

AD VALUE RESOURCE
LID

MINUTE SHEET

Dokezo
No.

1.0
Ag. EXD

done for

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

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest *US\$ 0.803m*
- (b) Legal entity has been incorporated under certificate

No. *98892* of *22/04/2013*

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

19th August, 2013

2.0
Ag EXD

done for 18/10/2013

In response to the TIC letter of registration dated *17th August 2013*

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from *Standard Bank Ltd*
- (c) *Title deed as evidence of land*

With the above submission EXD is requested to sign Certificate of Incentives No. *042510* herein attached.

15/10/2013


DIF

MINUTE SHEET

Dokezo
No.



00220342

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042510

This is to certify that

ADVALUE RESOURCES LIMITED

of address P.O. BOX 33243

DAR ES SALAAM

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

ADVALUE RESOURCES LIMITED

Which is located at PML 000433SWZ, ITUMBI VILLAGE, CHUNYA

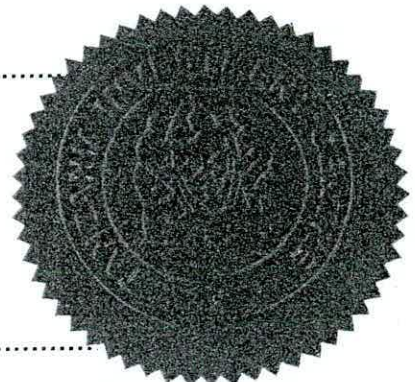
MBEYA

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 19TH AUGUST 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	Nationality	Shareholding (%)
	Mark Moses Mwashihava	Tanzanian	40
	Paulo Jonas Mwazyunga	Tanzanian	60

2. Proposed Activities: **To establish project for gold processing**

3. Sector: **Manufacturing** Subsector: **Gold Processing**

4. Investment cost: Foreign: **—** Local: **USD 0.803m.** Total: **USD 0.803m.**

5. Project Financing: Equity: **USD 0.321m.** Loans: **USD 0.482m.** Total: **USD 0.803m.**

6. Source, terms and conditions of loan:

7. Assets to be invested:

Capital items: Foreign: **—** Local: **USD 0.803m.** Total: **USD 0.803m.**

8. Technology Agreement: **None**

9. Date of TIC Registration: **19th August 2013**

10. Implementation period: **August 2013 - July 2016**

11. Operative date: **August 2016**

12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997 **And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**

(i) Applicable Import Duty: **As per Income Tax act, 2004 (as amended)**

(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

HALMASHAURI YA WILAYA YA CHUNYA
(Barua zote zitumwe kwa Mkurugenzi Mtendaji Wilaya)

Simu na. (025) 2520121,2525126
Fax Na. (025) 2520117,2520111

Unapojibu tafadhali taja:
Kumb.CDC/F.40/166



S.L.P. 73,
CHUNYA.
05/09/2013.

KAMISHINA WA MADINI
WIZARA YA NISHATI NA MADINI
P. O. Box 2000
DAR ES SALAAM

YAH. PRIMARY MINING LICENCE 000433 SWZ

Tafadhali husika na somo tajwa hapo juu.

M/S Advalue Resource Limited ni kampuni ambayo ina laisense tajwa hapo juu. Kampuni hii inataka kuanza kazi ya uchenguaji wa dhahabu kutoka kwenye marudio. PML hii iko katika kijiji cha Itumba, wilaya ya Chunya.

Wataalamu wa ofisi ya Mali Asili na Mazingira wa wilaya ya Chunya wametembelea na kukagua eneo husika. Wataalamu wamejiridhisha kuwa eneo halina chanzo cha maji na wala hakuna mto unao pita pale karibu. Makazi ya watu na shule vyote viko mbali. Pia hakuna hifadhi yo yote iliyo karibu na eno hili. Aina ya miti iliyo ni vichaka na miombo michache.

Shughuri za uchenguaji hakika hazitaleta athari yo yote. Kwa sababu hiyo basi, uchenguaji unaweza kuendelezwa. Uongozi wa kijiji cha Itumba nao umeridhia na kuikubalia kampuni hiyo kuendeleza shughuri za uchenguaji.

Naomba niwasilishe taarifa hii ili ofisi yako iweze kuruhusu uendelezaji wa eneo tajwa.

Ahasante


S. A. KAVISHE
Kny: MKURUGENZI MTENDAJI (W)
CHUNYA.



HALMASHAURI YA WILAYA YA CHUNYA

OFISI YA KIJJI CHA ITUMBA

YAH: MAKABIDHANO YA ARDHI YA KUWEKA

CREAM ENEO LA KITONGOJI CHA NJIAPANDA.

KWA NDUGU WAWILI AMBAO NI: PAULO JONAS

MWAZYUNGA NA MORKO MOSES MWAAHAVA

PEWA NA NDUGU MBWIGA T. WAYA

Ndugu hao wawili kwa pamoja wamepeleleza ardhini ya kuweka Creamu katika kitongoji cha Njiapanda. Wamepeleleza na ndugu Mbwiga T. Waya. Leo tarehe 11/1/2013.

Waliashiniki zoezi hili ni:

1: Wajumbe wa ofisi ya Kitongoji cha Njiapanda:

(a) PHONE JAJA Sahibi: EOM JAJA

(b) EZRAEL KIBONA Sahibi: I. KIBONA

(c) LOLENCE MWANDA Sahibi: L. MWANDA

(d) GWAKISA MWANDA Sahibi: G. MWANDA

Mtoa ardhini MBWIGA T. WAYA Sahibi: J. WAYA


Makubaliano haya yamepitia ofisi ya Kijiji cha Itumba; mbele ya:

Certified True Copy of the Original

Sign: Rutta Date: 15/10/2013
ROSERINE JOSEPH RUTTA
Advocate, Notary Public & Commissioner for Oaths




Mwenyekiti wa Kijiji Itumba:

DAUDI MWASAMATI Sahihi: 

MWENYEKITI
KIJJI CHA ITUMBA
CHUNYA

Afisa Mtendaji Kijiji Itumba

GODWIN J. KASHIKILIKA Sahihi: 

AFISA MTENDAJI
KIJJI CHA ITUMBA
CHUNYA

Certified True Copy of the Original

Sign:.....Date:.....
ROSERINE JOSEPH RUTTA
Advocate, Notary Public & Commissioner for Oaths

HALMASHAURI YA WILAYA YA CHUNYA

OFISI YA KUJITI TUMBA,
S. L. P. 150,

MHUSIKA,

CHUNYA.

YEYOOTE,

28-08-2013.

CHUNYA.

YAH: OMBI LA KUSAFISHA ENEO LA

KUWEKA MASHINE YA KUSAFISHA DHAHABU

MUSIKA Sawa na Kichwa cho haban

hapo juu.

Ndugu Paulo Jonas Mwarayunga na Mark Mzee

Mwenye eneo huo amefika hapa ofisini
kwamba litambusho kwaajili ya kusafisha
Eneo la kuweka mashine ya kusafisha
Dhahabu.

Hiiyo ndugu Mhusika neomba umtambue
Huyu ndugu pamoja na shughuli zake.
Nataangukiza Shukurani za dhahabu.

Katika uyeuzi wa Taifa,

DB
MHEMBA
MHEMBA TUMBA

Speshulu

MHEMBA
MHEMBA TUMBA
MHEMBA TUMBA

SAHIHI YA AMBANDA

SAHIHI YA AMBANDA

Tarehe. 28/8/2013

TAREHE. 28-8-2013

HATMASHAURI YA WILAYA YA CHINYA

ASHA YA KIDJI TUMBA
S. L. P. 150

CHINYA
05-10-2013

ASHA MADINI (W)

S. L. P.

CHINYA.

YAH: KUKUBAKWA NDUGU MRUM MUSHIMANI

NA PAULI J. MWAZUNGA KUNDEKA MIMBU YA KUSHA

SHA MASHAURI (TUMBA) HAPA KIDI CHITUMBA

HUSIKA Sawa na Kichwa cha habari kinyo

Kwa maombi yao ya barua ofisi ya Kiji cha

Tumba ya tarehe 11/10/2013 yange kichwa cha habari

"Kumbwa kumeka mtambo ya kusafisha masoko na

ya kiji cha tumba" Ikiyo jadhwa na Seneta ya

Kiji Kwenye kiko cha tarehe 05/10/2013 kisha

ombi kuh. kuh. kisha kwenye mkutano mkazi wa

Kiji. Maamuzi 108 walikuwajua pia na kwenye

awa kata wakimwepo wakimwepa wa mkutano wa

ni kata ya chakungwa. walikwambwa

hawa kumeka mitambo yao kisha eneo la

Creamu kama ikiyo wapi ma Pmt 0004335w

Tunamini kuwa baada ya kupata baraka z

Wanakiyi kukubakwa na juu ya ofisi yake kiji

ta tarakwi za kitaalamu.

Tuna tanguliza Shukrani Zetu za dhal.

Pauli J. Mwazungu

SHA MASHAURI YA WILAYA YA CHINYA

TAREHE 05/10/2013

SHA MASHAURI YA WILAYA YA CHINYA
TAREHE 05/10/2013

TAREHE 05-10-2013

Mark M. Mwaribinga
Paulo J. Mwazyunga
S.L.P 33243

DAR ES SALAM

1/10/2013

Ofisi ya

Kijiji cha Itumba

S.L.P 150

CHUMBA

TAFI MAOMBI YA KUSAFISHA MASALIO (TAJWAZI)

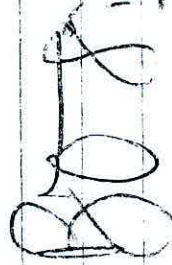
Nangu Niogazi wa Kijiji cha Itumba
Ninaleta maombi yangu ya kuweka mitumba
ya kusafisha masalio ndani ya kijiji
Cha Itumba, sehemu ya Kitongoji cha Nyir-
panda Kahke enee nililopewa lenye
PML 004335WZ.

Nahitaji kibali na baraka zenu ili tumaze
kumendeleza shughuli zilizokusaliwa.

Natengulize shukurani zangu. Kahke Kahke
maamuzi yenu. Ili niweze kufunga mitumba.

Wenu

Paulo J. Mwazyunga


1/10/2013

HAALMASTAAKI YA WILAYA YA CHUO
 KIKAO CHA SERIKALI YA KISI, CHA ITUMI
 KIKUCHO FANYIKA TAREHE 28-09-2013 JUMUMBA
 MAHATHIBID

	JINA KAMUKI	UWAHIFA	SAHIHI
1	Daudi Mwasama	Mkisi - Kisi	DS amara
2	Godwin J. KASHILIKA	VEO-JUMBA	Amara
3	Mbuzigo I. Aduya	Mkisi/Amara	Amara
4	SEKA MWAKHUBA	Mjumba	Amara
5	TEGEMBA-BENGELEZA	MJUMBE	Amara
6	HALLI S. Mwanambepo	MJUMBE	Amara
7	ABDJAN KAHWE	MJUMBE	Amara
8	MASUAI MASUAI	MJUMBE	Amara
9	EMARY Jumba	MK. SURUBUMBE	Amara
10	JULIUS HAMISI	K.T.B SURUBUMBE	Amara
11	Fon. LUMBA	Amara	Amara
12	DALMI LAZARO	MJUMBE	Amara
13	DOMITA MWAPELE	MJUMBE	Amara
14	PETRO ADAMSINI	MJUMBE	Amara
15	JASTON MANG'AMBO	MJUMBE	Amara
16	NEEMA KIFUNA	MJUMBE	Amara
17	EPHRAIMU MASETA	MJUMBE	Amara
18	KASEKALO MCOYE	MJUMBE	Amara
19	FONI JAFU	MJUMBE	Amara
20	FON. MUMBE MUMBE	MJUMBE	Amara
20	GWAKISA MWANDA	MJUMBE	Amara
21	PGTRO N SAKA	MKARIBISWA	Amara
22	LAURENT MWAHARA	MKARIBISWA	Amara
23	GILION ANYISILE	MKATONGOSI	Amara
24	MOSE MWAISABALA	BRJUMBE	Amara

HGTENDU 01/2013: KUTUNGUWA KIKAO

Mwenyekiti alifungua kikao hna kuwashukuru wajumbe wabiohuduma. Pia alivakanishia Wanyuzi waliotoa ngazi ya kata ambao ni Mkuu wa Diiham, Bwana Mfugo na Afisa Mwendaji wa Kata Kushtiki Katika kikao hiki. Absena kikao hiki ni Mwendaji wa Kata M... ..

Alifungua kikao Mnamo Saa 5:25 YA Ubichi.

AGENDA 02/2013: TAARIFA YA VIVANDA TANU TANU

SEPTEMBER 2013

Kwa kuwa ajenda hii ndiyo iliyokomana kupa Sha Katika kikao cha kwanza lilibich Afisa Mwendaji Aandaa orodha ya majina ya wananchi waliogawia wa Viwanja Tiangu Mwezi Januari 2013 kodi Septemba 2013. Ni jumla ya Viwanja Ishimi na nane 28 juu fedha zilizo kusonywa kutokana na viwanja dugu m... .. ya Shilingi Miamoja kumi na nane elfa tu (Sh.118,000)

Baada ya taarifa hii tumé, iliyundwa kufuatilia Viwanja hivi kuhakiki nayo kitoa taarifa yake kuwa wanepata taarifa ya Mwanja Ishimi na nane visiyo na risiti. Wala kumbukumbu rasmi kwa majina wajumbe wabiohuduma wajumbe wa tumabiohuduma wajumbe wabiohuduma kuwa katika taarifa hii kadhaa.

(1) Taarifa hii mwenye kwanza aliyounda tumabiohuduma na mnamo aliyemegania.

(2) Watajuta taarifa inaonesha ha jawashu, m... .. ana kuta ana na wamibika' wa mwanja. Watajuta tu majina.

(3) Ineonesha wajumbe wabiohuduma kata kwanza Vibuyipimwa kabla ya Azimio G... .. hadi jaanza kufanya kazi. Ili kuwa Mwezi APRIL 2013. Mwaka huu.

Baada ya taarifa hiyo wajumbe walipenda kumua Kamati ya Huduma ya Jamii. Kaonekana mwanabiohuduma wakwepo ambaye ni Nera Mwasalanga na Mwendaji wa Ephraimu M... .. alichedelewa kufika kikaoni. K... .. ni Domista Mwasalanga. Ambaye hakutoshwa k... .. wajumbe.

AZIMIO: Ajenda hii ifuatikwe na 01/13. Ya k... .. hao wamibika kufanya kazi. Hama ni Ephraimu M... .. Nera Mwasalanga. Hanyekazi Domista Mwasalanga.

MWA KIPINDI CHA KUENZIA JULAI HADI SEPTEMBER 2013

Afisa Mtendaji Kijiji cha tumba alipata nafasi ya kuwaishia Sha Mapato na Matumizi kwa kipindi cha kwanza. Jula hadi Septemba 2013 kwa ufupisho kutoka ngazi mbal mbal vya mapato kama taarifa unayopendisha huko nyuma. Ufupisho ni:

A: Fedha zilizozuwa kwishwa Halimashauri ya Wilaya Jitanga kwa Kipindi cha kwanza Jula hadi Septemba 2013 ni kwasi cha Shikwi \$4,600/= ~~Kwenda~~

B: Fedha za Kijiji Mapato na Matumizi kwa Kipindi Kwanza Jula hadi Septemba 2013 kwa ufupi ni:

MAPATO YA KIPINDI CHA MATUMIZI YA KIPINDI	CHA JULAI HADI SEPTEMBER 2013	AKIBAKI YA KIJJI
JULAI HADI SEPTEMBER 2013	2013	NDI CHA JULAI HADI SEPTEMBER 2013
588,900/=	186,500/=	GAWA
		300000/102400/
		40. AUD

AGENDA 04/2013: MICHANGO MBAZIMBA

Afisa Mtendaji Kijiji aliwakumbusha Wajumbe kwa dala kuhamaisha Wenanchi kutoka michango mbal mbal ikiwemo Michango wa Sekondari Michango wa Kitoo cha Afya na Michango ya Jengo: Pia alisoma Majira S ya Wata Wataotoa mchango wa Sekondari: Wataotoa mchango wa Jengo Mno. Wajumbe Wakishangaziwa Sawa na hadi kipe na kutafuta Chanzo Kwanini Wanaoishi Mwenchi hawa wamesita kwasi: hicho kutoka Michango. Wajumbe walibaini kuwa Wajuzi wamesambabika hakuwa lime hapa. Mabatizi Wajuzi wa Wajuzi na Kijiji hawajishitaka na kwa hivyo kutoka Elimu kwa Wenanchi. Mheshonina Dintini alisisema hii kuwa unayopokea kutoka Elimu kwa Wenanchi m'Kiongozi na Hakuna Mwasiko wa Wajuzi wa Sekondari; kutao cha Afya na Majengo Saba hayapo lazima tujitolee. Watajuzi wa Wajuzi wa Wajuzi na Kijiji kuwashitaki wanaogoma kutoka Michango. Pia alikazia kuwa Watendaji ngazi ya Kato wa Kijiji ni Askari Wataarza Kampeni. Mwenzi Okotho.

