a particular suite of igneous rocks. Garnet-quartzo-feldspathic granulites are more resistant to weathering than mafic granulites and gneisses and hence they are found to cap main hills.

These rocks overlie garnet-biotite gneisses, amphibolites and mafic granulites. The rock is faintly banded to massive, characterized by granular texture composed essentially quartz, feldspar (microcline) and garnet.

The Group of rocks consist of migmatitic quartzo feldspathic gneiss, garnet–biotite gneiss, garnet pyroxene-hornblende gneiss and amphibolites. These rocks are generally poorly exposed except in stream and river sections.

This stratigraphy is intruded by pegmatite, pegmatite quartz, quartz veins and vein lets & stringers. Lineation and joints are well developed with two predominant trends oriented at NE-SW and NW-SE. Major faults are trending NNE-SSW.

Table 4 Stratigraphy of Tanzania

PERIOD	TECTONIC DOMAIN	LITHOLOGY
MESOZOIC TO RECENT	Younger formation	Sedimentary and volcanic rocks
LOWER TRIASSIC UPPER CARBONIFERCUS	Karoo sedimentary units	Sedimentary rocks with coal beds in some places like Ruhuhu basin, Kiwira Basic
NEOPROTEROZOIC (600-100 Ma)	Pan – African Mozambique Belt (900-450 Ma) Bukoban Tectonic domain (1100-700 Ma)	Meta-pelites, meta-semi-pelites, marbles, anorthosites, ultramafics-mafic metamorphosed rocks. Conglomerates, sandstone, shales, mudstones, siltstones, dolomitic,limistones, cherts, quartzites, amygdaloidal lava.
MESOPROTEROZOIC (1800-1000 Ma)	Karagwe-Ankolean (1300-1100 Ma) UKINGA GROUP (1350-1000 Ma)	-Phylitic shales and quartz-argillites, arenites, slates, schist, granite and migmatite gneisses. -Phylitic argillites, arenites
PALAEOPROTEROZOIC (2100-1800 Ma)	Uusagaran (2100-1800 Ma)	Granite gneisses, quartzites amphibolites, schists, granulites, granite intrusion (1800-1850 Ma) volcanics, rhyolitic lavas and tuffs agglomerates.
	Ubendian Belt (2100-1800 Ma)	Quartzites, schists, gneiss, amphibolite, granutes.
LATE ARCHEAN (2500-3000 Ma)	Kavirondian super group (2680-2600 Ma)	-Sandstone, arkoses, conglomerates -Chert, tuff,ironstones -Basaltic pillow lava
	Nyanzian super group (2800-2880 Ma)	-Ferruginous chert -Rhyolite & dacite tuffs -Andesite lavas -Basalt pillow lava
	The Dodoma Tectonic Domain (3000-2759 Ma)	-Quartzite, schist, amphibolite. Gneiss, migmatites, granites

Mbakana River driven Fault (NW-SE). There are several conjugate fault systems that follows almost parallel to the major faults trending.

The geological evidence further shows that almost all the formations in this region have suffered regional folding and thrusting, severe movement of an intense and shattering kind.

5.4 Exploration Program

In order to keep its licenses in good standing, the company conducted reconnaissance programs that consisted mainly of mapping, with limited collection of grab samples. Some of the deposits established by ground geological survey data and the drilling data evaluation from the similar and the nearby iron ore deposits. Intensive exploration has been planned to confirm other deposits and even re-confirm the ore deposits established yet.

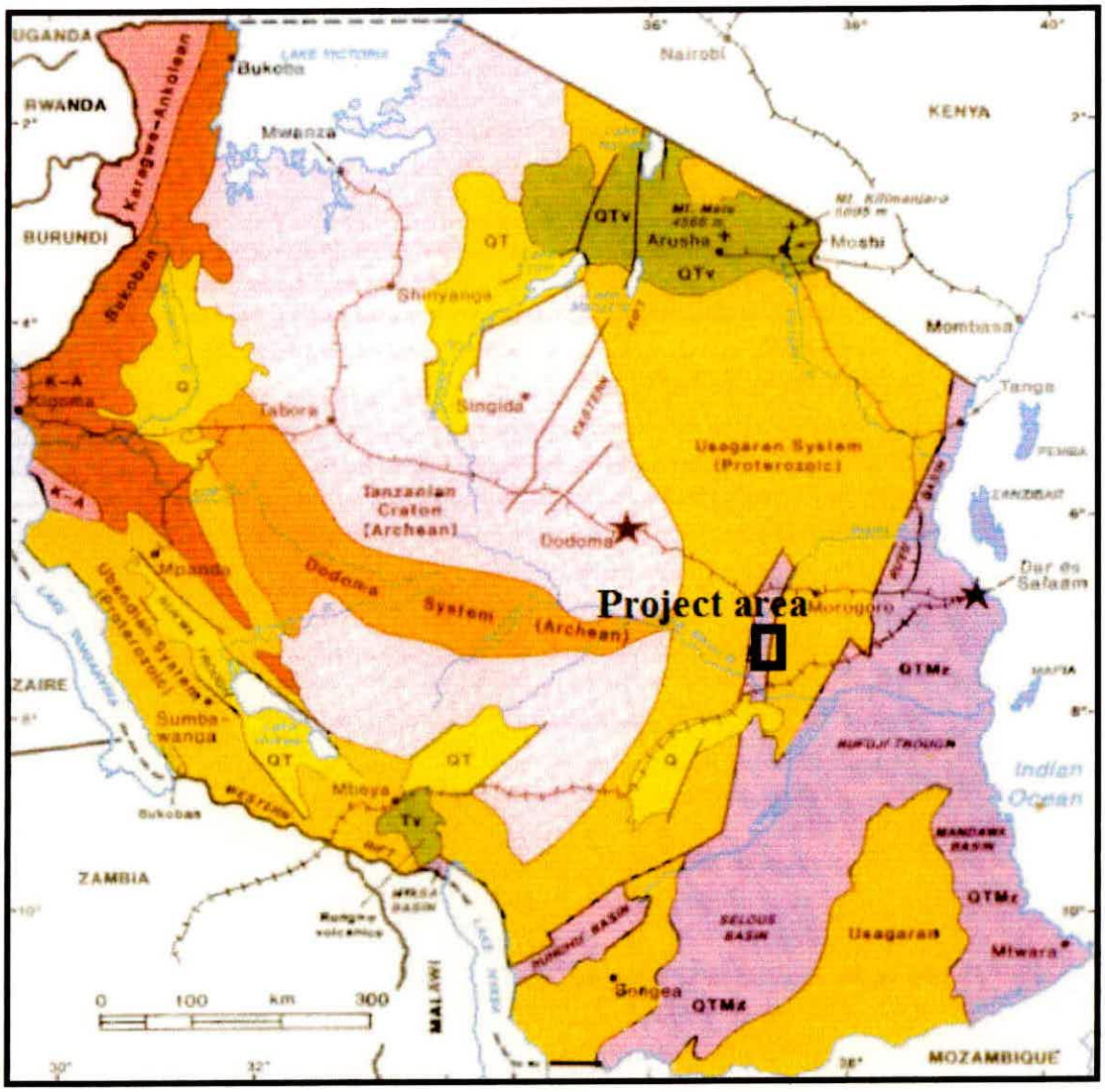


Figure 2: Regional Geology.

5.2 Local Geology

Almost all area is found covered with thick blanket of micaceous schist rock. The other rock formations found in the area include Shale and dyke rock. The alluvial deposits such as silt, mud, sand and gravel cover the most part of valleys, streams and also at places along the hill slope.

The Kikeo iron ore deposit which is Magnetic in nature is of magmatic (magmatic dissemination) in origin. The ore occurs in between the micaceous rocks as vein. From the field observation it is understood that the iron ore deposit is vein type with East – West trend and dipping vertically.

Both the hanging wall and footwall are micaceous schist rock. Post mineralization activities such as volcanic and tectonic activities have also taken place for the formation of dykes, sills, faults and folds. There is possibility of getting other accessory minerals within the micaceous schist rock.