AZIMIO: Wanaoishi Wataarza wa Kwa Mata nguzo Michango kwenye Mbatani wa Hachafaa.

gura ni kuwa Eneo la Wafugaji kikiitengwa toangu
 mwaka 2006 hivyo ya kichungwa nafuaga yama mfuata
 Mbuu na Kondoo, Eneo hizi amezaminiwa na Mji
 Wavakilima, Wavafugaji miti nye nye hizi kama
 na kichungwa miti. Kabaka kikao cha wafugaji kina
 tarehe 6-9-2013 wote kutama wenyewe wa wafugaji wana
 ku barua ya kumbukumbu ofisi ya kiji ya Mji Mwanjima
 zote wa baadhi ya wavamizi hao ili Serikali iwasinde
 gapi na kusoma kama kiteshuru na utamizi huu wa Eneo la
 masikini me bado. Ku mwanachama hufugha na fuge ma
 an na jamii ambao ndugu wakulima wakijirugumu
 Ustahira hizi wakarali katika kiji. Wavakilima wakarali
 kuwa kiji kazima hizi na Eneo la wafugaji
 Eneo la mista ② Eneo la wafugaji ③ Eneo la Mbuu
 Mkuushirika Eneo hizi kiji. Eneo la Mbuu
 hizi na kusoma kuwa. Wafugaji ya chugwa na idadi ya
 waji 77, Hakuma kiji kiji hizi kuwa na Eneo la wafugaji
 kuwa mista hizi ya wafugaji. Kuwa Eneo la kiji
 Serikali kushirikisha? Hizi wakulima hao wakiji Eneo la
 kuama. Naona kiji kiji shena Mwanachama
 Eneo la kiji. Maki zipeleke ofisi ya kiji na
 kiji Mkuushirika Eneo hizi kiji.

Agenda 06/2013. KIWUWA MIMBO YA MISIONA (II)
 WUSANFI MASHAHEZI (MBA)

Mta Kiteungo cha Nyiranda kuwa kama Mwanachama
 Mungu ambao mta ya kuwa akika Eneo la
 kutajika Diasta. Sasa Osimba kuwa Eneo la
 ya kusamfu mwanachama Eneo la kiji.

KAZI ZA MIAENDELEO

- Mababazi, Wenyenchi na Vitongoji wanatajiri majimbo wa wote kwenye kuji kucha mba Choo nyumba ya Mtuwashiki hospital (Mogaya). Vifaa vya Suluha wa Stoleo. Zahanati ya Chabugwa.

- Majina ya Wasiofyatua Matofali yajulikane barazi la Katar.

- Ofisi ya kuji iwe nye ya Eneo la sh. 9
Spangishwe wakati tammabizia Ofis halisi ya kuji.

AGENDA 08/2013: KUFUNGA KIKAO

Mwenyekiti alifunga kikao kwa kuwashukumu Wajumbe kwa ummita na kushika Mwan' wa Wajadidi' ajenda. Abiwashauri Sasa kumwona tofauti na kushikamana kuleta maendeleo katika kuji Cheta cha Tumbo.

Akifunga kikao Mnamo Saa 12:15 jioni

SAMITHI YA MIFUTA

KIENYAKI
CHAMBA

SAMITHI YA MIFUTA

KIENYAKI
CHAMBA

SAMITHI YA MIFUTA

TAREHE 5-10-2013

TAREHE 5/10/2013

[Handwritten scribble]

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 REC012798

No. 006780

[Handwritten scribble]

Received from : ADVALUE RESOURCES LTD

Address P.O. Box 33243 DSM

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



[Vertical handwritten note]

Being payment in respect of CERTIFICATE OF INCENTIVES

Amount : USD 1,000.00

ash / Cheque No: D/Deposit

Date : 16-Sep-2013

Buisso *[Signature]*

Receiving Officer



Advalue Resources Limited

Ref: TIC/002/2013

16th September 2013

Executive Director
Tanzania Investment Centre
Shaaban Robert Street
P.O. Box 938
DAR ES SALAAM

Dear Sir;

**SUB: CERTIFICATE OF INCENTIVES FOR GOLD PROCESSING
PROJECT IN MBEYA**

We acknowledge receipt and thank you for your letter Ref: TICC/PP.10/042510/3 dated 19th August regarding the above subject.

We attach herewith the following documents to facilitate preparation of certificate of incentives; namely:

- a) Company Board Resolution;
- b) Certified documents for land ownership; and
- c) Receipt for deposit of US\$1000 as facilitation fee.

We look forward to your cooperation.

Yours Sincerely,

**Paulo J. Mwazyunga
DIRECTOR**

EXTRACT OF THE MINUTES OF THE MEETING OF THE BOARD OF ADVALUE RESOURCES LIMITED HELD ON 11TH SEPTEMBER, 2013 AT THE REGISTERED OFFICE OF THE COMPANY AT DAR ES SALAAM:

It was reported that the Tanzania Investment Centre (TIC) has officially registered the Investment Proposal and that will be granted a Certificate of Incentives under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997. Advalue Resources limited will have to submit a project implementation report to TIC in every six months for centres information and review.

The Board noted with appreciation the TIC decision to approve the investment.

The Board resolved "to proceed with providing TIC with all documents necessary for preparing Certificate of Incentives namely; Certified document for land ownership and payment of facilitation fees equivalent to US\$1000. Project implementation report to be submitted to TIC every six months."


Paulo Jonas Mwazyunga
Chairman




Mugisha Laban
Secretary

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF ENERGY AND MINERALS**

THE MINING (MINERAL RIGHTS) REGULATIONS, 2010

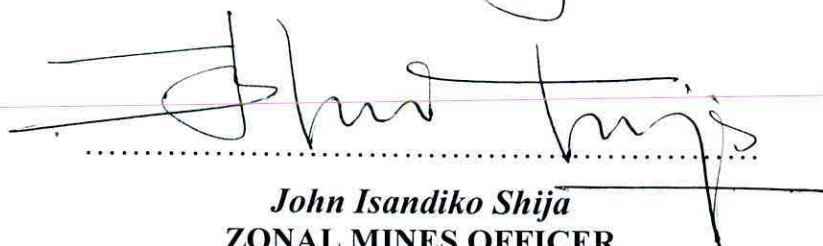
PRIMARY MINING LICENCE 000433SWZ

The Mining Act, 2010

The exclusive right, 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 primary mining licence or any renewal thereof is hereby granted to **M/S Paul Jemsi Mwazunga of P.O. Box 150 , Itumba-Chunya, Tanzania** in partnership with **Marko Moses Mwashihava** (hereinafter called the Licensee), to prospect and mine for **Gold**, at **Itumba**, in **Chunya District, QDS 245/1** over an area described in Annex A.

This Licence, unless sooner cancelled, suspended or surrendered pursuant to the provisions of the Mining Act, 2010, shall be valid for a period of **seven (7) years**, effective from the date of grant.

Granted this 19th day of August 2013



**John Isandiko Shija
ZONAL MINES OFFICER
SOUTH WESTERN ZONE**

Certified True Copy of the Original

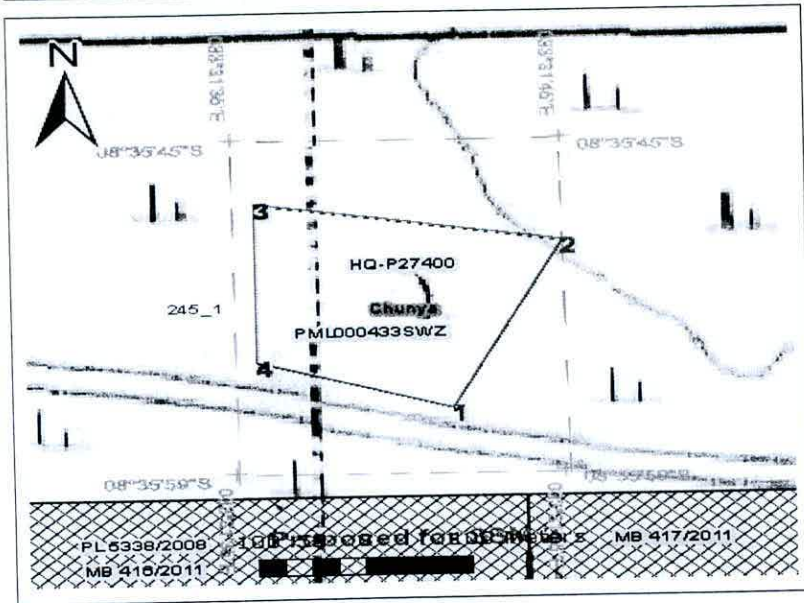
Sign: [Signature] Date: 13.09.2013
ROSERINE JOSEPH RUTTA
Advocate, Notary Public & Commissioner for Oaths

ANNEX A

DESCRIPTION OF THE PRIMARY MINING LICENCE AREA

The Primary Mining Licence is at **Itumba** in **Chunya** District, QDS 245/1 defined by the following corner co-ordinates (Arc 1960):

Corner	Latitude	Longitude
1	- 08 deg. 35 min. 56.30 sec.	33 deg. 31 min. 41.60 sec.
2	- 08 deg. 35 min. 49.30 sec.	33 deg. 31 min. 45.00 sec.
3	- 08 deg. 35 min. 47.70 sec.	33 deg. 31 min. 35.70 sec.
4	- 08 deg. 35 min. 54.30 sec.	33 deg. 31 min. 35.70 sec.



Legend	
Licensed area	
License Number	PML000433SWZ
District	Chunya
Direction	

An area of approximately 5.14 Hectares.

ANNUAL RENT PAYMENTS

Year	ERV	Amount (TShs.)	Date	Signature & Stamp
1.	46314150	411,200/-	28/06/2013	
2.				
3.				
4.				
5.				
6.				
7.				

REGIONAL MINES OFFICER
MINISTRY OF ENERGY & M
BOX 760 NDFV4

Mr. Paulo J. Mwazyunga
P.O Box 33243
DAR ES SALAAM
30th August, 2013

Commissioner for Minerals
Ministry of Energy and Minerals
P.O. Box 2000
DAR ES SALAAM

U.F.S
District Mining office, Chunya.

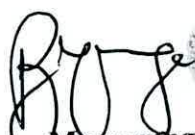
REF: REGISTRATION OF TRANSFER/ASSIGNMENT OF MINERAL RIGHTS:

Please refer to Advalue Resources Limited letter Ref: ARL/002/2013 dated 30th July 2013 regarding application for Mineral Processing License.

We jointly, Ms **Paulo Jonas Mwazyunga and Mark Moses Mwashihava** are holders of Primary Mining License (PML) issued on 15th May, 2013 against our application with registration No CH 11/2013 dated 15 January, 2013 for all Minerals other than Building Materials at Itumbi Village, Chunya District, Mbeya Region are applying for Registration of Transfer/Assignment of Mineral Rights by 100% to our joint owned company **Ms ADVALUE RESOURCES LIMITED.**

ADVALUE RESOURCES LIMITED (ARL) was incorporated on 29th April, 2013 with the objective of among other things to undertake mineral processing. We have decided to transfer the Mineral Rights to the Company to facilitate speedy implementation and growth in business. We attach the following documents to facilitate the transfer of Mineral Rights to the Company; namely:

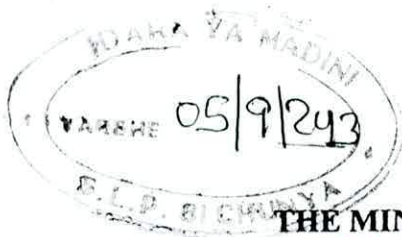
- a) Memorandum and Articles of Association;
- b) Certificate of Incorporation No 98892 dated 29th April, 2013; and
- c) Tax Identification No 121-021-846.


Paulo Jonas Mwazyunga


Mark Moses Mwashihava



Certified True Copy of the Original
Sign: 
ROSERINE JOSEPH RUTTA
Advocate, Notary Public & C.
Date: 13.09.2013
Commissioner for Oaths



THE MINING ACT, 2010
THE MINING (MENERAL RIGHTS) REGUALTIONS, 2010
APPLICATION FOR REGISTRATION OF TRANSFER/ASSIGNMENT OF MINERAL RIGHTS

The applicant(s) hereby apply (applies) to the Licensing Authority registration of transfer/assignment of Licence(s) in accordance with Section 9 (6) of the Mining Act, 2010.

1. Names of the applicant(s)..... PATULO JONAS MWAZYUNGA
..... MARK MOSES MWASHIHAVA
2. Type/ No/Date of grant of Mineral Rights(s) to be transferred/assigned
..... PML 000433SWZ
3. Information of transferee/assignee
 - a) Name' ADVALUE RESOURCES LIMITED
 - b) Nationality LOCAL
 - c) Postal Address P.O. BOX 33243, DAR ES SALAAM
 - d) Tel/Mobile number 2781450/2; 0784 268118, 0754 478373
 - e) Email address advalupresources@gmail.com; pvumba@gmail.com

I/We the undersigned (herein referred to as transferor/assigner) being the owner(s) of valid Licence(s) No (s) do hereby apply for registration of transfer/assignment of HUNDRED PER CENT (in words) per centum (100%) of the said licence(s) to M/S ADVALUE RESOURCES LIMITED (herein referred to as transferee/assignee) in consideration of Tanzanian Shillings/US Dollar (..... TZS/US\$) paid to me by the transferee/assignee.

[Signature]
Signature of the applicant

30/08/2013
Date

[Signature]

30/08/2013

1 If company, or any other body corporate attach company memorandum and certificate of incorporation.

NOTES

Certified True Copy of the Original

Sign: [Signature] Date: 13.09.2013
ROSERINE JOSEPH RUTTA
Advocate, Notary Public & Commissioner for Oaths

TICC/PP.10/042510/3

19th August 2013

Managing Director,
Advalue Resources Ltd.
P.O. Box 33243,
Dar es Salaam.

**RE: CERTIFICATE OF INCENTIVES FOR GOLD PROCESSING PROJECT
IN MBEYA**

We wish to acknowledge receipt of your project proposal to establish gold processing project as presented in the TIC P.A. 1 Form No. 11278 and Feasibility Study with a projected investment amounting to USD 0.803m.

We are pleased to inform you that your investment proposal is officially registered by TIC and therefore the project will be granted a certificate of incentives under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997. To enable TIC prepare certificate of incentives, please submit the following documents:-

- i. Company Board Resolution
- ii. Certified document for land ownership or lease agreement for project location

Also be informed you will have to submit a project implementation report in every six months for centre's information and review. Guidelines for the preparation of the report are contained in annexure attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Also note that a facilitation fee equivalent to US\$ 1000.00 is payable at the ruling exchange rate prior issuance of certificate of incentives. Please make deposit direct to the bank as per bank details below:

.../2

TICC/PP.10/042510/3

19th August 2013

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

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

Yours sincerely,
Tanzania Investment Centre



A.S. Kagomba
FOR: EXECUTIVE DIRECTOR

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

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

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



Name of the Company
Advalue Resources Ltd

Post Box	244/2 Itumbi Village Chunya District	COI Number	98892	Contact	Paulo Jonas Mwazyunga
Post Office	33243	COI Date	29/04/2013	Designation	Managing Director
Region	Mbeya	Application F. No	11278	Phone	
Country	Tanzania	Status	New	Direct Phone	
		Sector	Manufacturing	Cell Phone	0784 268118
		Sub Sector	Gold Processing	Fax	2781450
		File No	042510	E-Mail Address	Advalveresources@Gmail.Co m

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot 244/2 Itumbi Village	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Itumbi Village	0	0.321	0	0.482
District	Chunya				
Region	Mbeya				

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.15
Mark Moses Mwashihava	Tanzania	40	Plant	0.196
Paulo Jonas Mwazyunga	Tanzania	60	Vehicles	0.349
			Furniture & Fittings	0.008
			Pre-expenses	0.04
			Others	0
			Working Capital	0.06
			Total	0.803

Employment	55	Evaluated By	.wf officer4
Capacity	30,000 tons	Drawn By	wf registry1
Project Turn Over		Project Type	Local

Description

To establish project for gold processing

Recomendations

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

Decision





Advalue Resources Limited

1

Ref: TIC/001/2013

06th August 2013

The Executive Director
Tanzania Investment Bank
No 9 a & b Shaaban Robert Street
P.O. Box 938
DAR ES SALAAM



SUB: APPLICATION FOR CERTIFICATE OF INCENTIVES:

Please refer to the above subject.


We are submitting an application for Certificate of Incentives for a project to process tailings to extract gold. The project will be located at Njia Mpanda sub Village, Itumbi ward in Chunya District, Mbeya Region.

The total cost of the project which will be implemented in phases is expected to be US\$ 804,684 to civil works and buildings, machinery and equipment and working capital items.