The stratigraphy succession of the rocks is as follows;

- Soil and Laterite
- Igneous Rocks – Dyke
- Hard Lumpy Magnetite Ore
- Shale
- Micaceous Schist

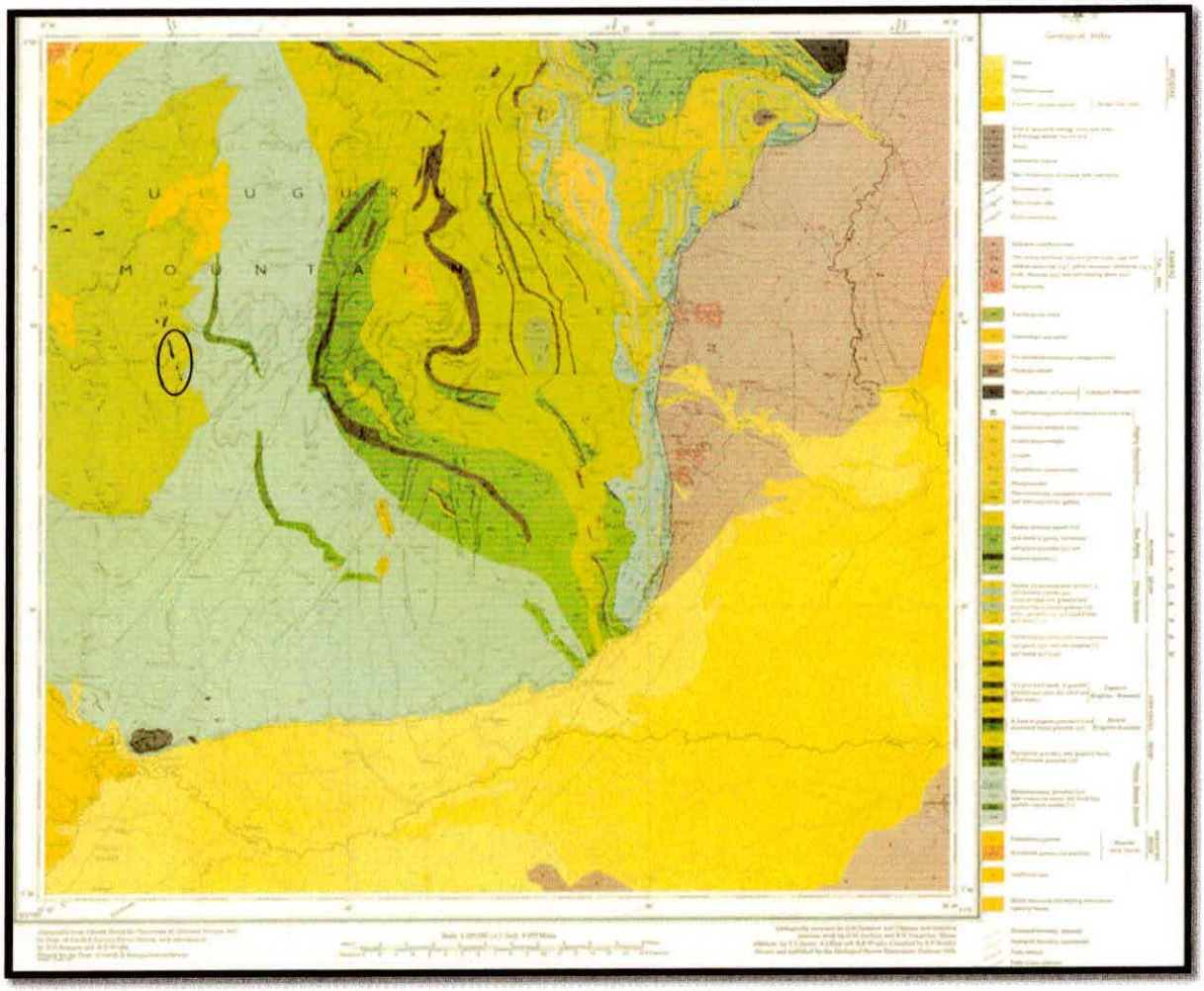


Figure 3: Geology of the Masisiwe Project Area.

The deposits are situated in an extremely hilly and mountainous range. Differences of level between valley bottom and hill top may be as much as 560m or 625m; most of the streams flow through ravines and steeply sided gorges.

Photo 1: Kikeo Magnetite ore deposit.

Masses of magnetite are seen on the lowermost flanks of the hill and on the higher portion of the spur to the north.

The trend of the Magnetite bodies is generally concordant trend of the ridges. The calibration has been used for the attitudes measurement as since the magnetic variation is so high in the area. However, the magnetite appears to be in the form of a seam about 90cm thick and dipping at about 40^0, which are much broken up by faulting. More magnetite was found in the veins on the lower ground but it is significant in quality.

Photo 2: A photo taken at Lukangazi River the way to Kisaki from Kikeo, a river discharging water to Mbakana River that empty water to Mgeta River.

Most of the hill parts rocks were covered by eluvial deposits nowhere except some few areas can find exposed magnetite deposits. Transported deposits found along the valley bottoms and hill sided which have been washed down by rain.

5.3 Mineralization of the Magnetite Deposits

It is convenient to consider the genetic mineralization of the magnetite deposits in connection with general question of structural geology rather than dealing with it particularly under the section of Economic Geology.

The topographical terrain of the project area is mostly controlled by structures. The property area is bordered by two major fault systems that are Lukangazi and Lumba parallel Faults (NE-SW) as well as

A detailed test program was designed to evaluate the chemical, physical, and metallurgical characteristics of deposits from different deposits so that a blending program could be developed to ensure consistent feed quality to the plant.

Furthermore, the test results were used to select and design appropriate process equipment to upgrade the ore to the required specifications. In summary, the laboratory results of all samples collected were as shown in Table 5.

Table 5: Results of the Metallurgical Test (GST Laboratory).

Sample ID	Specific Gravity	Fe_2O_3	AL_2O_3	SiO_2
UIL-27	4.78	70.33	0.44	24.12
UIL-28	4.85	72.4	0.77	18.4

7.2 Mineral Processing

The run of mine (ROM) ore processing consists of crushing and wet screening to reduce the ore to -6mm size. Gravity Separation methods, employing jigs, spirals and hydro-classifiers are Utilized to upgrade coarse grains. Materials below 0.1mm are separated by the wet high intensity magnetic separator (WHIMS).