For you to process our application, we enclose herewith the following documents.

- a) Memorandum and articles of Association;
- b) Certificate of Incorporation of the Company No 98892;
- c) Business Plan;
- d) Application Form No 11278;
- e) Copy of Application for Processing Licence to Ministry of Energy and Minerals;
- f) Letter from the Standard Chartered Bank Tanzania Limited on Mr. Paulo Mwazyunga.

We look forward to hearing from you.


Paulo J. Mwazyunga
DIRECTOR



Date: 01TH August 1, 2013

Our Ref: SCB/CEM/210946

TO: TANZANIA INVESTMENT CENTRE
P.O.BOX
ILALA
DAR ES SALAAM.

Dear Sir/Madam,

RE: PAULO JONAS MWAZYUNGA

At the request of PAULO JONAS MWAZYUNGA of P.O. Box 33243 Dar-Es-Salaam, the following 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.

PAULO JONAS MWAZYUNGA is maintaining a USD Account, which have been operated to our entire satisfaction since 2012.

PAULO JONAS MWAZYUNGA is taking the letter for the purposes of certificate of Incentives for a project ..

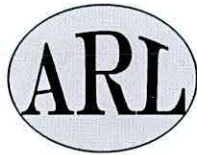
Any assistance rendered to him will be highly appreciated.

Yours faithfully,



.....
JOSEPHINE MEENA
Customer Experience OFFICER

PAULO JONAS MWAZYUNGA
P.O.BOX 33243,



Advalue Resources Limited

Ref: ARL/002/2013

30th July 2013

Commissioner for Minerals
Ministry of Energy and Minerals
P.O. Box 2000
DAR ES SALAAM

U.f.s

District Mineral Office, Chunya

Zonal Mineral Office, Mbeya

SUB: APPLICATION FOR PROCESSING LICENCE:

Mr/ Paulo Jonas Mwazyunga and Mr. Mark Moses Mwashihava have been issued a notification for Primary Mining Licence with registration No CH 11/2013 dated 15th May 2013 for all minerals apart from building materials at Itumba in Chunya District. The co-ordinates of the area are as follows;

Corner	Latitude	Longitude
1	-08 deg. 35 min 56.30 sec.	33 deg.31 min. 41 60 sec.
2	-08 deg. 35 min.49.30 sec	33 deg. 31 min. 45.00 sec.
3	-08 deg. 35.min 47.70. sec	33 deg. 31 min. 35.70 sec.
4	-08 deg. 35 min. 54.30 sec	33 deg.31 min. 35.70 sec.

We are now submitting our application for a Mineral Processing Licence. We propose to undertake the operations at Itumbi Village. To facilitate your processing of our application, we enclose herewith the following documents:

- a) Memorandum and Articles of Association;
- b) Copy of Mineral Right; and
- c) Payment Receipt for Primary Mineral Licence.
- d) ERV no. 46314271 for application fee for mineral processing licence; and
- e) ERV no. 46314272 for preparation fee for processing licence

We look forward to your cooperation.

Yours Sincerely;


Mark Moses Mwashihava
DIRECTOR



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 PAULO JONAS MWAZYUNGA
(director/directors/agent of ADVALUE RESOURCES LIMITED (ARL)
(name of business enterprise) apply for registration of ADVALUE RESOURCES LIMITED (ARL)
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 177/179 PLOT MANYARA
ROAD, MIKOCHE NI B, KINONDONI MUNICIPALITY

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 177/179 PLOT MANYARA RD, MIKOCHE NI B, DAR ES SALAAM
4. The Principal Officers of the Company are
PAULO JONAS MWAZYUNGA
MARK MOSES MWASHIMVA
5. Auditors of the Company are FINANCIAL CONSULTANTS & SERVICES
6. The authorized share capital of the Company is Tshs./US\$ 5,000,000
THE AUTHORIZED CAPITAL IS EXPECTED TO BE
UPGRADED SOON TO MATCH THE PLANNED INVESTMENT

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 804,684

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

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

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ 1000 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, PAULO JONAS MWAZIUNGA of Post Office Number 33243, DAR ES SALAAM

do solemnly and sincerely declare that I am a director/duly authorized agent of ADVALUE RESOURCES LIMITED (ARL)

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 26th July day of 2013 }



Before me:

[Signature]
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: ADVALUE RESOURCES LIMITED

Certificate of Incorporation Number: 98892 Status:

Certificate of Incorporation Date: 29/04/2013

Post Box: 33243

Town: DAR ES SALAAM

Sector: MINERAL Sub-Sector: PROCESSING

Investment Financing Plan in Million US\$/Tshs. 200.00

Foreign Equity	Local Equity	Foreign Loan	Local Loan
.....	321,938	482,906

Project Objectives:

TO PURCHASE TAILINGS FROM SMALL SCALE MINERS AND PROCESS CHEMICALLY TO EXTRACT GOLD.

Capacity: 30,000 TONS/ANNUM

Employment: Foreign: 2 Local: 53 Total: 55

Implementation Period: 8 MONTHS

Project Location

Site/Plot/Block No.: 244/2

Street: ITUMBI VILLAGE District: CHUNYA Region: MBEYA

(Attach sketch map showing project location)

Shareholders	Nationality	%
PAULO JONAS MWAZUNGA	TANZANIA	60
MARK MOSES MWASHIHAVA	TANZANIA	40
.....
.....
.....

Investment Breakdown US\$/Tshs.M

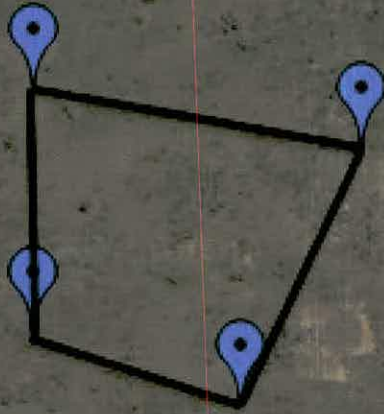
Land/Building 150,000
Plant 196,670
Vehicles 349,080
Furniture & Fittings 7,974
Pre-expenses 41,120
Others
Working Capital 60,000
TOTAL **804,844**

Contact Details:

Name: PAULO JONAS MWAZUNGA Title: DIRECTOR
Telephone: 0784 268118 Fax: 2781450@gmail.com
Email: p.vumba@gmail.com
advalueresources@gmail.com

Payments to be made payable to:

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

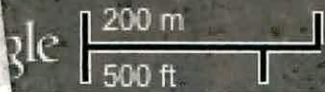


to sangambi

to Chunya

ITUMBA

to Mbeya



THE MINING ACT, 2010
THE MINING (MINERAL BENEFICIATION) REGULATIONS, 2010
 Made under Section 60
APPLICATION FOR PROCESSING LICENCE

1. The applicant hereby applies to the Commissioner for a processing licence in accordance with Section 60 of the Mining Act, 2010
2. Individual Applicant
 - a) Name
 - b) Nationality
 - c) Address

N/A
3. Corporate Applicant
 - a) Name and address of company or any other body Corporate
 ADVALUE RESOURCES LIMITED
 P.O. BOX 35243 DAR ES SAALIM
 - b) Name and Nationality of Directors
 (i) PAULO J. MWAZYUNGA - TANZANIAN
 (ii) MARK M. MWASHIHAVA - TANZANIAN
 - c) Copy of the Memorandum and Articles of Association must be enclosed herewith
 COPY ENCLOSED
4. Type of minerals whether metallic or industrial minerals
 METALLIC - GOLD
5. Financial resources available to carry on mineral or industrial minerals
 OWNER'S EQUITY AND LOANS.
6. Address situation and description of premises at which a processing licence will be carried on
 ITUMBA-CHUNYA
7. Details of applicants knowledge and experience in mineral a processing licence
 GOOD EXPERIENCE IN PROCESSING.
8. Processing licence (if any)
 - a) Particulars of a processing licence previously granted
 N/A
 - b) If the applicant surrendered a processing licence previously granted state the reasons for such surrender
 N/A
9. State whether the applicant has been convicted of a criminal offence relating to the a processing of the metallic or industrial minerals
 N/A

Signature of Applicant: Mark Mwashihava

Date: 31/07/2013

THE COMPANIES ACT, 2002

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF ADVALUE RESOURCES LIMITED

Incorporated this 29th Day 29th of April 2013

DRAWN BY: PAULO J. MWAZYUNGA,
PROMOTER,
P.O. BOX 33243,
DAR ES SALAAM.

TANZANIA
Stamp Duty Shs. 5000/-
PAID ON ORIGINAL
Receipt No. 33658 of 22/04/2013
Stamp Duty Officer
THE COMPANIES ACT, 2002
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION

TANZANIA
Stamp Duty Shs. 2500/- paid
Receipt No. 33658 of 22/04/2013
Asst. Registrar of Companies

OF
ADVALUE RESOURCES LIMITED

1. The name of the Company is "ADVALUE RESOURCES LIMITED"
2. The Registered Office of the Company will be situated in the Mainland of Tanzania.
3. The objects for which the Company is established are:
 - (a) To deal with mining exploration, minerals processing, mining operations and claims of any lands, easements or rights.
 - (b) To survey, establish, operate, contract and manage of mining site, all kinds of stone quarrying businesses and related matters.
 - (c) To demarcate and keep demarcated in the prescribed manner the mining area, develop mining area and carry on mining operations.
 - (d) To establish, operate mines and extracting minerals, claims on any land, easements or rights and all related matters.
 - (e) To be involved in exporting and import trading of commodity like steel, gold, diamonds, gemstones, metal, aluminium, cement and all related matters.
 - (f) To deal and be involved in importing jewellers and commodity like steel, gold, diamonds, metal, aluminium, cement and all related matters.
 - (g) To manufacture, import, export and purchase raw materials, equipment, machineries, spare parts or other articles of use relating to all kinds of quarrying, processing and mining of metals and market the same within and outside the Country.
 - (h) To manufacture, purchase, import, export, store, process, sell and generally to deal in all materials, articles, substances and things required for or incidental to the manufacture, preparation, adaptation, treatment, use or working of the foregoing or the packing, storing or otherwise dispose of all or any of the same

as may be thought desirable.

- (i) To establish laboratories, research and development centres to perform such tests, research and development of the materials and products as the Company may deem advisable or feasible.
- (j) To train personnel and workers, both in Tanzania and abroad, to obtain technical proficiency in various specialties connected with the objects of the company.
- (k) To enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture or reciprocal concession, with any person or company, local or foreign, carrying on or engaged in mining exploration, mineral processing, mining operations or any business or transaction which this Company is authorized to carry on or be engaged in, or otherwise assist any such person or company, and to take or otherwise acquire shares and securities of any such company, and to sell, hold, re-issue with or without guarantee, or otherwise deal with the same, except doing business as an investment company.
- (l) To take, or otherwise acquire, and hold shares in any other company, having objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company, but not to act as an investment company.
- (m) To amalgamate with any other company whose objects are and/or include objects similar to those of this Company, whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertakings, subject to the liabilities of this or any such other company as aforesaid, with or without winding up or by sale or purchase (for fully or partly paid-up shares or otherwise) of all or a controlling interest in the shares or stock of this or any such other company as aforesaid, or by partnership, or any arrangement of the nature of partnership, or in any other manner.
- (n) To establish and carry on the business of masonry works, builders, environmental managerial or otherwise.
- (o) To purchase, acquire, charge, hold and dispose of movable and immovable property.
- (p) To act as agents or brokers and as trustees for any persons, firm, or company, and to undertake and perform sub-contracts, and also to act in any of the

business of the Company through or by means of agents, brokers, sub-contractors or others.

- (q) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and, in particular, for shares, debentures or securities of any other company having objects altogether or in part similar to those of this Company.
- (r) To purchase, take on lease or in exchange, hire or otherwise acquire, any movable or immovable property, and any rights or privileges which the Company may think necessary or convenient for the purpose of its business and, in particular, any land, buildings, easement, machinery, plant and stock-in-trade.
- (s) To purchase, take on lease or in exchange by mining set or rights, buildings, easements, rights and privileges, machinery, plant and other effects whatsoever in the United Republic of Tanzania, which the Company may from time to time think proper to be acquired for any of its purposes.
- (t) To deal with business, farming, agricultural and dairy products, flour, sugar and to carry on the business as general food processors, food packers and suppliers to be of agricultural tools, equipment and all type of fertilizers.
- (u) To sell or otherwise dispose of the whole or any part of the business or property of the Company. Either together or in portions, for such considerations as the Company may think fit, or in particular for shares, debentures or security of any Company purchasing the same.
- (v) To invest the money of the Company, not immediately required, in such manner as may from time to time be determined, but not to act as an investment, finance, or banking company.
- (w) To borrow or raise funds by means of loans or secure the payment of money from ~~shareholders, directors, commercial banks and government approved agencies~~ in such manner as the Company shall think fit for its processing, trading and allied business and, in particular, by the issue of debentures or debenture-stock, perpetual or otherwise, charged upon all or any of the Company's property and other assets, both present and future, including its uncalled capital, and to purchase, redeem, or pay any such securities, but not to act as an investment, finance, or banking company.
- (x) To acquire by purchase or otherwise estates, ranches, farms and to carry on the trades and business of dairy farmers, poultry farmers, grazers, breeders

and hearers of cattle, sheep goats and other livestock, pastures, wholesale and retail butchers, cattle slaughterers, fell mongers, soup makers, preserved and potted meat manufacturers, farmers, canners of meat and other produce, dealers in hides, fat, tallow, grease, offal and other animal products, and to buy, sell by wholesale or retail, import, export, prepare, deal and trade in all kinds of meat, cattle, sheep, goats, poultry, game and other live and dead stock, milk, cream, butter, cheese, eggs, sausages, preserved meat and other goods or things usually or which may be conveniently dealt with in the course of carrying on any of the trade and business mentioned above.

- (y) To cultivate any estates, lands and to develop the resources of the same by draining, clearing, planting, pasturing, or farming and for the purposes aforesaid to purchase from time to time such labour, from time to time sell any part of the live or dead stock, timber (sugar, coffee and tea crops) and other produce to such lands, as may be necessary for carrying on the business of rubber, sugar, coffee and tea planting, or farming or fracturing on the said lands. Farming agricultural crops such as passion fruits, ginger, pepper, onions, tomatoes, bananas, pineapples, beans, coconut and pasture.
- (z) To carry on the business of linking the agro-processing companies with farmer groups; establish agriculture produce buying centers with fully fledged support services; provide tractor hire services and any other form of mechanized farming, procure and transfer farm inputs and implements to farmers and to establish farmers and service centers.
- aa) To carry on the business of buying, selling, fattening, and exporting livestock.
- bb) To carry on the business of fishing, fish packaging and marketing of all sea and lake products in international and local markets, fish, merchants, fishing crafts owners, trawlers and any other commercial and industrial fishing operations in the sea and fresh water and to process and export all types of fish.
- cc) To engage in and carry on the business of manufacturers, distributors, wholesalers, retailers, agents, stockiest, dealers of all kinds of agricultural goods, implements, equipment and tools and spares of every description and machines.
- dd) To carry on the business of importers, exporters, stockiest, wholesalers, distributors, retailers, manufacturers, agents' representatives, commission agents for agricultural implements, industrial, agricultural machinery and tools.
- ee) To provide consultancy & advisory services in subjects associated with

agricultural project development.

- ff) To carry out feasibility studies, project investigation & preparation of project & economic reports relating to livestock business.
- gg) To engage in and carry our surveys, research and experimental work in agriculture, of all kinds and to establish, purchase or otherwise acquire plant & agricultural equipment for such work.
- hh) To offer consultancy services on agricultural projects and facilitate provision of material farm inputs.
- ii) To carry on the business of importers, dealers and distributors of farm implements, tools, tractors, agrochemicals, agro-seeds and other kind of farm inputs.
- jj) To carry on the business as exporters and importers of agricultural products, industrial equipment, farm machinery plants and equipment, manufacture and semi-processed products.
- kk) To carry on all or any of the traders business of farmers, planters and agricultures.
- ll) To develop, improve, explore, cultivate, clear, populate and exploit methodically by every process various land pastures, agricultural tracts channels.
- mm) To deal with business of farming, agricultural and dairy products and to carry on the business as general food processors packers and suppliers to be of agricultural tools, equipment and all type of fertilizers.
- nn) To carry on the business of importers, exporters, stockiest, wholesalers, distributors, retailers, factors, manufacturers, agents, representatives, commission agents, for livestock.
- oo) To sell, exchange, lease, let, mortgage or otherwise dispose of the lands, houses, flats, offices, buildings and other property of the company or any interest therein and to grant licenses for the use or occupation of the same or any party thereof.
- pp) To acquire by purchase exchange or otherwise, either in deemed or registered Right of Occupancy or for any larger or lesser estate or interest, whether in possession or in reversion and whether vested or contingent, any estates, farms, lands, houses, buildings, tenements and premises of any tenure, whether subject or not to any charges or and to hold or sell, let, alienate, mortgage, charge or otherwise deal with all or any of such lands, tenements, buildings or premises and to grant easements, profits or any other rights in, over, or under the said lands and to acquire such rights in, over, or under any adjoining property.

- qq) To amalgamate or enter into a joint venture with any other company or firm, be it foreign or local having similar objects.
- vv) To subscribe for, conditionally or unconditionally, to underwrite, issue on commissions or otherwise, take, hold, deal in, and convert, stocks, shares, and securities of all kinds, and to enter into partnership, or into any arrangement for sharing profits, union of interest, reciprocal concessions or co-operation with any person, partnership or company, and to promote, and aid in promoting, constitute, form or organize any company, syndicate or partnership of any kind, for the purpose of acquiring and undertaking any property and liabilities of this Company, or of advancing, directly or indirectly, the objects thereof, or for any other purpose which the company may think expedient.
- ss) To receive money on deposit or loan and borrow or raise money in such manner as the Company shall think fit, and in particular by the issue of debentures or debenture stock (perpetual or otherwise) and secure the payment of any money borrowed, raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future). Including its uncalled capital, and also by similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company as the case may be.
- tt) To pay out of the funds of the Company all expenses, which the Company may lawfully pay with respect to the formation and registration of the Company or the issue of its capital, including brokerage and commissions for obtaining applications for or shares, debentures, or other securities of the Company
- uu) To carry on the business as proprietors of restaurants, hotels, refreshments and cold drinks rooms, cafes milk and snack bars, beer-houses, as licensed victuallers, wines, and spirits merchants and to carry on the business of mobile restaurant and cafes.
- zz) To act as manufacturers, agents, factors, merchants of timber produce, furniture, fishing, canning of foods and cereals, animal products, bread, confectioneries, milling, beverages, soft drinks, spirits, hardware, materials, clothing, household articles, books, periodicals, stationeries, newspapers, farm implements and electrical goods.
- aaa) To carry on and otherwise engage in the business of leather tanners, skin and hides suppliers and processors shoe and other kinds of leather products manufacturers and dealers and generally to be exporters and distributors of all kinds of leather products.
- bbb) To carry on any other business which may seem to the company capable of being conveniently carried on or in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights.
- ccc) To carry on the business of general merchants, general storekeepers,

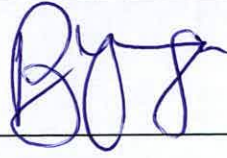

universal providers, importers, exporters and wholesale and/or retail traders of or otherwise dealers of and in cotton, silk and woolen goods and textile fabrics of all kinds.

- ccc) To purchase, take on lease option or license, exchange or otherwise acquire in any part of the world, prospecting rights and contracts, leases, options, mineral properties, grants, concessions, charters, privileges, licenses or authorities of and over mines, land, mineral other properties either absolutely or conditionally.
- ddd) To borrow or raise or secure money in such manner as the company shall think fit, and in particular by the issue of debenture stock, certificates or other securities, perpetual or otherwise charged upon all or any other company's rights and property (present and future) including any uncalled capital or without any such security and to purchase, redeem, or pay off any such security or loan.
- eee) To amalgamate with, or enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint adventure, reciprocal concession or otherwise with any person or company carrying on, or engaged in, or about to carry on or engage in any business or transaction capable of being conducted so directly or indirectly to benefit this company. And to take or otherwise acquire shares, securities of any such company, and sell hold, reissue with or without guarantee, or otherwise deal with the same.
- fff) To sell or dispose of the undertaking and property of the company or any part thereof, for such consideration as the company may think fit, and in particular for shares, debentures, or securities of any other company having objects altogether or in part similar to those of this company.
- ggg) To carry on the business of saw mills and the preparation of timber for market and the manufacture of and dealing in all articles made of or principally made of wood.
- hhh) To construct, erect, maintain alter any buildings, machinery, plant or to use any machinery and to carry out any ancillary or other work comprised in such contracts.
- iii) Generally to purchase, take on lease or in exchange or otherwise acquire any real and personal property and any rights or privileges which the company may think necessary or convenient for the purpose of its business.

AND it is hereby declared that the word "COMPANY" in this clause shall be deemed to include any partnership or other body of persons, whether incorporated or unincorporated, and whether domiciled in East Africa or elsewhere and the instruction in that the objects specified in each paragraph of this clause shall except where otherwise expressed in such paragraph be independent main objects and shall in no wise be limited or restricted by a reference to or inference from the terms of any other paragraph or the other name of the company.

4. The liability of the members is limited.
5. The initial share capital of the company is TShs. 5,000,000/= divided into 5,000 shares of Shs. 1, 000/= each and the company shall have the power to divide the original or any preferential, deferred, qualified or other special rights, privileges, restriction or conditions.

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

Name, Addresses and Description of Subscribers	Number of shares taken by each subscriber	Signature of Subscribers
1. PAULO JONAS MWAZYUNGA, ECONOMIST, P.O.BOX 33243, DAR ES SALAAM.	3,000	
2. MARK MOSES MWASHIHAVA, ENGINEER, P.O. BOX 77718, DAR ES SALAAM.	2,000	

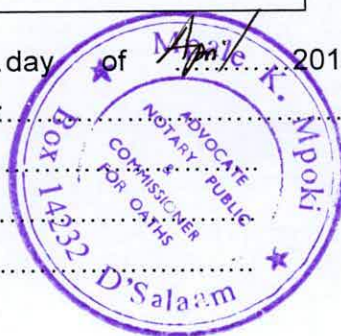
Dated at Dar es Salaam this 17th day of April, 2013

WITNESS to the above signatures:

Signature: 

Postal Address: 14232, Dar

Qualification: ADVOCATE



TANZANIA
Stamp Duty Shs. 5000/-
PAID ON ORIGINAL
Receipt No. 33658 of 22/04/13
Stamp Duty Officer
COMPANY LIMITED BY SHARES

TANZANIA
Stamp Duty Shs. 2500/- Paid
Receipt No. 33658 of 22/04/2013
Asst. Registrar of Companies

ARTICLES OF ASSOCIATION
OF
ADVALUE RESOURCES LIMITED

TABLE A EXCLUDED

The regulations in Table A in the First Schedule to the Company Act, 2002 shall not apply to the Company, except so far as the same are repeated or contained in these Articles.

INTERPRETATION

In these Articles, unless the subject or context otherwise requires, the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof:

WORDS AND MEANINGS

“Articles”: these Articles of Association as originally framed or as altered from time to time by Special Resolution;

“A Shareholder”: any holder from time to time of the Shares;

“Associate”: a Company which is a subsidiary or holding Company of that Company, a subsidiary of a holding Company of that Company, or in relation to any person a Company where not less than 20% of its issued share Capital is owned by that person;

the “Directors”: the directors for the time being of the Company present at a duly convened meeting of the directors at which a quorum is present;

the “Office”: the registered office for the time being of the Company;

the “Act”: the Companies Act, 2002 and every statutory modification and re-enactment thereof for the time being in force;

“Tanzania”: the mainland of the United Republic of Tanzania;

Writing shall include printing, lithography, photograph and any other mode or modes of representing or reproducing words in a visible form.

Words or expressions importing the singular number only shall include the plural number, and vice versa.

Words or expressions importing the masculine gender only shall include the feminine gender;

And

Subject as aforesaid and unless the context otherwise requires, words or expressions contained in these articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these articles become binding on the Company.

SHARES

1. The initial share Capital of the Company is Shs. 5,000,000/= (Five Million) divided into 5,000 ordinary shares of Shs. 1,000/= each.
2. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return or Capital or otherwise as the Company may from time to time by special resolution determine.
3. Subject to the provisions of Section 61 of the Act, the redeemable preference shares will be issued on the terms that they are, or at the option of the Company are liable to be, redeemed in accordance with Article 124 and have the rights in a winding up as set out in Article 126.
4. The Company is a private Company and accordingly no invitation or offer shall be made to the public (whether for cash or otherwise) to subscribe for any shares in or debentures of the Company, nor shall the Company allot or agree to allot (whether for cash or otherwise) any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public.
5. The Company may pay to any person a commission in consideration of his subscribing or agreeing to subscribe, whether absolute or conditional, for any shares in the Company: provided that such commission shall not exceed 10 per cent of the price at which such shares are issued, or an amount equivalent to such percentage; and the requirements of Section 56 of the Act shall be observed.

6. a. The Directors may subject to Article 48 hereof allot, grant options over, or otherwise deal with or dispose of any relevant securities of the Company in accordance with the provisions of these Articles and the Act to such persons and generally on such terms and conditions as the Directors think proper.
 - b. The general authority conferred by paragraph (a) of this article shall be conditional upon due compliance with Article 48 hereof and shall extend to the amount of the authorized share Capital of the Company upon its incorporation.
 - c. The Directors shall be entitled under the general authority conferred by paragraph (a) of this Article to make at any time before the expiry of such authority any offer or agreement which will or might require relevant securities of the Company to be allotted after the expiry of such authority.
7. If two or more persons are registered as joint holders of any share, any one of such persons may give effectual receipts for any dividends or other moneys payable in respect of such share.
 8. No person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or required to recognize and equitable, contingent, future or partial interest in any share or any right whatsoever in respect of any share other than an absolute right to the entirety thereof in the registered holder, except as by these Articles otherwise expressly provided or as required by law.
 9. Every member shall be entitled, without payment, to receive within two months after allotment or lodgment of transfer (unless the conditions of issue provide for a longer interval) one certificate (under the Company's common seal or for all the shares registered in his or its name, specifying the number and (where necessary) denoting numbers of the shares in respect of which it is issued and the amount paid up thereon; Provided that in the case of joint holders the Company shall not be bound to issue more than one certificate to all the joint holders, and delivery of such certificate to any one of them shall be sufficient delivery to all. Every certificate shall be signed by one Director and countersigned by the Secretary or by an assistant or Deputy Secretary. Where only part of the shares comprised in a certificate is transferred, the member transferring shall be entitled without payment to a certificate for the balance thereof.
 10. If any share certificate shall be defaced, worn out, destroyed or lost, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company investigating the evidence as the Directors shall require but otherwise free of charge and (in case of defacement or wearing out) on deliver up of the old certificate.

LIEN

11. The Company shall have a first and paramount lien upon all shares (whether fully paid or not) registered in the name of any member, either alone or jointly with any other person, for his or its debts, liabilities and engagements, whether solely or jointly with any other person, for his or its debts, liabilities and engagements, whether solely or jointly with any other person, to or with the Company, whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not, and such lien shall extend to all dividends from time to time declared in respect of such shares. But the Directors may at any time declare any share to be exempt, wholly or partially, from the provision of this Article.
12. The Directors may sell the share subject to any such lien at such time or times and in such time or times and in such manner as they think fit, but no sale shall be made until such time as the monies in respect of which such lien exists or some part thereof are or is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, and until a demand and notice in writing stating the amount due to specifying the liability or engagement and demanding payment or fulfillment or discharge thereof and giving notice of intention to sell in default shall have been served on such member or the person (if any) entitled by transmission to the shares, and default in payment, fulfillment or discharge shall have been made by him or them for fourteen days after such notice.
13. The net proceeds of any such sale shall be applied in or towards satisfaction of the amount due to the Company, or of the liability or engagement, as the case may be, and the balance (if any) shall be paid to the member or the persons (if any) entitled by transmission to the shares so sold.
14. Upon any such sale as aforesaid, the Directors may authorize some persons to execute an instrument of transfer of the shares sold to the purchaser and may enter the purchaser's name in the register as holder of the shares, and the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
15. No member shall be entitled to receive any dividend or to exercise any privilege as a member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any person, together with interest and expenses (if any).

CALLS ON SHARES

16. The Directors may, subject to the provisions of these Articles, from time to time make such calls upon the members in respect of all monies unpaid on their shares as they think fit, provided that fourteen days' notice at least is given of each call and each member shall be liable to pay the amount of every call so made upon him to the persons, by the installments (if any) and at the times and places appointed by the Directors.
17. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.

18. The joint holders of a share shall be jointly and severally liable for the payment of all calls and installments in respect thereof.
19. If before or on the day appointed for payment thereof a call or installment payable in respect of a share is not paid, the person from whom the same is due shall pay interest on the amount of the call or installment at such rate not exceeding 20 per cent per annum as the Directors shall fix from the day appointed for payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part.
20. Any such which by the terms of allotment of a share is made payable upon allotment or at any fixed date, whether on account of the amount of the share or by way of premium, shall for all purposes of these Articles, be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all other relevant provisions of these Articles, shall apply as if such sum were a call duly made and notified as hereby provided.
21. The Directors may, from time to time, make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.
22. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the monies due upon his shares beyond the sums actually called up thereon, and upon the monies so paid in advance, or so much thereof as exceeds the amount for the time being called up on the shares in respect of which such advance has been made, the Directors may pay or allow such interest as may be agreed between them and such member, in addition to the dividend payable upon such part of the share in respect of which such advance has been made as is actually called up.

TRANSFER OF SHARES

23. Subject to the restrictions of these Articles, shares shall be transferable, but every transfer must be in writing and must be left at the registered office, accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may require to prove the title of the intending transferor.
24. This instrument of transfer of a share shall be executed by the transferor and, when the share is not fully paid, by the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.
25. Any share may be transferred at any time by a member to his or her father or mother, or to any lineal descendant of such father or mother, or to his or her wife or husband; and any share of a deceased member may be transferred by his executors or administrators to the widow or widower of any such relative as aforesaid of such deceased member, being a cestui que trust or specific legatee thereof, and shares standing in the name of any deceased member may be transferred to or placed in the names of the executors or trustees of his will, and upon any change of trustees may be transferred to the trustees for

the time being of such will. Any member may transfer all, but not part only, of its shares to its wholly owned subsidiary but on terms that immediately upon such transferee ceasing to be the transferor's wholly owned subsidiary such shares shall be transferred to the transferor or another of its wholly owned subsidiaries. The holders of the shares between themselves.

26. No share shall in any circumstances be issued or transferred to any infant, bankrupt, person of unsound mind or any Specific Competitor.
27. Subject to the provisions of these Articles a member may sell shares PROVIDED THAT it is a sale of its entire holding of shares or a holding of shares which represents 10 per cent of the ordinary shares in issue (or an integral multiple thereof) and 10 per cent of the redeemable preference shares in issue (or an integral multiple thereof) and the rights of first refusal conferred of the other members under these Articles shall have been exhausted.
28. Any member who wishes to sell any shares (a "**Vendor**") shall give notice in writing to the Company and the other members of such wish (a "**Transfer Notice**") identifying:
 - i. the person (not being a Specified Competitor, to whom it proposes to sell its Shares if they are not purchased by the other Shareholders pursuant to the provisions of these Articles (the "**Proposed Transferee**");
 - ii. the number of the Proposed Transferee's ultimate parent Company and controlling shareholders, if any,
 - iii. the number of shares to be sold which shall either be his entire holding of shares or a holding of shares which represents 10 per cent of the ordinary shares in issue or in integral multiple thereof) and 10 percent of the redeemable preference shares in issue (or an integral multiple thereof);
 - iv. the price per share offered by the proposed transferee (**the Prescribed Price**) and other terms of the proposed sale.

The Transfer Notice shall not be effective if it does not contain such information. The Transfer Notice shall constitute the Company the Vendor's agent for the sale of all, but not some only, of the shares held by the Vendor specified in the transfer Notice (the "**Sale Shares**") to the other members at the Prescribed Price. The Transfer Notice shall be accompanied by the vendor's share certificates in respect of the Sale Shares and a duly executed transfer in blank in respect thereof and (save as hereinafter provided) may not be withdrawn.