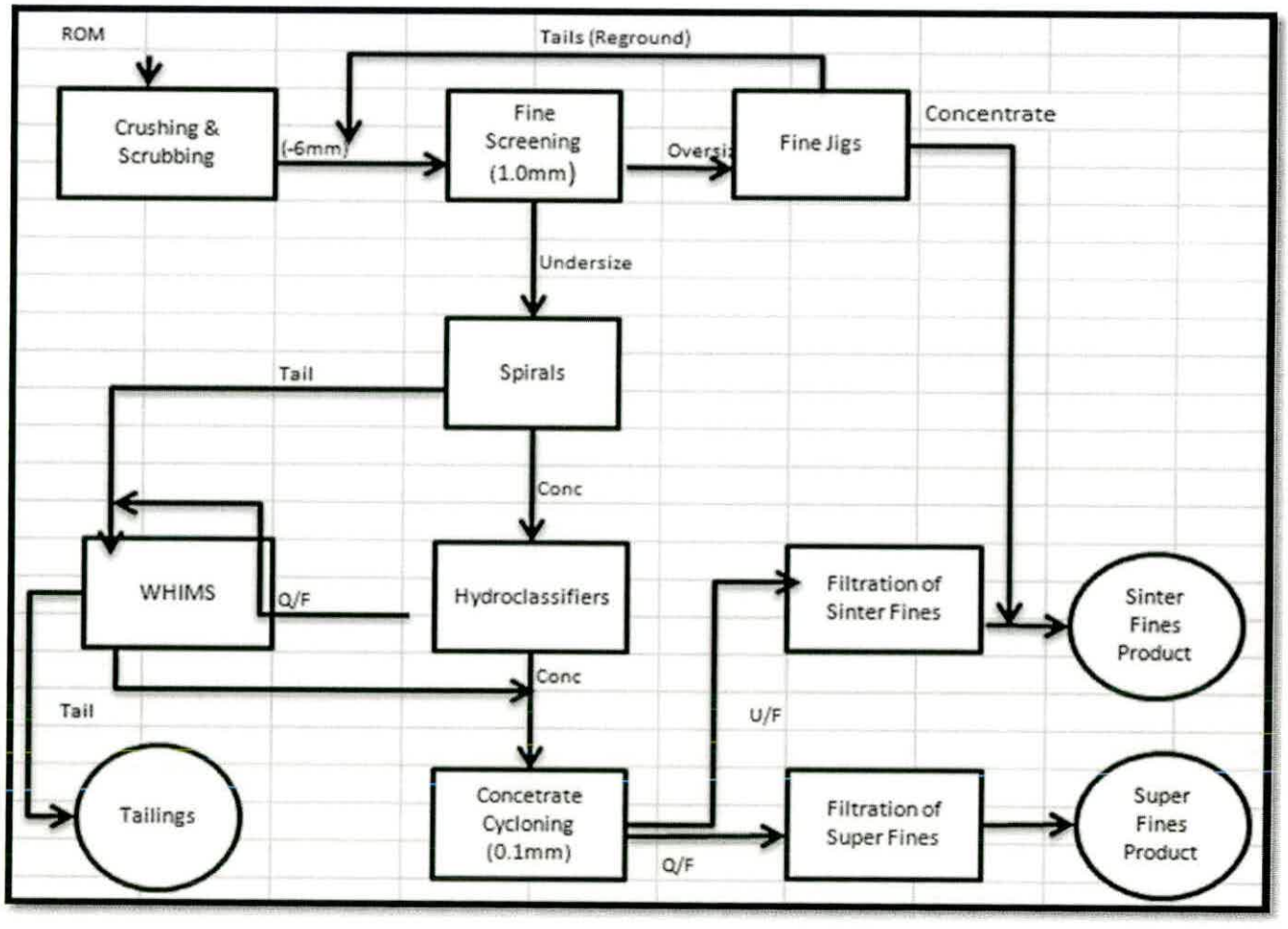
A process flow diagram representing the selected flow sheet is presented as figure 3. It covers the reception of ROM ore at primary sizing station to the loading of super fines and sinter fines products into cars for transportation to storage and ship loading facilities at Dar es Salaam.

The plant will process 0.4 millions natural tonnes per year ("mtpy") to produce 0.1 million dry tonnes of sinter fines and super fines. About 80% of the production will be the higher valued sinter fines. Various tests performed on representative bulk samples at laboratory and facility operated by

experienced technology provider demonstrated the processing ability to meet product quality requirements.

Tailings from the process plant will be pumped to the dam site and the reclaimed water will be pumped back to be used as process water.

Figure 4: Processing Plant flow sheet.



The electricity transmission line will be established from the nearby source to the plant. It is possible the plant to be constructed at Morogoro and the process of getting the site has started yet. Except for the primary sizing station and product load out facilities all other facilities will be housed under a

reasonable air support dome. In addition, to providing adequate protection from weather the dome will be more economical than having separate buildings for individual's facilities.

7.3 Transportation

Product will be filtered and dried to a low enough moisture content to prevent any reaction in cars during transporting to the port. Dried product will be stored in silos at Morogoro plant site. Trucks will be loaded for dispatching to Dar es Salaam where the product will be emptying directly to the port.

The Udbhav prepared a budget for the Kikeo to Mzumbe road development able to sustain a 15t trucks. The road is about 42km to Mzumbe from Kikeo and it is estimated to cost about 9 million Tanzanian shillings per kilometre, which are 378 million Tanzanian shillings. The amount is subject to change depends on the material costs and any other construction factors.

Alternatively, after sorting-out the issues of electricity at the project site and the road construction of Kikeo to Kisaki been done. The processing plant and storage will be implemented at the project area. Trucks will be loaded for dispatching to Kisaki TAZARA rail Station where the product will be unloaded and loaded to the locomotives ready for dispatching directly to the port.

From Kikeo site product will be hauled in 20-50 tonnes trucks to Kisaki. Negotiations are being carried out with TAZARA, each of which is designated as a common carrier with reasonable costs, regarding the tariffs to haul the ore to the port. Similar negotiations are in progress with Dar es Salaam port regarding the use of the ore handling and ship loading equipment.

To date the rail and port tariff agreements have not been concluded. For the feasibility study the Company has used it is best judgment to determine the expected cost of rail tariffs, based on an extensive study. In addition, UDBHAV has commissioned a study of the Project financial analysis and other action with Carrier Company.

7.4 Project Impact and Benefits

Two districts will be affected by the Project Implementation, Morogoro rural and urban districts. The Kikeo village lives in the vicinity of the Proposed Project. Not only there are many other villages on the way from the Mine Site to the Proposed Plant Site in Morogoro town or even to Kisaki Tazara Station. The company has prepared proper haulage by covering the material in trucks from the mine site.

More details about any other environmental impacts, social and economically will be addressed in the EIA report. Since early of 2013, ADBHAV has provided temporary employment to the villagers and has maintained a close relationship with the community. The Company representatives have held continuous meetings with members of the communities and the members of the councils from Regional to the village level to explain the long term benefits of the project.

Impacts and benefits agreements (IBA) negotiations are in progress with affected Districts, but Company has yet to conclude any such agreements. The conclusion if IBAS is desirable but not mandatory for the Project to proceed.

7.5 Person Fly-in and Fly-out Concept

A Camp to house about 15 persons at the mine site and 25 persons will be in plant site, initially to be used by construction and later for operational personnel will be built near the dome. Operations personnel will be worked on the basis of six consecutive weeks of work followed by two week rest and recreation period, when they will be returned to their home bases on a fly-in and fly-out basis.

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CHAPTER 8

8.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

8.1 Mineral Resource Estimate

In making the resource calculation, a specific gravity of 4.8 was used, as were the following cut-off grade parameters (as analyzed by the Geological Survey of Tanzania laboratory):

- ✓ Fe2o3 ≥70.4%
- ✓ Mn ≤1.0%
- ✓ SiO2 ≤24.12%

Table 6: Iron Ore Reserve Estimation

DESCRIPTION	UNITS	ESTIMATED VOLUME
Average vein width (m)	200	
Vein dip	Sub-vertical	
Strike considered (m)	300	
Depth considered (m)	150	
Specific gravity (t/m3)	4.90	
Assumed area (m2)	45,000	
Volume (m3)	9,000,000	
In situ tonnage (t)	44,100,000	
80% Weight Recovery of iron ore (t)	0.80	35,280,000
Fe cut-off grade (50%)	0.50	
Allowed estimation error of ore grade (%)	0.3	0.15
Approximately Estimated Iron Reserve (t)		**5,292,000**

The first parameter applied to the resources estimate was the moisture content. This value, which is different for each pit, is required for the economic analysis and mine scheduling.

The second parameter applied was recovery. This value is the same for each pit but also the same set of values is used for each deposit. These values are required for the economic analysis and mine scheduling. Based on the results of laboratory test, recovery values were estimated.

8.2 Design Parameters

The following parameters were used in the engineered pit designs:

- ✓ Bench Height: 6m
- ✓ Ramp Width: 10m
- ✓ Ramp Grade: 8% maximum
- ✓ Minimum Working Area: 15m
- ✓ Face Angle: 70°
- ✓ Overall Pit Slope: 50°
- ✓ Catch Bench Width: 2.5m
- ✓ One catch bench per bench

In all deposits, the pit ramp did not extend down to the pit bottom. It was assumed that a backhoe will mine the lowest bench, thereby reducing the waste volume required to be extracted.