- (a) Within 14 business days of receipt of the Transfer Notice by the Company, the Company shall give notice in writing to the other members specifying the number of Shares and the Prescribed Price thereof and offering the Sale Shares for sale to the other members at the Prescribed Price. Such notice shall require the other members to state in writing within 21 days of the date of the notice:

- i. that it is willing to purchase all of the Sale Shares at the prescribed Price; or
 - ii. that if it consents to the sale of all the Sale Shares within 14 days then such other members shall be deemed to have served a notice pursuant to Article 30 (a) (ii) at the end of such 21 day period.
- (b) In the event that a notice is served by only one member pursuant to Article 30 (a) (i) in respect of all of the Sale Shares, such member shall within 14 days thereafter complete the purchase from the Vendor of such number of Sale Shares as shall be determined by multiplying the total number of Sale Shares by a percentage of which the numerator shall be the number of ordinary shares and redeemable preference shares in issue in the Capital of the Company held by such member and the denominator shall be the total number of ordinary shares and redeemable preference shares in issue in the Capital of the Company held by all the members serving a notice pursuant to Article 30 (a) (i). The Vendor shall be bound to transfer all the Sale Shares at the Prescribed Price, and if it makes default in so doing the Company may receive the purchase money and the Directors appointed by the other members may authorize some person to execute a transfer and assignment, as appropriate of the relevant number of Sale Shares in favour of the other members (the "**Shareholder Purchasers**") and the Company shall hold the purchase money in trust for the Vendor. The receipt by the Company of the purchase money shall be a good discharge to the Shareholder Purchasers and after its name has been entered in the Company's Register of members in exercise of the aforesaid power, the validity of the proceedings shall not be questioned by any person. If such purchase is not completed (for any reason other than the Vendor's default) within such period of 14 days, then the certificates and duly completed transfer and assignment in respect of the Sale Shares shall be returned to the Vendor and consent shall be deemed to have been given pursuant to Article 30 (a) (ii) and the provisions of Article 30 shall apply.
- (c) In the event that a notice is given or deemed to be given by the other members pursuant to Article 30 (a) (ii) the Vendor shall be at liberty to sell all of the Sale Shares at any time within 14 days after the date of such notice (or, if no actual notice is given pursuant to article 30 (a), the expiry of the period of 21 days provided for under Article 30 (a) to the Proposed Transferee at the Prescribed Price and otherwise upon no more favorable terms than those offered to the other members and as stated in the Transfer Notice.
29. The Directors shall refuse to register the transfer of any share other than a transfer permitted under these Articles and may, in their absolute discretion and without assigning any reason thereof, decline to register any transfer of any share whether or not it is a fully paid share.
30. If the Directors refuse to register a transfer of any shares they shall within two months after the date on which the transfer was lodged with the Company sent

to the transferee notice of the refusal, as required by section 80 (i) of the Act. The registration of transfers may be suspended and the register of members closed during the fourteen days immediately preceding every Annual General Meeting of the Company, and at such other times (if any) and for such period as the Directors may from time to time determine, provided always that the register shall not be closed for more than thirty days in any year.

31. If any shares are required to be transferred through a compulsory acquisition in accordance with any agreement between the members and the Directors certify that such a transfer cannot be effected pursuant to that procedure because a member defaults in taking any required action then the Directors may authorize some person to execute a transfer and assignment, as appropriate of the relevant number of shares as certified by the Directors and the exercise of the power as aforesaid and the validity of the proceedings shall not be questioned by any person. Any transfer pursuant to this Article shall not be subject to the rights of first refusal contained elsewhere in these Articles.

TRANSMISSION OF SHARES

32. 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 recognized by the Company as having any title to his shares, but nothing herein contained shall release the state of a deceased joint holder from any liability in respect of any share jointly held by him.
33. Any person becoming entitled to a share in consequence of the death or bankruptcy of any member may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share, or, subject to the provisions as to transfers herein contained (which shall apply as if the death or bankruptcy of the member had not occurred) transfer the same to some other person.
34. A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other monies payable in respect of the share, but he shall not be entitled in respect of it to receive notice of, or to attend or vote at meetings of the Company or, save as aforesaid, to exercise any of the rights of privilege of a member, unless and until he shall become a member in respect of the share.

FORFEITURE OF SHARES

35. If any member fails to pay the whole or any part of any call or installment of a call on or before the day appointed for the payment thereof, the Directors may at any time thereafter, during such time as the call or installment or any part thereof remains unpaid, serve a notice on him or on the person entitled to the share by transmission requiring him to pay such call or installment, or such part thereof as remains unpaid, together with interest at such rate not exceeding 10 percent per annum as the Directors shall determine, and any expenses that may have accrued by reason of such non payment.

36. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which such call or installment, or such part as aforesaid, and all interest expenses that have accrued by reason of such non-payment, are to be paid. It shall also name the place where payment 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 will be liable to be forfeited.
37. If the requisition of any such notice as aforesaid is not complied with, any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture, notwithstanding that they shall have been declared.
38. When any share has been forfeited in accordance with these Articles, notices of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the register of members opposite to the share; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
39. Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annual the forfeiture, upon the terms of payments of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.
40. Every share which shall be forfeited may be sold, re-allotted, or otherwise disposed of, either to the person who was before forfeiture the holder thereof, or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and the Directors may, if necessary, authorize some person to transfer the same to such other person as aforesaid.
41. A shareholder whose shares have been forfeited shall, notwithstanding, be liable to pay to the Company all calls made and not paid on such shares to the time of forfeiture, and interest thereon to the date of payment, in the same manner in all aspects as if the shares had not been forfeited, and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture without any deduction or allowance for the value of the shares at the time of forfeiture.
42. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past members.
43. A statutory declaration in writing that the declarant is a Director of the Company, and that a share has been duly forfeited in pursuance of these

Articles, and stating the date upon which it was forfeited shall, as against all persons claiming to be entitled to share adversely to the forfeiture thereof, be conclusive evidence of the facts therein stated, and such declaration shall constitute a good title to the share, and (subject to the execution of any necessary transfer) such person shall be registered as the holder of the share and shall be discharged from all calls made prior to such sale or disposition and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture, sale re-allotment or disposal of the share.

ALTERATIONS OF CAPITAL

44. The Company may from time to time by ordinary Resolution:
- (a) consolidate and divide its share Capital into shares of larger amount than its existing shares, or
 - (b) cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share Capital by the amount of the shares so cancelled;
 - (c) Divide its share Capital or any part thereof into shares of smaller amounts than is fixed by its Memorandum of Association by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act.

And by Special Resolution:

- (a) Reduce its share Capital or any Capital redemption reserve or share premium account in any manner authorised and subject to any conditions prescribed by the Act.
45. (1) The Company in General Meeting may from time to time whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its share Capital by the creation of new shares, such new Capital to be of such amount and to be divided into shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any), or to be subject to such conditions or restrictions (if any), in regard to dividend, return of Capital, voting or otherwise, as the General Meeting resolving upon such increase directs.
- (2) Subject to the provisions of Section 61 of the Act the Company may:
- (i) issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder on such terms and in such manner as shall satisfy the conditions in section 61 of the Act.
 - (ii) purchase its own shares (including any redeemable shares):

- (iii) make a payment in respect of any such redemption or purchase of any of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares.
46. Subject to any discretion to the contrary that may be given by the Company in General Meeting all shares authorised pursuant to Article 8 hereof to be allotted shall be offered to the members in proportion to the existing shares held by them and such offer shall be made by notice in writing specifying the number of the shares to which the member is entitled and limiting a time (being not less than 21 days) within which the offer if not accepted will be deemed to have been declined, and after the expiry of such time or upon receipt of an intimation from the member to whom such notice is given that he declines to accept the share offered, the Directors may, subject to these Articles, allot or otherwise dispose of the same to such persons and upon such shares as aforesaid which, by reason of the proportion borne by them to the number of persons entitled to any such offer as aforesaid or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in the manner herein before provided.
47. Except so far as otherwise provided by or pursuant to these Articles or by the conditions of issue, any new share Capital shall be considered as part of the original ordinary share Capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share Capital.

MODIFICATION OF RIGHTS

48. Subject to the provisions of the Act if at any time the share Capital of the Company is divided into different classes of shares, the rights or privileges for the time being attached to any class of shares may (notwithstanding that the Company may be or be about to be in liquidation) be varied or abrogated with the consent writing to the holders of three-fourths in nominal value of the issued shares of that class. To any such separate general meeting all the provisions of these Articles relating to General Meetings shall apply provided always that the necessary quorum at any such meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question and ~~at an adjourned meeting one person holding shares of the class in question or his proxy and provided that any holder of shares of the class in question present in person or proxy may demand a poll.~~

GENERAL MEETINGS

49. 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; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that so long as the Company shall hold its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the Directors shall appoint.

50. All General Meetings other than annual general meetings shall be called extraordinary general meetings.
51. The Directors may, whenever they think 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 provided by Section 134 of the Act.

NOTICE OF GENERAL MEETINGS

52. Every general meeting will be called by twenty-one day's notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of the meeting and the nature of any special business that is to be transacted, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the regulations of the Company, entitled to receive such notices from the Company.

Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in these presents, be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat: and
 - (b) in the case of, any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.
53. 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 notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

54. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of declaring a dividend, the consideration of the accounts and balance sheets and the reports of the Directors and Auditors, and any other documents Companying or annexed to the balance sheets, the election of Directors in place of these retiring and the appointment and fixing of the remuneration of the Auditors.
55. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. Save as herein otherwise provided, two members present in person or by proxy shall be a quorum.
56. If within half an hour from the time appointed for the holding of a General Meeting, a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to

the same day in the next week at the same time and place or to such time and place as the Directors may determine and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum.

57. The Chairman (if any) of the Board of Directors shall preside at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be present but unwilling to act as Chairman, the members present shall choose some Director, or if no Director be present, or if all the Directors decline to take the chair, they shall choose some member present to be Chairman of the Meeting.
58. 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 shall determine. Whenever a meeting is adjourned for fourteen 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, no member shall be entitled to any notice of an adjournment or of the business to be transacted at an adjourned meeting. 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.
59. At all General Meetings a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or upon the declaration of the result of the show of hands a poll be demanded by the Chairman or by at least two persons for the time being entitled to vote rights of all the members having the right to vote at the meeting, or by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
60. Subject as provided in Article 61, if a poll be demanded in manner aforesaid, it shall be taken in such manner, as the Chairman shall direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
61. ~~No poll shall be demanded on the election of a Chairman of a meeting, or on any question of adjournment.~~
62. In the case of any equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have.
63. The demand of 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 demanded.

VOTES OF MEMBERS

64. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one vote for each share

of which he is the holder.

65. A member in respect of whom an order has been made by any Court having jurisdiction (whether in Tanzania or elsewhere) in matters concerning mental disorder may vote whether on a show of hands or on a poll by his receiver, curator bonus or other person authorised in that behalf appointed by that Court, and such last-mentioned persons may give their votes either personally or by proxy.
66. If two or more persons are jointly entitled to a share, then in voting upon any question 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 holders of the share, and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
67. Save as herein expressly provided, no member other than a member duly registered who shall have paid everything for the time being due from and payable to the Company in respect of his shares shall be entitled to vote on any question either personally or by proxy, or to be reckoned in a quorum at any General Meeting.
68. Votes may be given either personally or by proxy. On a show of hands a member (other than a corporation) present only by proxy shall have no vote, but a proxy for or representative of a corporation may vote on a show of hands. A proxy need not be a member.
69. The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorised in writing, or if such appointer is a corporation under its common seal, if any, and, if none, then under the hand of some officer duly authorised in that behalf. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer.
70. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the office at least forty eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or in the case of a poll not less than twenty-four hours before the appointed for taking the poll and in default the instrument of proxy shall not be treated as valid.
71. Any instrument appointing a proxy shall be in the following form with such variations (if any) as circumstances may require or the Directors may approve:

“ADVALUE RESOURCES LIMITED”

I,.....
.....

“of.....
....., a member of **ADVALUE RESOURCES LIMITED**,
Hereby

appoint
.....

Of.....
.....to vote for me and on my behalf at the [Annual, Extraordinary or
Adjourned, as the case may be] General Meeting of the Company to be held
on the day of and at Every adjournment thereof.

As witness my hand thisday of20.....”.

72. 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 tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the Chairman whose decision shall be final and conclusive.
73. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the Registered Office before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
74. 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 duly authorised representatives) shall be as valid and effective as if the same had been passed at a General Meeting of the Company duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members.

DIRECTORS

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

1. PAULO JONAS MWAZYUNGA
2. MARK MOSES MWASHIHAVA

76. The remuneration of the Directors shall from time to time be determined by the Company in General Meeting. Unless otherwise directed by the resolution by which it is voted, any such remuneration shall be divided amongst the Directors as they may agree, or, failing agreement, equally. The Directors shall also be entitled to be repaid all traveling, hotel and other expenses properly incurred by them respectively in or about the performance of their duties as Directors, including their expenses of traveling to or from Board Meetings. If by arrangement with other Directors any Director shall perform or render any special duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration, in addition to his ordinary remuneration, and such special remuneration may be by way of salary, commission or participation in profits, or by any or all of those modes, or

otherwise as may be arranged.

77. The office of a Director shall be vacated:
- (a) If he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director.
 - (b) If a receiving order is made against him or he makes any arrangement or composition with his creditors.
 - (c) If he becomes of unsound mind and either he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Diseases Act (Cap.98) or an order is made by a Court having jurisdiction (whether in the Tanzania or elsewhere) in matter concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs.
 - (d) If he absents himself from the meetings of the Board during a continuous period of six months without special leave of absence from the Directors, and they pass a resolution that he has by reason of such absence vacated his office.
 - (e) If by notice in writing given to the Company he resigns his office.

POWERS AND DUTIES OF DIRECTORS

78. The business of the Company shall be managed by the Directors, who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit, and may exercise all such powers of the Company, and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by the Act or these Articles required to be exercised or done by the Company in General Meeting subject nevertheless to any regulations of this Articles, to the provisions of the Act to any directors given by special resolution but no alteration of the Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if such alteration had not been made or that direction had not been give.
79. The Directors may borrow or raise from time to time for the purpose of the Company or secure the payment of such sums as they think fit, and may secure the repayment or payment of any such sums by mortgage or charge upon all or any of the property or assets of the Company or subject (in the case of any security convertible into shares) to the provisions of Article 8, by the issue of debentures, debenture stock and other securities as they may think fit. (Provided that the amount for the time being remaining undischarged of monies borrowed, raised or secured by the Directors shall not at any time exceed (twice the nominal amount of the issued share Capital for the time being of the Company) without the sanction of the Company in General Meeting; but no lender shall be bound to see that this limit is observed.
80. Subject to the provisions of the Act, the Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director or

former Director who has held any executive office or employment with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

81. The continuing Directors may act at any time notwithstanding any vacancy in their body; provided always that in case the Directors shall at any time be reduced in number to less than the minimum number prescribed by or in accordance with these Articles, it shall be lawful for them to act as Directors for the purpose of filling up vacancies in their body, or of summoning a General Meeting of the Company, but not for any other purpose.
82. (a) Subject to the provisions of the Act a Director notwithstanding his office may contract with, be a party to, or otherwise interested in any contract or proposed contract or arrangement with the Company or in which the Company is otherwise interested and shall not be liable to account for any profit or other benefit derived by him by reason of any such matter and no such contract, proposed contract, transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. Provided that the nature and extent of the interest of the Director be declared at a meeting of the Directors in full compliance with section 209 of the Act.
- (b) For the purposes of paragraph (a) a general notice given to the Directors at such meeting by a Director to the effect either that he is a member of a specified Company or firm and is to be regarded as interested in any contract, transaction or arrangement which may, after the date of the notice, be made with the specified person who is connected with him shall be sufficient declaration of interest in relation to any such contract, transaction or arrangement.
- (c) A Director may vote at a meeting of the Directors or of a committee of Directors upon any resolution concerning a contract, proposed contract, transaction or arrangement in which he has, whether directly or indirectly, an interest or upon any matter arising there from, and if he shall so vote his vote shall be counted and he shall be taken into account in determining whether a quorum is present at such meeting.

PROCEEDINGS OF DIRECTORS

83. The Directors may meet together for the dispatch of business, adjourn and regulate their meetings in accordance with these Articles and otherwise as they think fit.
84. The Directors may, and on the request of a Director the Secretary shall, at anytime summon a meeting of the Directors, Notice of a meeting of Directors shall be given to all Directors.
85. The Board shall act by majority vote only.
86. The Chairman shall be one and shall not have a casting vote.
87. At any Board Meeting the Directors present shall each be entitled to cast one

vote each.

88. (a) A Director (other than an alternate Director) may from time to time by notice in writing to the Company appoint any Director or any person approved by his co-Directors to act as an alternate Director at any meeting of the Board from which he is himself absent, and may in like manner remove any person so appointed from office.
- (b) An alternate Director appointed under this Article shall not be entitled to any remuneration from the Company, but he shall be entitled, while holding office as such, to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointer is a member and to attend and vote thereat in place of and in the absence of the Director appointing him.
- (c) Such alternate Director shall cease to be an alternate Director if his appointer ceases to be a Director; but if a Director retires by rotation or otherwise but is re-appointed or deemed to have been re-appointed at the meeting at which he retires, an appointment of an alternate Director may by him which was in force immediately prior to his retirement shall continue after his re-appointment.
- (d) An alternate Director shall be deemed for all purposes (save for the appointment of an alternate Director under this Article) a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.
- (e) A person who holds office only as an alternate Director shall, if his appointer is not present, be taken into account in reckoning a quorum at any meeting of the Directors or any committee of the Directors.
89. The Directors may delegate any of their powers to committees consisting of such member or members of their body, as they think fit. Any committees so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
90. The Directors shall cause proper minutes to be made of all General Meetings of the Company and proper records to be kept of all Written Resolutions (and of signatures) and also of all appointments of officers, and of proceedings of all meetings of Directors and committees, and of the attendances thereat, and all business transacted at such meetings. All such minutes and records (and signatures) shall be entered in books provided for the purpose. Any such record of a Written Resolution (and of the signatures) purporting to be signed by a Director or by the Secretary shall be evidence of the proceedings in agreeing to a Written Resolution and until the contrary is proved the requirements of the Act with respect to those proceedings shall be deemed to be complied with and any such minutes of any such meeting, if purporting to be signed by the Chairman of such meeting, shall be conclusive evidence without any further proof of the facts therein stated.
91. A resolution in writing signed by all the Directors for the time being entitled to receive notice of a meeting of the Directors or of a committee of Directors shall be as valid and effective for all purposes as a resolution passed at a meeting

of the Directors or (as the case may be) a committee of Directors duly convened, held and constituted and may consist of several documents in the like form each signed by one or more Directors.