Table 7: Sample Analysis Results

Resource Classification	Tonnes Mt	Fe (%)	Al_2O_3 (%)	SiO_2(%)	P (%)	Mn (%)	MgO (%)
Indicated	5.29	70.40	0.77	18.40	0.3	1.00	2.00
Inferred	4.23	64.33	0.44	24.12	0.2	0.3	1.1
TOTAL	9.52	67.365	0.605	21.26	0.5	0.65	1.55
Specific gravity = 4.85;		Recovery =80%Fe lower		cut-off grade = 50%			

8.3 Design Criteria

Basic plant design criteria was based on the reserve estimation calculation as shown in Table 8. Plant availability is consistent with Tanzania Bureau of standards for the type of equipment to be used and spare equipment, where appropriate, will be held on site to ensure maximum plant availability.

8.4 Product Transportation

The ore product will be transported by 15t trucks from site to Morogoro were will be loaded to 30t trucks that transport the materials to Dar es Salaam. Via Kisaki Tazara railway, ore product will be transported by 15t trucks directly to the station. At the rail Station, the load-out station operator (or front end load operator) will use and load railcars. The loaded railcars will be verified at a weigh station to ensure proper loading and improperly loaded railcars will be corrected at that time.

The railway company will deliver the train to the port at Dar es Salaam to be handed over and either loaded to the ship. All appropriate protocols will be followed to ensure a safe and a productive operation. Efficiency in the use of locomotives will be achieved by a rail layout that will make it possible for the same sets of locomotives to exchange.

To provide a rail against road transportation cost estimate, the company developed an operation plan and determined what additional capital assets will be required to move iron ore over this routing in an economical, efficient, effective and safe manner.

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Table 8: Basic Process Plan Design Criteria.

Parameter	Phase 1	Phase 2
Sizing Capacity		
Ore Processing rate (t/y)	200,000	200,000
Ore Processing rate (t/d)	548	548
Ore processing rate (t/h)	25	25
Operating time (%)	90	90
Processing Plant Capacity		
Ore Processing rate (t/y)	2,000,000	2,000,000
Ore Processing rate (t/d)	5,479	5,479
Ore processing rate (t/h)	254	254
Operating time (%)	90	90
Weight recovery (%)	70	75
Total products (t/y) dry	140,000	150,000
Products		
Sinter Fines (t/y)	112,000	120,000
Sinter Fines (t/d)	307	329
Sinter Fines proportional (%)	80	80
r Fines (t/y)	28,000	30,000
Super Fines (t/d)	1,296	1,389
Super Fines proportional (%)	20	20

CHAPTER 9

9.0 OTHER RELEVANT DATA AND INFORMATION

9.1 Mining Method

The mining method selected for the Project is conventional open-pit mining with a front-end loader/truck operation. The rock will be drilled, blasted and loaded into haul trucks that will deliver ROM ore to the primary mineral sizer, located at the Morogoro plant Site. From each pit, waste will be hauled to an out-of-pit waste dump to be located nearby. Overburden removal and ore and waste mining operations will take place 24 hours per day, 365 days per year but, for loader and truck calculation purposes, it was assumed that operations will shut down for an average of five days per year due to inclement weather (depends on weathering condition).

9.2 Dump Site

Dumps that will serve as storage for material that is currently considered to be sub-economical will be located at various points between the pits, in non-mineralized areas to be defined based on the results of condemnation drilling yet to be carried out. Waste dumps were designed for each deposit to accommodate the quantity of waste that will be removed, taking into account the fact that waste rock will be used for the rehabilitation of haul roads and, initially, the access road. The waste dumps will be progressively rehabilitated. The following parameters were used in the waste dump designs:

- ✓ Lift Height: 10 m;
- ✓ Lift Slope: 45°;
- ✓ Berm Width: 10m;
- ✓ One berm per lift;
- ✓ Overall Dump Slope: 26.5°;
- ✓ Swell Factor: 1.25;

- ✓ Minimum Dump Footprint Offset:
- ✓ Pit Crest: 100m;
- ✓ Railroad : 100m;
- ✓ Provincial Border: 50m;
- ✓ Haul Road: 10-50m;

The positions and sizes of the planned dumps were shown on the ultimate waste rock pit design and site layout.

9.3 Equipments

The various pieces of equipment required to achieve the mine plan are addressed hereafter. The auxiliary equipment required for the maintenance of haul roads, the building of the access road and the creation of waste dumps, for bench preparation and for levelling before drilling is listed in Table 9 together with a selection of maintenance and other equipment including cranes and specialized service trucks, as well as equipment for use in the Process Plant.

Table 9: Equipments

Units	Number	Unit	Number
Water Bowser(18,000lts)-Inter 700 Series	2	Air Compressor (1000lts)	2
Dozer with Ripper (D7R/Komatsu 275)	1	Wagan Drill	2
Grader (Cat 140H/160H)	1	Fire truck (powder)	1
Dump truck (50 tonne)	4	Fuel Tanker Truck	1
Backhoe Loader	1	Pumps	2
Excavator (45 tonne)	1	Mobile light tower	2
Excavator (30 tonne)	2	Mine radio	4
Genset (600KVA)-Perkins/cummins	1	Fork-lift (Propane powered)	1
Crusher (100tph)	1	Tire Handler	1
Mobile Crane (50/5tonne)	1	Pick-up Truck	2
Wheel Loader (6Cum)-WA 600	1	Flatbed	1
Wheel Loader (6Cum)-JCB 500	2		

Wherever practical, to minimize spares, mobile equipment to service the Process Plant, camp and other installations will be standardized with that specified for the mines.

9.4 Tailings Management

The dam and polishing ponds will be used as both the tailings containment basin and the process water reservoir. The tailings containment system will operate in closed circuit with the Process Plant. The design will meet all existing safety and environmental standards.

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9.4.1 Site selection

Tailings disposal location will be evaluated relatively close to the Process Plant, thereby minimizing capital and operating costs for the tailings handling and process water reclaim system.

9.5 Infrastructure

The locations of various elements of infrastructure are shown on the already-presented Figure 1-3. Access to the Kikeo Site will be via the Mzumbe-Mgeta gravel road that starts at the outskirts of the town of Morogoro. The existing 35km of road from Mzumbe towards the Mgeta (junction to the site) already meets the specification of an all-weather unpaved road that medium weight traffic can circulate at normal speed as regulated by the provincial government, but. From Mgeta to the site will require relatively minor repairs to meet the requirements for the 15t trucks to pass over 12 hours a day.

Haul roads from the pits and site roads to be used by off-highway mine trucks will be rehabilitated to a stronger construction standard than the main access road and will be 10 m wide. Site roads are required to access different parts of the property. The Site roads include the following:

- ✓ The continuation of mine haulage roads to the Primary Crushing Station and the maintenance garage;
- ✓ A road from the bulk explosive manufacturing plant and the explosive storage magazine to the network of roads leading to pits;
- ✓ A road from the Primary Crushing Station to the Process Plant that will also
- ✓ Provide access to the crushed ore storage pile on the way.

Existing roads on and around the proposed site will be re-opened and used wherever possible.

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CHAPTER 10

10.0 CAPITAL COST ESTIMATE

This Section covers the capital cost estimate for implementation of the ore mining, processing, transporting, ship loading facilities and infrastructure required for the Kikeo Iron Ore Project.

The following paragraphs outline the methodology used by UDBHAV personnel for the estimation of the capital cost of the ore processing facilities and infrastructure. The resulting estimate is based on the application of standard methods required to achieve a Feasibility Study with an assumptions indicated in Appendix 1-6.

10.1 Scope of Estimate

The current estimate covers the costs associated with the construction of the ore processing facilities namely; the primary sizing station, the plant feed conveyor and its drive house, the Process Plant, the secondary crusher, transfer conveyors, thickeners, the product storage and load-in and out facilities, tailings and process water reclaim pipelines.

The capital costs estimate also covers the following areas:

- **Mining Costs**, including mine development, mine facilities and services, and mining equipment; tailings disposal, including tailings delivery and process water reclaim systems; and the electricity generating station, its diesel generators and switchgear and associated substation;
- **Transportation and Infrastructure Costs**, including site development and roads, warehouse and maintenance buildings, other ancillary buildings and facilities, fresh water supply and camp accommodation; Surface,
- **Maintenance Costs**, Machinery service and emergency vehicles; as well as Modifications to the product storage and handling facilities;
- **Rate of Interest on Term Loan**
- **Depreciation on Fixed Asset**

10.2 Basis of Estimate

The base date for the cost estimate is the third quarter of 2013. The estimate is expressed in US dollars. No allowances for escalation or currency fluctuation are included. All the quotations for the machinery and equipments were received in US dollars. The labour rate was established as an all-inclusive hourly rate by considering the basic hourly rates for tradesmen, foremen, and superintendents provided by qualified contractors for unionized workers. The contractors were selected based on their ability to work in the remote area and environment. The estimate is based on the assumption that labour rates are for a remote site. The all-in labour rate includes the direct and indirect supervision, small tools and consumables, clothing and safety supplies, transportation between home base and the construction camp, contractor's small tools, and site establishment facilities and contractor's overhead and profit.

The construction working calendar was established as eight hours per day, six days per week including one half day. The turnaround was established as six weeks in, two weeks out. In the present study, the productivity loss factor was estimated at 1, which takes into account the fact that most of the work will be carried out inside the climate-controlled Dome. Labour and construction resources were surveyed among qualified contractors currently active in Tanzania. Udbhav considers that trained and certified workers, as well as construction resources, will be available.

TAZARA were requested to provide a price for the delivery of materials and equipments to and from Kisaki, ready for to the transporting to and from the Site by company trucks. This freight cost was included as indicated by the suppliers. In an estimate, provisions are included for different areas to reflect the level of definition of the project. As such, design allowances and contingencies are two different, but essential elements of cost. Their inclusion ensures that the estimate covers all needs and requirements of the project scope.

The following definitions are taken from the literature:

Design Allowances: Additional cost included in the estimates to cover the costs of known, but undefined, requirements for an individual activity or work item. In the Study, design allowances were not included and this was compensated by a higher level of contingencies.

Contingency: A value added to an estimate to allow for unknown items. This may be derived either through statistical analysis of past project costs or by applying experience gained on similar projects. Contingency is not intended to cover changes in scope.

For the Feasibility Study, the contingency factor reflects the study team's knowledge of the various aspects of the project and was applied to cover potential errors and omissions and possible unknowns. In the study, the overall factor was estimated to be 11.4% of the direct costs. It is to be noted that contingency is an expense, and as such, is expected to be spent during the life of the project.

Quantities for civil work, including site preparation, excavation and backfill, for concrete work including building foundations, slabs on grade, elevated slabs and equipment foundations, were calculated from site plans and from building layouts and elevation drawings. Unit prices were obtained from qualified contractors or from information from recent, similar projects. Those unit prices were applied to material take-off quantities for the majority of the buildings and infrastructure. Quantities for site roads were estimated from the site layout. Unit costs for site road construction and improvement were established using information from recent similar projects. An allowance was established for the upgrade of the existing access road.

The following quantities were calculated from layouts: structural steel including heavy and medium steel, building frame, secondary and light steel including steel deck, stairs with handrails, handrails and grating, building exteriors including insulated roofing and cladding, louvers, windows, man doors and truck doors, building interior finishing including block walls, offices and living quarters finishing,

safety and security fencing and chemical resistant lining where appropriate. Budget unit prices were obtained from qualified contractors and applied to material take-off quantities.

A budget price proposal was obtained for the camp accommodations including dormitory, kitchen and recreational facilities. The proposal includes delivery to site and installation. A budget price proposal was obtained for the Emergency Vehicles Storage Building. The proposal includes delivery to site and installation. A budget price including delivery to site and installation was also obtained for the office complex.

10.3 Equipment

The process equipment list was derived from the flow sheets. Based on data sheets, data tables and technical descriptions, budget prices were obtained from qualified suppliers for more than 90% of the value of the process equipment. The remaining equipment was estimated from recent database information for similar projects. Equipment installation man-hours were estimated from a recently updated in-house database for similar projects. A construction allowance to cover the cost of construction material, sub-contracts and contractors for installation was established at 2% of the equipment cost, based on recent information for similar projects.

Process piping costs include supply and installation of pipes, slip-on flanges and back-up rings, fittings and manual valves and freight to site. Unit costs for High Density Polyethylene (HDPE) pipelines and fittings were provided by a qualified supplier. Updated unit prices from in-house databases were used for the remaining items. The labour hourly rate and productivity factor were used to estimate installation costs. Quantities for large bore process and water piping were calculated by take-off from flow sheets and layouts. Quantities for service piping and small bore lines were factorized. The percentage of total equipment direct cost was also taken into consideration to estimate the overall piping cost. Installation man-hours were estimated from in-house databases. The cost includes supply and installation of piping, flanges and couplings, fittings and valves, secondary steel, supports and freight.

Pipelines were estimated as HDPE pipes supplied in fusion-welded and required lengths, with bolted flanges provided, and flanged connections for valves, instruments and other equipment.
Quantities for the tailings pipeline and the fresh water and reclaim water lines were calculated from layouts. Installation and bolt-up man hours were estimated from in-house databases. An allowance was included for service pipelines and sanitary waste water pipeline cost.

The electrical equipment and material list was derived from single line diagrams and the mechanical equipment list. Quotations were received for most of the major equipment and electrical material was estimated based on databases for recent similar projects. Quantity take-offs for instrumentation and the plant communications systems were made from flow sheets and mechanical layouts. Installation labour hours were established from in-house databases for similar projects, adjusted for hourly labour rates and productivity factors specific to the project.

Budget prices for equipment, instruments and materials were obtained from qualified potential suppliers or from databases or recent similar projects. For the diesel-fired generators, data sheets were prepared and issued to bidders based on a complete installation package, including skid-mounted generating sets, fuel distribution system, synchronization and control system, diesel day tank, sound-proofing and heat recovery equipment. Suppliers were requested to provide an optimum system in terms of capital and operating costs. Budget prices for mobile equipment were either established from in-house databases for recent similar projects or based on quotations from qualified potential suppliers.

The fire protection requirements were developed by a qualified supplier based on mechanical equipment and site layouts. The fire protection costs include the fire loop, hydrants, sprinkler systems, specialized local fire protection required for electrical rooms and hydraulic units and fire hose reels. In addition to the ore processing facilities, the fire loop will also service facilities outside the Dome, including the Primary Sizing plant, the loading area and the camp.

Heating, Ventilation and Air-conditioning (HVAC) data table was developed to calculate the heating and process ventilation requirements by area and facility, based on local conditions. These requirements based in standard industrial needs as well as applicable codes and regulations. The HVAC costs include the heating and ventilation equipment, ducting, mechanical installation and freight. The costs also include proper piping material, installation and freight as well as excavation work. Budget prices were obtained from a qualified supplier for the equipment, ducting and installation. In-house databases were used to estimate the costs of the piping and excavation.

A data table was developed to define the tooling and storage equipment requirements by area and facility. Mechanical, piping and electrical tool kits were also identified to properly equip site service trucks and the truck servicing facilities. Budget prices were obtained from industrial catalogues or allowances were made based on in-house databases. An allowance was included for each administration office, room and area to provide for interior finishing, furniture and equipment such as work desk and chairs, cabinets and bookshelves, as well as computer and office supplies. A budget price proposal was obtained for the provision of change rooms, including interior finishing, room services and also equipment such as lockers and benches as well as restrooms.

10.4 Mining

Mine development costs were estimated from quantities and unit costs developed in-house by UdbhavL specialists experienced in the type of mining to be adopted for the project. It is intended that major mine equipment such as that listed hereafter will be purchased directly from manufacturers under the terms of lease/buy agreements to be negotiated. The production equipment costs were based on budget quotations from manufacturers or even distributors and included transportation to Site and erection where applicable. It was assumed that the costs will be redeemed by monthly payments over ten years for the trucks and drills and as such; they are excluded from the estimate of initial capital expenditure but are taken into account, as a capital lease, in the financial evaluation.