THE COMMON SEAL

92. The Company's common seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors, and in the presence of at least one Director and of the Secretary, and such Director and the Secretary shall sign every instrument to which the common seal shall be affixed in their presence, and in favour of any purchaser or person bona fide dealing with the Company such signatures shall be conclusive evidence of the fact that the common seal has been properly affixed.

SECRETARY

93. The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit, and any Secretary so appointed may be removed by them.
94. No person shall be appointed or hold office as Secretary who is:
- (a) the sole Director of the Company; or
 - (b) a corporation the sole Director of which is the sole Director of the Company;
 - (c) the sole Director of a corporation which is the sole Director of the Company.
95. A provision of the Act or these presents requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

DIVIDENDS AND RESERVE FUNDS

96. Subject to any rights or privileges for the time being attached to any shares in the Capital of the Company ~~have preferential, deferred or other special rights~~ in regard to dividends, the profits of the Company which it shall from time to time be determined to distribute by way of dividend shall be applied in payment of dividends upon the shares of the Company in proportion to the amounts paid up thereon respectively otherwise than in advance of calls.
97. If any share is issued on terms providing that it shall rank for dividend as from a particular date that share rank for dividend accordingly.
98. Subject to the provisions of the Act, the Company in General Meeting may from time to time declare dividends, but no such dividend shall exceed the amount recommended by the Directors.
99. Subject to the provisions of the Act, the Directors may pay interim dividends if it appears to them that they are justified by the profits of the Company

available for distribution. If the share Capital is divided into different classes of shares, the Directors may pay interim dividend on shares which confer deferred or non-deferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividends, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-deferred rights.

100. With the sanction of a General Meeting, dividends may be paid wholly or in part in specie, and may be satisfied in whole or in part by the distribution amongst the members in accordance with their rights of fully paid shares, stock or debentures or any other property or assets suitable for distribution as aforesaid. The Directors shall have full liberty to make all such valuations, adjustments and arrangements, and to issue all such certificates or documents of title as may in their opinion be necessary or expedient with a view to facilitating the equitable distribution amongst the members of any dividends or portions of dividends to be satisfied as aforesaid or to giving them the benefit of their proper shares and interests in the property, and no valuation, adjustment or arrangement so made shall be questioned by any member.
101. The Directors may, before recommending any dividend set aside out of the profits of the Company such sums as they think proper to a reserve fund or reserve account, which shall at the discretion of the Directors be applicable for any purpose for which the profits of the Company may lawfully be applied. The Directors may also from time carry forward such sums, as they may deem expedient in the interests of the Company.
102. The Directors may deduct from any dividend or other monies payable in respect of any shares held by a member, either alone or jointly with any other member, all such sums of money (if any) as may be due and payable by him either alone or jointly with any other person to the Company on account of calls or otherwise in relation to the shares of the Company.
103. ~~Any dividend, installment or dividend or interest in respect of any shares may be paid by cheque or warrant payable to the order of the member entitled thereto, or (in the case of joint holders) of that member whose name stands first on the register in respect of the joint holding.~~
104. Every such cheque or warrant shall (unless otherwise directed) be sent by post to the last registered address of the member entitled thereto, and the receipt of the person whose name appears on the register of members as the holder of any share, or, in the case of joint holders, of any one of such holders, or of his or their agent duly appointed in writing, shall be a good discharge to the Company for all dividends or other payments made in respect of such share. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
105. No dividend or other monies payable in respect of a share shall bear interest

as against the Company unless otherwise provided by the rights attached to the share.

106. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

CAPITALISATION OF RESERVES, ETC.

107. The Company in General Meeting may upon the recommendation of the Directors resolve that it is desirable to Capitalize any undivided profits of the Company (not being required for the payment or provision of any fixed preferential dividend) standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution and accordingly that such sum beset free for distribution amongst the members who would have been entitled thereto if the same had been 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 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 Directors shall give effect to such resolution. Provided always that an amount standing to the credit of a share premium account or Capital redemption reserve may, for the purposes of this Article, only be applied in the paying up of unissued shares to be allotted to members of the Company as fully paid bonus shares.
108. The Company in General Meeting may upon the recommendations of the Directors resolve that it is desirable to Capitalize any part of the amount for the time being standing to the credit of any reserve account of the Company or its profit and loss account which is not available for distribution by applying such sum in paying up in full unissued shares to be allotted as fully paid bonus shares to those members of the Company who would have been entitled to that sum if it were distributed by way of dividend and in the same proportions and the Directors shall give effect to such resolution.
109. Whenever a resolution is passed in pursuance of Article 109 or 110 the Directors shall make all appropriations and applications of the undivided profits resolved to be Capitalized thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto. Where any difficulty arises in respect of any such distribution the Directors shall settle the same as they think expedient, and in particular they may issue fractional certificates, fix the value for distribution of any fully paid up shares or debentures, make cash payments to any shareholders on the footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trusts for or for the benefit of the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors. When deemed requisite the Directors may authorize any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, if any shares or debentures to which they are entitled upon such Capitalization, any agreement made under such

authority being binding on all such members.

ACCOUNTS

110. The Directors shall cause accounting records to be kept in accordance with the provisions of the Act.
111. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounting records of the Company, or any of them, shall be open to the inspection of members, and no member (other than an officer of the Company) shall have any right of inspecting any of the accounting records of the Company except as conferred by the Act authorised by the Directors or by a resolution of the Company in General Meeting. The Company's accounting records shall at all times be open to inspection by the officers of the Company.
112. The Directors shall from time to time in accordance with the provisions of the Act cause to be prepared and to be laid before the Company in General Meeting such Profit and Loss Accounts, Balance Sheets, Group Accounts (if any) and reports as required by the Act.
113. 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 auditors' report, shall not less than twenty-one days before the date of the meeting be sent to all persons entitled to receive notices of General Meetings of the Company.

AUDIT

114. Once at least in every year the accounts of the Company shall be examined, and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more properly qualified Auditor or Auditors.
115. The appointment, powers, rights, remunerations and duties of the Auditors shall be regulated by the provisions of the Act relating thereto.

NOTICES

116. Any notice to be given pursuant to these Articles shall be in writing and may be served by the Company upon any member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register of members or by leaving at that address.
117. All notices directed to be given to the members shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the register of members, and any notice so given shall be sufficient notice to the holders of such share.
118. Any member described in the register of members by an address not within Tanzania, who shall from time to time give the Company an address within Tanzania at which notices may be served upon him, shall be entitled under these Articles if he had a registered address within Tanzania, but, save as

aforesaid, and as provided by the Act, only those members who are described in the register of members by an address within Tanzania shall be entitled to receive notices from the Company.

119. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the Register of Members, has been duly given to a person from whom he derives his title.
120. A notice may be given by the Company to the persons entitled to any share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name or by the title of representatives or trustees of such deceased or bankrupt member, at the address (if any) in Tanzania supplied for the purpose by such persons as aforesaid, or (until such an address has been supplied) by giving the notice in the manner in which the same would have been given if the death or bankruptcy had not occurred.
121. Any notice or other document, if served or sent by post, shall be deemed to have been served or delivered at the expiration of 48 hours from the time when the envelope containing the same was posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

REDEMPTIONS

122. (1) The Company may, at any time, give to each member not less than two weeks' notice of its intention to redeem any part (but not all) of the redeemable preference shares then in issue (a "Redemption Notice").
- (2) Any Redemption Notice shall be in writing and shall specify the date fixed for redemption ("the Redemption Date"), the number of redeemable preference shares of each holder to be redeemed on the Redemption Date and the amount payable on redemption of each redeemable preference share to be redeemed.
- (3) The amount payable on redemption in respect of each redeemable preference share to be redeemed shall be such amount as shall be determined by the Directors.
- (4) ~~If any share certificates have been issued in respect of redeemable preference shares to be redeemed then, on each Redemption Date the holders of the redeemable preference shares to be redeemed who have share certificates in respect of such redeemable preference shares shall be bound to deliver to the Company the certificate of such redeemable preference shares for cancellation, and thereupon the Company shall pay to (or to the order of) such holders the amounts payable in respect thereof and such payment shall be made through a bank if the Company shall think fit. If any certificate delivered to the Company shall include redeemable preference shares not redeemed on the occasion for which it is so delivered, the Company shall forthwith issue without charge a fresh certificate for such redeemable preference shares.~~
- (5) Redemption of redeemable preference shares shall be made pro-rata

to the holdings of the holders of redeemable preference shares and the amounts payable on redemption shall be provided out of the share premium account of the Company and/or the profits and reserves of the Company which may lawfully be utilized to redeem the redeemable preference shares or the proceeds of a fresh issue of shares. Such profits shall not include unrealized Capital profits.

- (6) Redeemable preference shares shall not be redeemable at the option of the holders of such redeemable preference shares.

UNTRACEABLE MEMBERS

123. (1) The Company shall be entitled to sell at the best price reasonably obtainable any share of a member or any share to which a person is entitled by transmission on death or bankruptcy if and provided that:
- (a) for a period of six years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the member or to the person so entitled to the share at his address in the Register or otherwise the last known address given by the member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the member or the person so entitled provided that in any such period of six years the Company has paid at least three dividends whether interim or final;
 - (b) the Company has at the expiration of the said period of six years by advertisement in two national daily newspapers and in a newspaper circulating in the area in which the address referred to in paragraph (1) above is located given notice of its intention to sell such share;
 - (c) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the member or person so entitled: and
 - (d) if any part of the share Capital of the Company is quoted on any stock exchange of the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.
- (2) To give effect to any such sale the Directors may appoint any person to execute as transferor an instrument of transfer of the said shares and such instrument of transfer of the said shares shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, such shares and the title of the purchaser or other transferee shall not be effected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such

former member or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding Company if any) as the Board may from time to time think fit.



WINDING UP

124. (1) If the Company shall be wound up the liquidator shall apply the assets of the Company in satisfaction of creditors' claims in such manner and order as he thinks fit.
- (2) The assets available for distribution among the members shall then be applied in the following priority:
- (a) First, in the payment to the holders of redeemable preference shares in respect of each redeemable preference share held by them of a sum equal to the nominal value and share premium paid on each redeemable preference share at the time of allotment to the extent that there are sufficient assets available to enable such payment to be made;
 - (b) Second, in the payment to the holders of the ordinary shares in respect of each ordinary share held by them of a sum equal to the nominal value of each such ordinary share to the extent that there are sufficient assets available to enable such payment to be made; and
 - (c) Third, the surplus assets of the Company (if any) shall be divided among the members.
125. If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept, any shares or other securities whereon there is any liability.

INDEMNITY

Subject to the provisions of the Act but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer or Auditor of the Company shall be indemnified out of the assets of the Company against any liability

incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the Court from liability for negligence, default, breach of trust in relation to the affairs of the Company.

Names, Postal Addresses And Occupations of Subscribers	Number of Shares taken by each Subscriber	Signature of Subscribers
PAULO JONAS MWAZYUNGA ECONOMIST P.O. BOX 33243 DAR ES SALAAM.	3,000	
MARK MOSES MASHIHAVA ENGINEER P.O. BOX 77718 DAR ES SALAAM.	2,000	

Dated at Dar es Salaam this day of April 2013

WITNESS to the above signatures:

Signature:

Postal Address

Qualification



14232

Advocate

Advalue Resources Limited

BUSINESS PLAN

July, 2013

Prepared By:

INTERMAECOS LIMITED
Management & Economic
Consultants

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ABBREVIATIONS AND ACRONYM

%	Percentage
ARL	Advalue Resources Limited
BOT	Bank of Tanzania
EUR	Euro
GBP	Pound Sterling
GOT	Government of Tanzania
Ha	Hectare
IRR	Internal Rate of Return
Kgs	Kilograms
KVA	Kilo Voltage Amperes
Kw	Kilowatt
Kwh	Kilowatt Hour
LAN	Local Area Network
NEMC	National Environmental Management Council
NPV	Net Present Value
SDT	Step Down Transformer
SMEs	Small Medium Enterprises
TIB Dev	TIB Development Bank Limited
TIC	Tanzania Investment Centre
TZS	Tanzania Shillings
US\$	United States Dollar
VAT	Value Added Tax

EXECUTIVE SUMMARY

1. Introduction and Background.

This is an Executive Summary of a Business Plan of Advalue Resource Limited (ARL) to establish a tailings processing plant to extract gold at Njia panda sub village Itumbi Village in Chunya District. The objective of the Business Plan is twofold; one is to support an application to Tanzania Investment Centre (TIC) for obtaining TIC Certificate of Incentives. Secondly is to support an application to financial institutions and Banks such as the TIB Development Bank Limited (TIB) for a long term loan of US\$ 482,906 to finance acquisition of machinery and equipment, transport facilities and initial working capital for purchase of materials.

2. Decision to invest in the project:

Gold production has been active in Tanzania for several years, but at different dimensions. Following the formulation of attractive policies and enabling legal framework, big investors with huge capital came to invest in Tanzania. This led them to claim large mining areas and engaged in gold mining and smelting. At the same time, small scale miners have been active in several areas abundant with gold reserves and these have been producing tailings after extracting gold from rocks/stones. Tailings from small scale miners did not get immediate use and thus have remained idle for several years. Recently in the lake zone investors have been engaged in processing tailings from small scale miners to extract gold. Apart from the Lake zone, the processing of tailings has to a limited been introduced in other areas and this covers places alike Chunya in Mbeya Region. There is abundant supply of tailings in the District and nearby Districts such as Mpanda which if processed chemically will produce gold. In view of this, ARL has decided to invest in the plant that will process tailings produced by small scale miners in the District. This process will increase the incomes to small scale miners who used to depend on selling of gold only.

3. Project Cost and Financing:

The cost of implementing the project including working capital is estimated to be US\$ 804,844 to be financed from loan and equity in form of shareholders contribution and grant from the Government broken down as follows:

Table 1: Investment and Financing Structure (US\$)

Item	Investments		Total	Percentage
	Capital Investment	Working Capital		
Loan- Long Term	422,906		422,906	52.5%
Grant – Mineral fund	64,417		64,417	8%
Equity- Shareholders	257,521		257,521	32%
Sub Total	744,844		744,844	
Overdraft facility		60,000	60,000	7.5%
Total	744,844	60,000	804,844	100%

The project has a Debt/ Equity ratio which is sound. The implementation of the project is expected to commence in October and commercial operations are scheduled to start in April 2014.

4. Raw Materials and its Availability:

The project will utilize tailings as main raw material and chemicals for leaching process for gold extraction. Tailings are available from the small scale miners and chemicals will partly be imported while some will be procured locally from dealers. Tailings are available in good quantities and with the Government support for small scale mining through improved equipment, more materials will be produced and available for processing. Apart from Chunya district there are several other Districts with small scale mining activities taking place such as Mpanda, Itigi, Songea and Njombe. These are areas which could supplement supply of tailings for the plant.

It is estimated that the plant will require about 2500 tones of tailings per month and this will increase to 3,000 tons in the second year.

5. Product, Market and Prices:

The main product from the project is gold which will be extracted by processing tailings through chemical processing. Gold as a precious mineral has great demand globally because of its commercial and financial properties. The demand for gold is ever growing due to several uses. Gold will largely be sold to dealers locally who will pay in foreign currency. The current price of gold is US\$ 51,000 per kgs.

6. Financial Performance:

The operations of the plant are profitable from the first year onwards. The performance over the period is summarized as follows:

Table 2: Projected Performance of Gold Project in US\$

Edible Oil Project:					
Operating Years	1	2	3	4	5
Total Sales	1,929,000	2,347,000	2,347,000	2,347,000	2,347,000
Gross Profit	1,135,000	1,434,280	1,434,280	1,434,280	1,434,280
Total Capital Charges	191,810	187,530	178,080	156,060	147,610
Profit Before Tax	787,710	1,090,330	1,099,780	1,121,800	1,130,250
Net Profit After Tax	522,610	763,230	769,850	785,260	791,180
Profit margin on sales @46%	41%	46%	47%	48%	48%
Debt Service Coverage Ratio =A/B Average 9.46	19.96	6.24	6.64	7.01	7.46
Debt-Equity Ratio=A/B	0.74	0.46	0.31	0.15	
Security Cover=A/B	1.22	1.20	1.15	1.11	

7. Liquidity and Viability Situations:

The liquidity situation of the project is sound and will service the debt without any difficulty. The loan will be repaid over a period of 4 years with one year of grace. The financial rate of return is attractive at 92% for the project.