Budget prices, including delivery to site and, where appropriate, erection for mine support equipment such as fuel and service trucks, mobile cranes, pick-up trucks, mine dewatering pumps, radios and

mobile light towers were obtained from qualified potential suppliers. Budget prices for mine facilities and services, including mine dewatering, were established from databases for recent similar projects.

10.5 Off-site Facilities

It was assumed that the costs of roads and railway that will be acquired in the same manner as mining equipment, will be redeemed by payments over five years for and as such, they are excluded from the estimate of initial capital expenditure but are taken into account, as a capital lease, in the financial evaluation. The estimate of the cost of port Facilities at Dar es Salaam based on unit rates and on work carried out, adjusted to reflect revised scope and other cost reduction measures. All these based and provided by the Tanzania Ports Authority (TPA). UDBAHV compiled indirect costs for its scope of work and that of others, based on an implementation schedule developed in-house by the company.

The various elements of indirect costs are addressed hereafter:

Those costs may include engineering studies to come such as further metallurgical studies, independent reviews, environmental and social impact studies, occupational hazard reviews and also the costs of permitting. Project development costs are shown as provided by the company.

A project implementation cost also includes engineering, procurement and construction management (EPCM), and other Company's cost databases. The capital cost estimate is summarized in Appendices 1-6.

10.6 Operating Cost Estimate

The estimated total operating cost for the mine, Process Plant, rail transportation and administration, averaged over the life of the Project, is about USD 80 per metric tonne of dry product (Sinter Fines & Super Fines), which is in line with published costs for similar operations elsewhere. A summary of the

estimated ROM, waste and product tonnages over the life of the mine are described in chapter 8, along with a breakdown of the major components of the estimated operating cost in USD per tonne.

10.7 Operating Schedules

The labour force requirements were based on the assumptions that the mines, Process Plant and product stockyard will be in continuous operation, 24 hours per day, six days per week, but maintenance and repair will generally be done on a day shift basis. Ship loading operations will be governed by the presence of ships.

At the mines and the Process Plant, a crew will work seven 12-hour shifts per week and will rotate on the basis of six weeks at work with two weeks off work, therefore requiring four complete crews for the mine and the Process Plant. Some clerical employees, engineers and technicians and various tradesmen in the workshops and in the Process Plant will work 8-hour day shifts, six days per week. The only overtime paid will be for the hours worked above the normal 40 hours per week averaged on an annual basis, and this overtime will be paid at the company's standards times the base rate.

10.8 Maintenance

Mine operating costs are developed on the basis of the mining equipment list with the required operating hours to achieve production. Mechanical parts, components and replacement parts that require regular maintenance include: drill bits and drill steels, bucket teeth, teeth adaptors and wear plates, tires or undercarriage components, as well as required greases and lubricants. Hourly estimates for repair costs and parts were developed in collaboration with major equipment suppliers. Machine operating hours were obtained through fleet sizing calculations which were based on the appropriate mechanical availability and utilization factors for the various machines.

10.9 Explosive

The cost of mining includes, as a separate item, the cost of blasting. The cost estimate is based on the assumptions that slurry emulsion explosive will be manufactured on site and pumped directly into blast holes from explosives loading trucks. The manufacture and preparation of explosives, as well as the down-the-hole service, will be carried out by the explosives supplier. Assuming below normal rock

hardness and based on experience from experienced operators it is assumed that 0.20kg of explosive may be required per tonne of ore and 0.18kg per tonne of waste blasted. This will be achieved by using a pattern of 8.5m × 7.5m in ore and 9m × 8m in waste rock on a 12m bench and 1.5m sub-drilling. The holes will be filled up to a collar height of 6m. Crushed rock will be used for stemming purpose. These costs have been included in the costs of mining ore and waste.

10.10 Site Restoration and Mine Closure

The preliminary cost estimate of the rehabilitation and closure plan is based on the progressive re-vegetation of the waste dumps as the various mines are sequentially closed. The re-vegetation cost has been included on mining costs and will be set aside on a yearly basis over the life of the Project.

At the end of the life of the mine, a closure program will be implemented based on a detailed plan to be developed during the first last year of operation. A special trust fund will be established that will cover the costs of re-vegetation of waste rock piles and the dismantling of project installations, including buildings and equipment. It is assumed that a portion of those costs will be offset by the residual value of equipment to be sold at that time.

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CHAPTER 11

11.0 FINANCIAL ANALYSES

11.1 General

This Section describes the method of analysis, the basic assumptions made, and the findings of the analyses to evaluate the viability of the Makete Ore Project to produce and sell 0.45 million dry tonnes per year of iron ore (approximately 80% of it in the form of Sinter Fines and 20% as Super Fines) with an average Fe content of 67.4% and SiO_2 plus Al_2O_3 about 10%.

The analyses were performed using estimates of capital and operating costs, an estimated construction schedule and an estimated production schedule, all as set out in preceding Sections of this report. The analyses were made on the basis of 100% equity financing with mining investment documents and equipment being leased.

All financial amounts were expressed in fourth quarter 2013 US dollars. The estimates and assumptions were fed into a financial model constructed on Microsoft Excel 2010 Window software, developed by Microsoft Company. The software produced an Income and Cash Flow Statement, a Balance Sheet, and other financial schedules for the chosen financial structure, in this case 100% equity financing. The internal rate of return IRR was calculated according to the discounted cash flow methodology, and sensitivity analyses were undertaken.

From the results of the financial analysis, it was determined that the project economics benefitted significantly from the adoption of the following strategies:

- Optimizing the Process Plant in regards to the use of water, and product recovery;
- Optimizing the mining sequence in order to reduce mine operating costs,

This analysis has assumes tariffs for railway operation based upon on-going rate negotiations with the providers of those services.

11.2 Revenues

Details related to tonnages and sales for iron ore in direct shipping ore are given in Appendix 1-6. Following discussions between management and experts about the global iron ore market, it was decided that the free on board (FOB) prices for this Feasibility Study would be based on projected long-term prices provided by world market. Therefore, for iron ore at 50.4% Fe, the average price used was USD 100 per Metric tonne. For the purpose of the financial analyses, no inflation was applied to those prices, which were assumed to be constant for the life of the Project.

There will be minimal revenue in year 1 which is also a construction year as the project will only produce below the estimation of its rated capacity towards the end of the year, based on production start up by mid-October. Estimated sales tonnages and revenues are shown in Appendices 1-6.

11.3 Expenses

Operating expenses were generated on an annual basis but expressed in fourth quarter 2013 USD. Expenses were developed on a year-by-year basis for the mines, to reflect the evolution and location of the pits, and as a yearly average for other sectors of the operation. The overall cost of production, averaged over the life of the Project, is about 80 USD per dry tonne of product, which compares favourably with other operations world-wide. However, transportation costs and Maintenance costs are a very important factor as they account for more than half of the total operating expenses.

11.4 Capital Expenditures

The initial capital cost of the Project was estimated to be approximately USD 5.7 million, including own of USD 1.5 million and term loan funds of USD 4.2 million. This amount includes the capitalized

component of the cost of leasing mining license and operations, consultations, rolling stock, as well as the annual cost of mine rehabilitation. Interest components of leasing are included in the financial model cash flow as well as Tax payments (Appendix 1-6). The impact of taxes on project profitability is demonstrated by the "After Tax" shown in Appendix (1-6).

11.5 Sensitivity

A sensitivity analysis was prepared by measuring the effect of variations of up to ± 20% in key parameters on the Project internal rate of return (IRR) for the case "Before income taxes". The selected parameters were:

- Revenue
- Capital Expenditure
- Annual Operating Costs

As shown in appendix 1-6, for the pre-tax case the viability of the Project is most sensitive to variations in Revenue, and least sensitive to variations in Annual Operating Costs. Sensitivity analyses were also carried out for the case "After income taxes" and are included in the financial model.