8. Economic and Social Benefits:

The project will impact the economy and the community through social and economic benefits. The projected benefits will be in form of generation of both direct and indirect employment, generation of Government revenue in form of taxes and foreign exchange earnings. In addition utilization of tailings to extract gold will increase the value of the material which in the past had not been utilized to produce valuable commodity and thus will improve the income of the small scale miners who are producing tailings.

9. Good Governance Issues:

ARL will have a Board of Directors that will comprise of four members including the Chairman. Currently, there is a provisional Board to facilitate the formation of the Company. The Chairman of the Board of Directors is Mr. Paulo J. Mwazyunga who has a rich industrial and financial management experience that will help in both the implementation and commercial operations of the Company. Mr. Mwazyunga is a member of a number of private companies Boards and is well versed with corporate governance issues. Other Board members also have requisite experience in engineering and business issues that will be useful for the operations of the company.

In the initial period, the Company will employ two expatriate personnel in the areas of Plant Manager and quality Controller. These are two critical areas which require experienced personnel. However, two local staff will be deputed to the two positions to ensure that knowledge is passed over to the local staff successfully on the technology.

The issue of staffing is given greater priority and is taken to be a prerequisite for successful operations of the plant. ~~Emphasis will be given to recruitment of young dynamic and result orientated professionally qualified personnel who will be given an opportunity to grow with the Company.~~

10. Environmental and Social issues:

The process does not produce effluent and the water used in the process is recycled, thus no water is wasted. At the moment an Environmental and Social Impact study is underway and the report is expected to be submitted to the National Environmental Management Commission for approval of the project.

11. Risk Analysis:

There are two main risks for the operations; one is the availability of tailings for gold extraction and secondly is the quality and commitment of the management and staff. Inadequate availability of tailings will make the plant not to operate. Uncommitted management and staff will have negative impact on the operations of the plant. However, mitigation measures will be addressed to ensure that there will be sustainable availability of tailings for processing by identifying small scale miners and getting into some sort of understanding with them so that they could be assisted in their operations by providing them with stone crushers, manual hammers etc. This will create commitment for them to sell the tailings to the company. Commitment by the management and staff for the Company will be addressed through better and timely remuneration and benefits with bonus payments on achieving agreed set targets.

12. Comments and Conclusion:

Gold is a valuable precious metal which has great benefits and easy to dispose. The benefits accruing from the metal are vivid and could be easily being noticed. ARL at this stage is committed to see to it that the Corporate benefits trickle down to the community around the plant who have assisted in providing land for location of the plant and also would be good guardians/security of the premises. It is intended that through corporate social responsibility, ARL will endeavour to pass over some of the benefits to the community in a more structured manner.

ADVALUE RESOURCES LIMITED (ARL)

1. INTRODUCTION AND BACKGROUND

1.1 World Gold production:

Gold is a precious metal with long history in both production and trade and has had greater impact on several gold producing economies. Global gold production is currently dominated by eight countries with two African counters that are South Africa and Ghana. The rest include China, Australia, USA, Russia, Peru, Canada, Indonesia and Uzbekistan. World gold output in 2012 was 2,696 tones or 1.2% growth compared to 2011. The top ten gold producing countries mined 1,799 tones of the precious metal. China is the undisputed leader for a sixth consecutive year with 403 tones of gold produced in 2012, followed by Australia with 250 tones and USA 230 tones.

Many countries view the mining sector as a key engine of economic development. Several countries that have adopted modern legislation and offer an enabling environment attract private sector investment in exploration and production including support to small scale miners. This has contributed to increased tax revenues, export earnings, employment opportunities and infrastructure development in a rural setting.

Tanzania has become one of the fastest emerging gold producers in Africa and is now the continent's third largest gold producing country after South Africa and Ghana. Annual production has increased from 43.2 tones in 2002 to 48.0 tones in 2003. Based on ongoing projects and developing mines, gold production is bound to increase. Gold export earnings to date account for about 62% of total export revenues compared to 49% in 2002. Large part of the mining in Tanzania is undertaken by multinational companies due to high requirement for capital. There is artisanal mining undertaken by small scale miners. These due to limited capital, use poor equipment which does not make them efficient to go deep to find gold bearing rocks. Small scale mining is scattered in many gold deposit areas, where operations are both formal and informal. However the Government is supportive of small scale mining and has developed programmes to assist small scale miners to improve their production in order to contribute to the economy.

Gold mining produces large heaps of rock sand called tailings which still have gold in them, but to extract gold requires a leaching process. Big mines have set up their own leaching operations while it is not the case with small miners. The tailings with small miners remain unprocessed for some time. Currently operations to process tailings have been established in the lake zone where small mining has been in existence for several years. In some areas where small scale mining is being carried out, processing of tailings is not developed.

Gold is sold at attractive prices due to the demand in the world market. World gold production is many times connected to falling world gold prices and increasing production costs. Production declines when gold prices are low and vice versa.

The presence of unprocessed tailings in Chunya is what has prompted the promoters to conceive a project to process tailings to produce gold. Chunya District in Mbeya Region has gold deposits which have for many years been exploited by small scale miners. The only large scale operation which is being reactivated is at Saza mine. Small scale mining is quite active in the District and there is wide use of motorized crushers scattered in the District crushing stones to extract gold and thus leaving our tailings unprocessed. The proposed project will utilize the tailings from small scale miners to extract gold.

1.2 About the Company and Background to Investment Decision:

Advalue Resources Limited (ARL) was incorporated under the Companies Act, 2002 on 29th April 2013 as a private limited liability Company and issued with a Certificate of Registration No 98892. The objects of the Company are several, the main one is to deal with mining exploration, minerals processing, mining operations and claims of any lands, easements or rights. For this purpose, the Company will be involved in processing tailings to extract gold.

1.3 Authorized Share Capital and Paid Up:

The company established in April 2013 has an authorized share capital of TZS 5,000,000 divided into 1,000 and currently the paid up capital is TZS 2,000,000. With implementation of the project, the authorized share capital will be increased to accommodate the expected shareholders contributions in the project. The Memorandum and Articles of Association is submitted under separate cover and a Certificate of Incorporation is presented in Annex 1.

1.4 The Shareholders and Shareholding in ARL:

The ownership of the company is between two shareholders namely; Mr. Paulo J. Mwazyunga with 60% of the shareholding and Mr. Mark M. Mwashihava 40% as follows:

Table 1: List of Shareholders

S/n	Share holder	Shareholding		
		No of Shares Allotted	%	Amount in TZS
1	Paulo J. Mwazyunga	3,000	60	3,000,000
2	Mark M. Mwashihava	2,000	40	2,000,000
	Total	2,000	100	5,000,000

The Full description of shareholders and directorship of ARL and other particulars is as follows:

Shareholders:

Name: Paulo Jonas Mwazyunga
Nationality: Tanzania
Address: P.O Box 33243, Dare s Salaam
Telephone: +255784 268118
Email address: pvumba@gmail.com
% of shares held: 60%

Name: Mark Moses Mwashihava
Nationality: Tanzania
Address: P.O Box 77718, Dare s Salaam
Telephone: +255754 478 373
Email address: pvumba@gmail.com
% of shares held: 40%

Directors:

Name: Paulo Jonas Mwazyunga
Nationality: Tanzania
Occupation: Economic Consultant
Residential Address: Plot 591, House No MKC/MCA/1253, Mikocheni A, School Road
Postal Address: P.O Box 33243, Dare s Salaam
Telephone: +255784 268118
Email address: pvumba@gmail.com

Name: Mark Moses Mwashihava
Nationality: Tanzania
Occupation: Engineer, Civil
Residential Address: Plot No 813. House No 12C, Tabata Changombe, Ilala Municipal
Postal Address: P.O Box 77718, Dare s Salaam
Telephone: +255754 478 373
Email address: mmwashihava@gmail.com

1.5 Brief Profile of Investors:

The company has two shareholders to start with; namely Mr. Paulo J. Mwazyunga and Mr. Mark Moses Mwashihava. Their brief profile is as follows:

a) **Paulo J. Mwazyunga:**

Mr. Mwazyunga is by profession a Management Economist and Facilitator initially educated in economics, management and administration at the University of Dar es Salaam in 1973. Mr. Mwazyunga later acquired a Master's degree in management in USA in 1975. In his professional work, he has led or taken part in a wide variety of consultancies for many Bilateral or multilateral aid agencies. In 1990, Mr. Mwazyunga founded INTERMAECOS Ltd. of which he is still the Managing Director. During the past several years, he has specialized in project identification, planning, evaluation, joint ventures, divestiture of public investments (privatization), entrepreneur development, business and financial appraisals, and human resource development. Mr. Mwazyunga has been involved in implementation of several industrial projects which today are operating successfully.

Mr. Mwazyunga has been involved in private sector development since in early 1980s by providing various businesses development services such as identification of investment, advising on the viability of investment proposals, identification of funds for financing investment, marketing and human resources advices. Mr. Mwazyunga has been involved in promoting and strengthening advocacy capacity to press for private sector rights, facilitating formation of business community groups in order to strengthen advocacy roles, access capital and share information on markets and prices for their products. In the following few paragraphs, his key capacity is reflected.

Mr. Mwazyunga is well versed with the current national policies in rural development and those addressing poverty particularly rural poverty.

b) **Mark Moses Mwashihava:**

Eng. Mark Moses Mwashihava is a registered engineer holding Registration No 2453 with the Institute of Engineers Tanzania (IET) with several years of experience in areas of Civil Engineering and Project Management and supervision which include project identification and development, feasibility studies, designs, project implementations, management and project evaluations. He has experience in identification of practical solutions, development of ideas and concepts for projects. Mr. Mwashihava is further experienced in supervision of construction works, contract management, costing and maintenance works in water works, and civil works.

In undertaking these activities natural resource use issues and environmental management have been found to be the most challenging aspects in most of the projects. Thus, due to these challenges Mwashihava has developed interest in natural resource related dynamics in Mbeya region.

2. MARKET AND MARKETING OF GOLD:

2.1 Introduction:

This section discusses the market and marketing of gold to be produced by the plant. In a nutshell, the section discusses the global uses and demand for gold which will have greater impact on the local production of gold in the country and together with the proposed project.

2.2 The Product and the market:

The plant will produce gold which will have been processed in a refinery ready for final uses. Gold is a highly traded precious metal whose demand is very high globally. The demand for gold emanates from its several uses which it commands on both individuals and institutions. The bigger picture portrayed on the uses of gold is that 45% of gold today is used in jewelry; another 45% in form of investment and finance and the remaining 10% is for technological and industrial uses of which 75% goes to producing electronics.. The demand for gold can be grouped in the following categories; namely:

- a) Common uses of gold;
- b) Industrial uses of gold;
- c) Important uses of gold; and
- d) Reasons for owning gold.

2.2.1 Common uses of gold:

a) Gold used in jewelry:

The properties of gold which are rare with other minerals namely being malleable, ductile, noble, rare and shiny all contribute to making gold a preferred metal in the creation and use of jewelry.

b) Gold in Investing:

The second most popular use of gold is in the form of investment through various tools such as ETFs, futures trading, and bars/coin investing with 45% of yearly demand going way of investors.

c) Gold in Banking:

Central banks have become net buyers of gold and are starting to fill up their coffers with gold bullion to serve as reserves with the US Dollar starting to lose its credibility.

e) Gold as Money:

Gold has been has been a preferred form of money across most civilizations.

2.2.2 Industrial uses of gold:

a) **Gold in Dentistry:**

Modern uses of gold in dentistry is usually in the form of white gold or gold alloys and include areas such as bridges, fillings, crowns, and orthodontic appliances. The fact that gold is inert and non allergenic remains a popular choice despite rising prices and development of cheaper substitutes.

a) **Gold in Phones:**

Used in connectors, switches and relay contacts allows phones to remain free of corrosion and are an important part of modern cell phones. U.S. Geological Survey estimates that a single mobile device contains an average of 0.034 grams of gold – which translates to \$1.83 of gold per phone under today's prices.

b) **Gold in Computers:**

Can be found inside desktops and laptops in the form of edge connectors employed to mount microprocessor and memory chips onto the motherboard as well as plug-and-socket connectors used to attach cables. While silver and copper are better conductors, gold's resistance to corrosion makes it the preferred choice.

e) **Gold in Electronic Devices:**

Is present in almost all small electronic devices because of low voltages and currents are easily interrupted by corrosion or tarnish such as in GPS systems to tablets to calculators to alarm clocks contain gold. Even large appliances such as microwaves, washing machines, and TVs contain a hint of gold.

2.2.3 Important uses of gold:

a) **Gold in Medicine:**

Used in the healthcare industry in a variety of forms and applications; in Arthritis, Cancer Treatment and Lagophthalmos. Others are Medical equipment such as surgical equipment, life support devices and pacemakers; Diagnosis and Implants.

b) **Gold in Aerospace Equipment**

2.2.4 Reasons for owning gold:

There are several different reasons for people demanding to own gold and some of these include:

- Gold Is The Best Store of Value;
- Gold Is An Inflation Hedge;
- Gold Is Money ;
- Central Banks Are Buying Gold Again;
- China And Russia Are Leading The Demand And Supply;

- India Are Gold Addicts;
- Gold Allows Diversification in ownership of wealth;
- Gold Protects Against Deflation;
- Gold Has No Counterparty Risk;
- Gold Can Be Tax Free – The purchase of practically anything these days seems to incur some kind of tax. Gold coins in some countries like Great Britain are still considered legal tender and hence are not subjected to capital gains tax;
- Gold Is A Transportable Insurance Policy;
- Gold Jewelry Is Universally Admired – Gold jewelry has stood the test of time and continues to be a fashion accessory that is highly regarded; and
- Gold Is The Perfect Status Symbol.

2.3 Prices:

Gold will largely be sold to dealers locally who will pay in foreign currency. The current price of gold is US\$ 51,000 per kgs.

Gold is the world's most precious metal that you can trade securely with easy foreign exchange. The price of gold fluctuates frequently sometimes at an interval of half an hour daily. London Gold Fixing is a method in practice to determine gold price twice a day on the London market by five members of The London Gold Market Fixing Ltd. London gold fixing price is used as a benchmark for gold price all over the world. It is conducted in three currencies; United States Dollar (USD), Pound sterling (GBP) and the Euro (EUR). The prices are sometimes updated more frequently at times of strong price moves based on live spot gold price (Bid Price). Gold prices are calculated both per ounce, gram, kilogram and tola.

2.4 Conclusion:

The various uses of gold discussed have a global demand. It gives assurances that the gold to be produced by the project will be sold to users and traders with very little difficulty as the demand is high.

3. TECHNICAL ASPECTS AND CAPITAL EXPENDITURE:

3.1 Introduction:

In this chapter, we discuss the technical aspects of the tailings processing project covering location, land acquisition, amenities and description of the project. We also review the total capital costs, production process and proposed implementation programme. The section is set out under the following headings:

- Land acquisition;
- Location and area;
- Amenities, Services and facilities;
- Description of the Project, Plant Design and Production Capacity;
- The Design of the Plant, Architectural and Engineering Drawings;
- Civil works and building;
- Estimated capital expenditures;
- Summary of capital expenditure;
- The Production Process and Quality Control Measures;
- Status of Implementation and the Implementation Schedule; and
- Progress of civil works and project implementation.

3.2 Land, Location and Land Acquisition:

Advalue Resources Limited (ARL) will be located at Itumbi village, Njiapanda sub Village Sangambi Ward in Chunya District, Mbeya Region and is about 45 km from Mbeya City, about three kilometers off the Mbeya- Chunya main road. The plant will be constructed on a 5.41 acre piece of land. There is still a large piece of land which is being negotiated to be acquired to accommodate future expansion of the plant. Currently the land is in the names of the two shareholders; Paulo Jonas Mwazyunga and Mark Moses Mwashihava. The shareholders hold the Primary Mining License with registration No CH 11/2013 granting a Mineral Right to Ms Paulo Jonas Mwazyunga and Mark Moses Mwashihava. Arrangements are being made transfer the individual land ownership to ARL.

3.3 Amenities, Services and Facilities:

The area is virgin with no development; has been used for farming. There is no surface water on the land, however the water table is quite high which would justify sinking a borehole for supplying water for the operations. A 33 KW power line is passing very close to the proposed area and power will be tapped within very short distance. It will require a Step down Transformer (SDT) to have the power connected to the plant operations.

3.3.1 Water Supply:

Water will be supplied from a borehole to be sunk at the site. Preliminary investigations on water supply indicate availability of adequate supply of water for the operations. The operations require a lot of water to wash the tailings. The borehole will generate portable water suitable both for industrial and domestic uses. The water from the borehole will be pumped into water reservoir tank.