11.6 Financing

The financial model was created to address the case where equity is assumed to be 100% of the Project capital cost. It is however assumed that any cash deficit in the operation period will be offset by a short term financing facility at a 9% interest rate.

11.7 Results

The results of financial analyses for each of the before and after tax cases are presented in appendix 1-6. The results show that the Project generates sufficient funds to cover its own expense and has an attractive return on investment.

11.8 Project Management and Organization

To carry out the Project, UDBHAV intends to adopt an Engineering, Procurement and Construction Management ("EPCM") approach. However, unlike the traditional approach to such a project, the EPCM team will be an Integrated Project Team ("IPT"), comprised of personnel from RRECL, consultants and subcontractors.

The purpose of this project organization is to quickly and efficiently bring the project to production, while engaging the skills and expertise of different EPCM contractors and subcontractors on the project. The project consists of the development of mines, processing facilities and supporting infrastructure, some of which will be geographically located at some distance from the others. The nature of the construction work at the different locations will also vary. It is therefore planned to engage contractors or consultants that are specialized in a specific area or process, and for them to provide the expertise and resources required to cover particular elements of the project. The overall

management and coordination of the Project will be under the control of the IPT Project Manager, who will represent the owners of the project.

The IPT will be responsible for the scope and execution of the overall project, with the specific specialized personnel and consultants reporting through counterparts in the IPT to the IPT Project Manager.

11.9 The Integrated Project Team

The RRECL will establish a team, consisting of its employees or individual consultants who have been involved in the development of the Project thus far, supplemented by newly-hired or contracted persons who have experience of the successful realization of projects of a similar nature.

11.10 Schedule

As soon as the required all funds are organized, UDBHAV will start detailed engineering, site camp mobilization and procurement of long-delivery equipment. Based on the above, production is expected to start in mid October, 2013. Upon completion of Environmental Permitting in third quarter of 2013, it is estimated that the Project can be launched in the third or fourth of 2013. However, due to long delivery times for certain major items for the Project and subject to funding, engineering and procurement activities have already started.

11.11 Advance Engineering Activities

Advance engineering activities are those that will improve the schedule by allowing the early design and procurement of key equipment that impacts the critical path of the project. Advance engineering

activities also provide additional time to obtain the permits and authorizations required for the project. Since some of them may well take longer to obtain than estimated it is prudent to get an early start to these activities Advance Engineering Costs. The cost of the advance engineering activities is the costs to engineer and procure those items of equipment that have an impact on the end date of the project schedule. In order to meet schedule dates, it will be necessary to negotiate delivery lead times for some specific equipment that are better than those provided by the potential suppliers of the equipment. It is expected that this will be achieved through successful negotiations at the time of placing a firm order.

11.12 Feasibility Study

The Feasibility Study was started at the beginning of December 2012, and this Study Report was submitted for review by executive management at the end of January 2013.

11.13 Production Start-up

Start-up of production will be initiated immediately following the end of construction. The start-up and commissioning will focus on having at least one of every piece of equipment and one of every system functional so they can be fed with feedstock. Commissioning of complementary equipment and systems will take place while the plant is operational. Start of production is scheduled to start in the October 2013. It is expected that the plant will attain 10% of its name plate capacity for each of the first nine months. The remaining capacity is expected to be achieved in the following four months – thus full production is expected in the year 2014, some 6 months after start-up.

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CHAPTER 12

12.0 INTERPRETATION AND CONCLUSIONS

12.1 Interpretation

The Kekio Iron Ore Project is a major project that will significantly add Iron ore production capacity in the country, as well as to the world capacity. This Study of the Project is not only confirmed the UDBHAV belief that the project is technically feasible viable but also demonstrated that the project would be capable of producing iron ore in a form and of a quality suitable to be a captive source of supply of raw material to feed the country steelmaking facilities. The study not based on the financial assessment of the project, since the informations where not provided by the client during the write-up.

Following an in-depth review of all aspects of the Study, the interpretation of the Study is summarized as follows:

- Resource estimation
  - ✓ The deposits that are the basis of the project were explored and the intensive exploration has been employed, and historical drill hole data, geological informations were in the Geological Survey of Tanzania was recovered by UDBHAV.
  - ✓ Under the procedure adopted by UDBHAV, the principal assay laboratory selected sample pulps and directed them to a control laboratory without the intervention of Udbhav.
  - ✓ In making the resource calculation, a specific gravity of 4.85 was used, as were the cut-off grade parameters used as shown in Table 7.

- Environmental Aspects
  - ✓ All informations concerning the environment will be addressed in the EIA report.

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12.2 Conclusions

- Enough informations collected by the client about the resources have been established for a sustainable project having an acceptable mine life;
- UDBHAV's exploration work has demonstrated a close correlation between the historical resources and the recent resources defined by the UDBHAV Exploration programs.
- The extent and quality of detailed technical work (data interpretation) performed is more than adequate for a Study of this type and level of accuracy.
- The economics of the project (based on the world market) appear to be robust and will absorb variances in parameters such as product price, capital costs and operating costs.

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CHAPTER 13

13.0 RECOMMENDATIONS

Although the overall opinion as to the extent and quality of the work done in preparing the Study is favourable, there are a number of specific areas in which additional work is recommended.

- Even though bulk density measurements were made for ore types using, additional measurements for ores from different ore bodies should be continued. Such measurements should include bulk density, dry density and moisture content.
- Before construction starts, geotechnical investigation has to be made at the proposed location of the Process Plant and other facilities.
- Geotechnical work will need to be done in order to assess likely pit-wall stability.
- Hydrology investigation needs to be completed around the pits to better understand the groundwater movement, and elsewhere to predict more precisely the amount of pit dewatering that will be required for the mining operation.
- In order to maximize the use of resources, an investigation should be made to determine the optimum grade of plant feed that could be upgraded to meet the customer's specifications.
- Secondary haul roads need more definition and possible adjustments depending on the final truck selection, as referred to above.
- The Financial Analysis, IBA's as well as rail and port tariffs need to be confirmed and binding agreements concluded with the various operators to confirm the accuracy of the operating cost of the results of the Financial Analysis.

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Appendix 1: Loan Repayment in USD

	Years				
Particulars	**1**	**2**	**3**	**4**	**5**
Principle Amount	840,000	840,000	840,000	840,000	840,000
Interest on Loan (9%)	378,000	302,400	226,800	151,200	75,600

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Appendix 2: Projection of Profitability and Repayment (USD IN 000)

Years	1	2	3	4	5
Ore Production (cubic meter)	100,000	110,000	120,000.00	130,000	140,000
Sales	10,000	11,000	12,000	13,000	14,000
Mining (24 $/t) in 000	2,400	2,640	2,880	3,120	3,360
Transportation costs (32 $/t)	3,200	3,520	3,840	4,160	4,480
Maintenance (14 $/t)	1,400	1,540	1,680	1,820	1,960
Interest on Term Loan (9% per annual)	378	302.400	227	151	76
Depreciation on Machinery, Vehicle (25%)	1,425	1,069	802	601	451
TOTAL	**8,803**	**9,071**	**9,428**	**9,852**	**10,326**
Profit before Tax	**1,197**	**1,929**	**2,572**	**3,148**	**3,674**
Income Tax	**359**	**579**	**771**	**944**	**1,102**
Net Profit after Tax	**838**	**1,350**	**1,800**	**2,203**	**2,571**
Depreciation added back	1,425	1,069	802	601	451
Net Cash accruals	2,263	2,419	2,602	2,804	3,022
Repayment obligation towards Term Loan	840	840	840	840	840
DSCR	2.69	2.88	3.10	3.34	3.60
		Avg. DSCR 3.12			

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Appendix 3: Cash Flow Statement (USD IN 000)

Particulars	1st year	2nd year	3rd Year	4th Year	5th Year
A. Source of Funds					
1. Cash accruals(PBT)	1197	1928	2571	3148	3673
2.Depreciation	1425	1069	802	601	451
3.Increse in Capital	1500	0	0	0	0
4.Increse in Term Loan	4200	0	0	0	0
TOTAL SOURCES(A)	**8322**	**2997**	**3373**	**3749**	**4124**
B.Disposition of Funds					
1.Increse in Capital Expenditure	5700	0	0	0	0
2.Decrese in Term Loan	840	840	840	840	840
3.Income Tax	359	578	771	944	1102
TOTAL DISPOSITION(B)	**6899**	**1418**	**1611**	**1784**	**1942**
C. Opening Balance	**0**	**1423**	**3002**	**4764**	**6729**
D. Net surplus(A-B)	1423	1579	1762	1965	2182
E. Closing Balance(C+D)	**1423**	**3002**	**4764**	**6729**	**8911**

Appendix 4: Projected Balance Sheet (USD IN 000)

Particulars	1st year	2nd year	3rd Year	4th Year	5th Year
A. LAIABILITIES					
1) Share Capital	1500	1500	1500	1500	1500
2) Reserves & Surplus	838	2188	3988	6192	8763
3) Term Loans	3360	2520	1680	840	0
TOTAL	**5698**	**6208**	**7168**	**8532**	**10263**
B . Assets					
1) Net Fixed Assets	4275	3206	2404	1803	1352
2) Net Current Assets	1423	3002	4764	6729	8911
TOTAL	**5698**	**6208**	**7169**	**8532**	**10263**

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Appendix 5: Source of Funds

Particulars	Amount (USD)
1) Own Contribution	1500000
2) Term Loan	4200000
3) TOTAL	**5700000**

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Appendix 6: Assumptions

Working days per month	**26**	**100,000.00**	**t/m**		
Working months per year	3				
Average specific gravity	4.5	3,846	t/d		
Recovery 90%	0.9	384.62			
Factor	0.001				
Metric ton in first year	100,000	10% Inclement			
Ore production (t/d)	3,846	4,231	4,615	5,000	5,384.62
Mining including processing, royalty etc (24 $/t)	24				
Transportation (32 $/t)	32				
Maintenance Cost (14 $/t)	14	27-30% of Mining			
General administration (3 $/t)	3				
Contingency (11.4%)	0.114				
Int. on term loan (9%)	0.090				
Term Loan	4,200,000	3,360,000	2,520,000	1,680,000	840,000
Depreciation on Machinery, Vehicle (25%)	0.25	356	267	200	150
Income Tax (30%)	0.3				
Sales	10,000	11,000	12,000	13,000	14,000
Sales Price FOB (100 $/t)	100	10,000,000			

PROJECT REPORT

1. Name : **M/s UDBHAV INTERNATIONAL LTD.**
2. Address : : MOROGORO,
   TANZANIA.
3. Status : LIMITED COMPANY
4. Nature of Business : **IRON ORE MINING & CRUSHING UNIT**
5. Cost of the Project :

Particulars	Rate per Unit(USD)	No.of Units	Total(USD)	Supplier Name
1) Vehicle				
1)	60000	5	300000	
2)	80000	30	2400000	
2) Plant & Machinery				
i) Plant & Machinery				
ii) Feeder				
iii) Jaw Crusher				
iv) L&T Hydraulic Excavator				
v) Errection & Installation of Machinery				
vi) Generator				
vii) Hydraulic Breaker			3000000	
TOTAL			**5700000**	

For UDBHAV INTERNATIONAL LTD.

DIRECTOR

UDBHAV INTERNATIONAL LTD. TANZANIA

6 Source of Funds:

Particulars	Total(USD)
1) Own Contribution	1500000
2) Term Loan	4200000
3) TOTAL	**5700000**

7) Loan Repayment: **(USD)**

Particulars	1st year	2nd Year	3rd year	4th Year	5th year
1) Principle amount	840000	840000	840000	840000	840000
2) Interest on Loan@9%	378000	302400	226800	151200	75600

For UDBHAV INTERNATIONAL LTD.

DIRECTOR

UDBHAV INTERNATIONAL LTD. TANZANIA

UDBHAV INTERNATIONAL LIMITED TANZANIA

PROECTION OF PERFORMANCE PROFITABLITY AND REPAYMENT(USD IN 000)

Particulars	1st year	2nd year	3rd Year	4th Year	5th Year
A. INCOME					
Sales	10000	11000	12000	13000	14000
TOTAL	10000	11000	12000	13000	14000
B.EXPENDITURE					
Mining cost	1500	1650	1800	1950	2100
Crushing Cost	400	440	480	520	560
Royalty to Govt	500	550	600	650	700
Transportation Cost	3200	3520	3840	4160	4480
Maintenance Cost of Machinery & Vehicle	1400	1540	1680	1820	1960
Int.on Term Loan	378	303	227	151	76
Dep.on Fixed Assets	1425	1069	802	601	451
TOTAL	8803	9072	9429	9852	10327
Profit before Tax	1197	1928	2571	3148	3673
Income Tax	359	578	771	944	1102
Net Profit after Tax	838	1350	1800	2204	2571
Dep.added back	1425	1069	802	601	451
Net Cash accruals	2263	2419	2602	2805	3022
Repayment obligation towards Term Loan	840	840	840	840	840
DSCR	2.69	2.88	3.10	3.34	3.60

Avg. DSCR 3.12

For UDBHAV INTERNATIONAL LTD.

DIRECTOR

UDBHAV INTERNATIONAL LTD. TANZANIA

UDBHAV INTERNATIONAL LTD. TANZANIA

CASH FLOW STATEMENT(USD IN 000)

Particulars	1st year	2nd year	3rd Year	4th Year	5th Year
A. Source of Funds					
1. Cash accruals(PBT)	1197	1928	2571	3148	3673
2.Depreciation	1425	1069	802	601	451
3.Increse in Capital	1500	0	0	0	0
4.Increse in Term Loan	4200	0	0	0	0
TOTAL SOURCES(A)	**8322**	**2997**	**3373**	**3749**	**4124**
B.Disposition of Funds					
1.Increse in Capital Expenditure	5700	0	0	0	0
2.Decrese in Term Loan	840	840	840	840	840
3.Income Tax	359	578	771	944	1102
TOTAL DISPOSITION(B)	**6899**	**1418**	**1611**	**1784**	**1942**
C. Opening Balance	**0**	**1423**	**3002**	**4764**	**6729**
D.Net surplus(A-B)	1423	1579	1762	1965	2182
E.Closing Balance(C+D)	**1423**	**3002**	**4764**	**6729**	**8911**

For UDBHAV INTERNATIONAL LTD.

DIRECTOR

UDBHAV INTERNATIONAL LTD. TANZANIA

UDBHAV INTERNATIONAL LIMITED. TANZANIA

PROJECTED BALANCE SHEET(USD IN 000)

Particulars	1st year	2nd year	3rd Year	4th Year	5th Year
A. LAIABILITIES					
1) Share Capital	1500	1500	1500	1500	1500
2) Reserves & Surplus	838	2188	3988	6192	8763
3) Term Loans	3360	2520	1680	840	0
TOTAL	**5698**	**6208**	**7168**	**8532**	**10263**
B . Assets					
1) Net Fixed Assets	4275	3206	2404	1803	1352
2) Net Current Assets	1423	3002	4764	6729	8911
TOTAL	**5698**	**6208**	**7169**	**8532**	**10263**

Assumptions:

1) Sale of Iron ore in quantity in Metric Ton is 100000, 110000, 120000, 130000 & 140000 respectively.

2) Sale price in FOB is USD 100 per Ton

3) Mining Cost, Crushing Cost and Royalty per Ton is USD 15, 4 and 5 respectively.

4) Transportation Cost is USD 32 per Ton

5) Maintenance Cost of Machinery & Vehicle is 27- 30 % of Mining, Crushing & Transportation Cost.

6) Depreciation on Machinery & Vehicle is 25% on Written Down Method.

7) Income Tax Rate is 30 %

8) Rate of Interest on Term Loan is 9% p.a

UDBHAV INTERNATIONAL LTD. TANZANIA

For UDBHAV INTERNATIONAL LTD.

DIRECTOR