3.3.2 Power and Standby Power Supply:

ARL will be connected to the power supply on 11 Kwh on National grid which is supplying power to Sangambi Village from Mbeya. A Step down Transformer with 500 KVA capacity will be installed to facilitate utilization of power from the grid. In order to secure the operations with stable and reliable power supply, the project will invest in standby power generator with a capacity of 80 KVA.

3.3.3 Safety and Security Measures:

The Plant area will be fenced by a block wall and the operating area will be secured by electric fencing to limit incidences of burglary and theft. The plant will be protected to ensure availability of security and safety measures in the area. The following will be installed at the site:

- Fire detectors;
- Hose reels;
- Normal gas bottles; and
- Sand buckets.

3.4 Description of the Project, Plant Design and Production Capacity:

3.4.1 Description of the Project

The project aims at establishing a tailings processing plant to process tailings to produce gold by chemical process. The Project will have a capacity to process 30,000 tons per annum in the first year and this would increase to 36,000 tons in the second year and thereafter. The plant will have two main processes namely:

- a) Leaching process:
This process involves extracting gold material from tailings through use of chemicals.
- b) Gold refinery process:
This involves processing gold material into actual gold metal.

3.5 Machinery and Equipment Supply:

Several of the machinery and equipment used in the process will be fabricated and procured locally. The machinery for geochemical laboratory will be procured from overseas; either from India, USA or China.

3.6 Estimated Capital Expenditures:

The capital expenditures cover the preliminary works, plant construction, machinery and equipment, furniture, fittings and office equipment, motor vehicles and preoperational costs incurred in facilitating the project such as travelling, conveyance, professional fees, funds mobilization and interest during the grace period.

3.6.1 Preliminary Costs:

The preliminary costs cover costs related to land acquisition, survey, demarcation and fencing for the plant area.

3.6.2 Land, Civil Works and Buildings:

This will involve land clearance, fencing and construction of buildings to house office and residential houses. The total cost for civil works, buildings and staff houses and support infrastructure is estimated to be US\$ 150,000.

3.6.3 Machinery and Equipment:

The machinery and equipment will be procured locally and the geochemical laboratory machine will be imported. A number of equipment will be procured locally from dealers and representatives of manufacturers and this include the electric power station items covering transformer of 500 KVA and Generator 80 KVA, firefighting equipment and water supply items. Detailed breakdown of costs is presented in Annex 3. The total cost of machinery and equipment together add up to US\$ 196,665.

3.6.4 Motor Vehicles:

Vehicles cover trucks for transporting tailings, back hoe loaders and four wheel drive vehicles for use by the Technical and Administration and are estimated to cost US\$ 349,080.

3.6.5 Office Furniture and Equipment:

The company will require furniture, fittings and office equipment estimated at US\$ 7,975 and includes mainly office furniture, computer accounting software, internet and LAN connections.

3.6.6 Preliminary and Preoperational Expenses:

Preliminary and preoperational expenses have been estimated to be US\$ 23,535. The expenses cover preproduction expenditure that includes project expenses like professional fees, travelling, conveyance, and wages during project implementation. Others cover facilitation fees, interest charges during the grace period.

3.6.7 Contingency Allowance:

A provision of US\$ 17,593 has been made towards contingencies to cover unforeseen expenses and this has been made keeping in mind the trend of upward movement of prices for capital goods.

3.6.8 Initial Working capital:

Initial working capital covering three months operations amounting to US\$ 60,000 has been capitalized. This initial capital will be used to procure chemicals and tailings to test production.

3.6.9 Summary of Capital Expenditure:

The summarized capital expenditure for the various items is presented in Table 8 below as follows:

Table 2: Summary of Capital Expenditure (US\$)

	Item	Amount
1	Land, Civil works and Buildings	150,000
2	Production equipment, utilities and facilities	196,677
3	Motor vehicles and transport equipment	349,080
4	Office furniture and equipment	7,975
5	Preoperational expenses &Contingency	41,128
	Sub Total	744,844
6	Initial Working capital	60,000
7	GRAND TOTAL	804,844

The detailed capital investment cost is presented in Annex 4.

3.7 Working Capital Requirements:

Operating capital will be needed to procure tailings, purchase of chemicals including paying for operating costs and overheads to achieve the production targets. Substantial amount of money will be needed to maintain an economic stock of tailings to eliminate problems of inadequate supply. This is an important expense as failure to maintain economic stocks of tailings may lead to closure of the plant. Current assets and liabilities will be maintained in the company by observing the following timelines on the component of the working capital:

Table 3: Assumptions on Working Capital components

Item	No of days
Current Assets	
Tailings	3 months
Chemicals:	
Cyanide	6 months
Activated carbon	6 months
Hydrated carbon	1.5 months
Other chemicals	3 months
Fuel & Oil	2 months
Trade debtors	1 months
Current Liabilities	
Creditors	1 month
Salaries and wages	1 month

Working capital requirement based on the above assumptions will develop from US\$66,681 in the first year to ~~US\$ 79,043~~ in the second year and reach a climax in third and thereafter up to the end of the projected period five year period as follows.

Table 4 : Projected Working Capital Requirement (US\$)

		1	2	3	4	5
CURRENT ASSETS						
Tailings (4months)	0.33	72,883	88,675	88,675	88,675	88,675
Chemicals - Cyanide (6 months)	0.5	70,800	86,140	86,140	86,140	86,140
Activated Carbon (6 months)	0.5	17,766	21,616	21,616	21,616	21,616
Hydrated lime (1.5 months)	0.12	5,760	7,008	7,008	7,008	7,008
Other chemicals (3months)	0.24	1,500	1,500	1,500	1,500	1,500
Fuel and oils- 60 Days	0.16	6,240	6,240	6,240	6,240	6,240
Trade debtors- 30 Days	0.08	63,448	73,017	73,020	73,020	73,020
TOTAL CURRENT ASSETS		238,397	284,196	284,198	284,198	284,198
CURRENT LIABILITIES						
Creditors (30 Days)	0.08	154,323	187,760	187,760	187,760	187,760
Salaries and wages (30 Days)	0.08	17,393	17,393	17,393	17,393	17,393
TOTAL CURRENT LIABILITIES		171,716	205,153	205,153	205,153	205,153
WORKING CAPITAL (GAP) REQUIREMENT		66,681	79,043	79,046	79,045	79,045
Margin Money 25%		16,670	19,761	19,761	19,761	19,761
Working Capital Finance 75%		50,011	59,282	59,284	59,284	59,284
Change In Working Capital		66,681	12,362	2	0	0
Increase in bank Borrowing		50,011	9,272	2		

2.8 The Production Process and Quality Control Measures:

2.8.1 Production Process:

The process involves first putting tailings in a concrete tank and mixes with chemicals then add other chemical solution prepared. This enables the solution to absorb all the metal materials which are available in the tailings. Then the solution containing the materials is passed through a system which takes the solution to a set of steel vessels, which are filled with carbon. The carbon helps in trapping the materials which are in the chemical solution. The carbon from the steel vessels is put in an elution machine, which will heat the carbon for certain number of hours and for a particular amount of maintained heat preferably at 160 degrees of heat should be maintained at all time of the process.

The heating process goes on and on for longer hours through use of Elution machine until you collect the muddy substance (sludge) which is formed from the heating of the steel wool and

more chemicals are added into the sludge. The mixed sludge is then put in a crucible pot and into the smelter for another 2-3 hours of heating until the sludge turns into lava liquid form. Then after all this you can take the crucible out, pour the hot liquid onto a design metal pot, let it cool and you have yourself a Gold bar.

2.8.2 Quality Control:

Several quality measures will be performed and observed at different stages in the production process to ensure that a quality product is produced. Application of high quality standards in the production process will make it possible to control costs and realise a better product. Quality control will be performed at the following stages; namely:

- a) Procurement of good quality tailings with high percentage of gold content;
- b) Availability of qualified laboratory technicians with chemical technologists background at the plant;
- c) Availability of laboratory facility with modern testing equipment at the plant; and
- d) Ease availability of laboratory chemicals for carrying out analysis.
- e) Availability of laboratory facility at the plant with modern testing equipment; and
- f) Prevalence of hygienic conditions for staff working in the factory covering staff dressings, regular health checks on staff, availability of toilet and washing facilities.

4 THE FINANCING OF CAPITAL EXPENDITURE, WORKING CAPITAL AND SECURITY ANALYSIS:

4.1 Financing Structure:

The financing of capital expenditure for gold processing plant will be through a medium term loan and grant both from the mineral sector support credit fund managed by TIB Development Bank Limited (TIB). Other funds will be the shareholders' equity capital. The financing structure is demonstrated in the table below as follows:

Table 5: Investment and Financing Structure (US\$)

Item	Investments		Total	Percentage
	Capital Investment	Working Capital		
Financing:				
Loan- Long Term	422,906		422,906	52.5%
Grant – Mineral fund	64,417		64,417	8%
Equity- Shareholders	257,521		257,521	32%
Sub Total	744,844		744,844	
Overdraft facility		60,000	60,000	7.5%
Total	744,844	60,000	804,844	100%

In Table 4.2 below items that are being proposed to be financed by the TIB Development Bank Limited (TIB) have been identified and amount to US\$ 422,906 and those to be funded by the Grant from the mineral fund through TIB amount to US\$ 50,000 while the share holders' capital amount to US\$ 257,521.

Capital expenditures to be financed by the TIB loan include imported items covering machinery, equipment, utility items and other support items including items available locally, but paid in foreign currency, such as generators. Grant money will be utilised to purchase testing and laboratory equipment to include Atomic Absorption Spectrophotometer machine (AAS). On the other hand, shareholders capital will finance all local costs which include land acquisition, preliminary works on the plot ground levelling, fencing, professional fees and all the preoperational costs which together amount to US\$41,128. The detailed analysis is presented below as follows:

Table 6: Proposed Financing of Capital Costs and Working Capital (US\$):

	Item	Financing in US\$			
		TIB Long Term Loan	Promoters Equity	Grant	Total Financing
1	Land acquisition, Civil works, Laboratory, Store buildings, Office & Staff houses		150,000		150,000
2	Production Equipment and Facilities	47,276	32,172		79,448
3	Utility and power connection		21,148	33,760	54,908
4	Generator 80KVA	26550			26550
4	Laboratory equipment and tools		577		577
5	Atomic Absorption Spectrophotometer Machine			30,657	
6	Working equipment		4521		4521
7	Vehicles & transportation facilities	349,080			349,080
8	Furniture & fittings		3067		3067
9	Equipment- computers, photocopy, printers.		4908		4908
8	Preoperational expenses:				0
8.1	Professional fees- Registration, EIA Study, etc		6,135		6135
8.2	Application and Processing license		400		400
8.3	Facilitation Fee		5,000		5000
8.4	Interest during construction		12,000		12000
9	Contingency 2.5%				17593
	TOTAL CAPITAL EXPENDITURE		2	64,417	
10	Initial Working Capital Capitalized	60,000			60,000
11	TOTAL CAPITAL INVESTMENT & WORKING CAPITAL	482,906	257,521	64,417	804,6844

4.2 Working Capital Financing:

Margin money will cover working capital requirement by about 25% and leaving the balance amount of 75% to be covered from short term finance. It is estimated that about US\$ 100,000 will initially be required to finance the operations during the first year of operations. This estimate is made as an assumption; as no funds are being sought at this moment. It is assumed that when the company is ready to commence operations, at least three months before, the management will submit to a commercial bank a 12 month cash flow to support an application for a short term loan (overdraft) to finance purchase of materials for production.

4.3 Security for the Loan:

ARL is offering the following as security for the loan facility:

- a) A Debenture creating a first ranking charge over all the assets of the Company, both moveable and immovable, present and future, land and developments, plant, machinery, office furniture and equipment. And a first ranking floating charge over all current assets of the Company, both present and future including but not limited to stocks, work progress, goods in transit or about to be shipped, goods represented by documentary bills of exchange, cash, bank balances, and book debts.
- b) Further the security for the loan will also be enhanced by a guarantee issued by the Government of Tanzania through the Bank of Tanzania (BOT) under the Small and Medium Enterprises (SMEs) Export Credit Guarantee Scheme as ARL is an export orientated project of gold. ARL has held preliminary discussions with the BOT, Department of Credit Guarantee Scheme who have indicated to support the project as it meets the criteria.

These two factors explained above, will enhance the security of the loan and overdraft facilities.

4.4 Proposed Project Implementation Program and Team:

4.4.1 Implementation Programme:

Implementation has started on small scale, by identifying the area for locating the plant, survey for water drilling, identifying machinery suppliers and work on Environmental and Social Impact Assessment studies. The project will be implemented over an elapsed period of six months commencing September 2013 and commercial operations are proposed to commence in March 2014.

A good number of equipment and facilities are available locally and for those to be imported; their delivery period is quite short between one to two months.

The detailed implementation work plan is presented in Figure 1 below:

Figure 1: Implementation Work Plan

Year	2013												2014		
	Months	May	June	July	August	Septem	Octob	Novem	Decem	Jan	Feb	March	April	May	
1	Acquisition of PML														
2	Preparation of Environmental and Social Impact Assessment														
3	Submission of Business Plan to Tanzania Investment Centre														
4	Approval of Certificate of Incentives by TIC														
5	Submission of Business Plan to Banks for credit														
6	Approval of credit and finalize legal documentation for utilization of credit														
7	Undertake civil works														
8	Procure equipment, vehicles and chemicals														
9	Start buying and stocking tailings														
10	Undertake piping works and installation of equipment														
11	Undertake trial production														
12	Undertake commercial production.														
13	Output		EISA Report	Certificate of Incentives	Project funds available				Civil works completed		Tailings mobilized	Gold produced			

5. RAW MATERIAL AVAILABILITY AND PROJECTED PRODUCTION OF GOLD:

This Chapter assesses the production of tailings from mining operations, reviews the demand for tailings and the programmes planned and in place to increase the production of tailings. Advalue Resources Limited strategies to assure supplies of tailings are also discussed. Further, we discuss the projected production of gold and the required quantities of tailings to cater for the production of gold.

5.2 Tailings Availability:

There are two types of tailings available today in Chunya; one is from old operations dating back to 1950s/60s and the most recent ones. The old tailings are available in several areas which include Itumbi, Makongorosi, Izumbi, etc. While most recent tailings are found in many areas in the District from Makongorosi, Shoga, Mlima Njiwa to Matundasi. Gold mining in Chunya dates back to late 1950/60s when both small and large scale mining was taking place with large scale mining concentrating at Saza mine and Makongorosi. Since late 1960s mining activities in Chunya came to almost a stand still except for small scale mining which was characterised by use of poor working tools. The use of poor tools has hampered production of gold as the miners could not go much deeper to extract stones rock for crushing, and thus produced little tailings.

Tailings are remnants of mining operations which are produced from stone crushing and after extracting the precious metal by use of mercury. There are over 300 crushers registered by the Department of mines in Chunya Mining office owned by individuals. The crushers are located at different sites where crushing operations are undertaken. On average each crusher can yield up to five tones of tailings per annum. Currently there is limited use of tailings; the only process in place is to reuse the tailings to extract gold further. So throughout the District's there are heaps and heaps of tailings deposits which are available to be bought.

At the moment we have identified a number of crushers who have agreed to sell the tailings to us.

5.2.1 The Demand for Tailings:

The demand for tailings in Chunya is currently low as there only two companies which are engaged in processing tailings; one is a Chinese company and another a local one which is processing tailings from its own mine; instead of buying from outside. Considering the availability of tailings over a number of years, it is very clear that the supply and availability of tailings is greater than the demand; that is current demand. One of the challenges is the accessibility of the tailings sites, with some which are in quite in accessible remote areas which makes it difficult to collect unless accessibility is improved. ARL will require 2,500 tons of tailings monthly equivalent to 30,000 tons per annum.

5.2.2 Projected Production of Tailings:

Production of tailings is expected to increase as more small scale miners get involved in mining operations. Small scale miners invest in crusher machinery that crush the stone/rock to extract gold and produce tailings which require another process (chemical) to extract further gold. The immediate objective of the small scale miners is to crush the stones to extract gold. As a result there are heaps of tailings in several crushing centres waiting to be bought or processed further.

The Government of Tanzania (GOT) with funds from the World Bank is embarking on a programme to support small scale mining in Tanzania by extending grant money and loan to miners. Funds are expected to be utilised in improving mining activities through acquisition of better equipment and infrastructure; which has been major bottleneck to small scale miners. These efforts are expected to stimulate small scale mining operations which had stagnated and more activities are going to be established and improved, a situation that will lead to greater production of tailings that will be available for processing.

5.3.3 Prices:

There is no established price for tailings due to slow build up of the processing business which requires tailings. The current price which the Chinese investors have been buying has been based on heap size of tailings rather than cost per tone. Based on what has been paid on the heaps and the possible size and money paid for; it is assumed that one ton is costing between TZS 130,000-150,000 ex site.

5.3.5 Comments and Observations:

Tailings are the main ingredients in the plant's operations. The availability of tailings is spread all over the District and with the anticipated programme to support small scale mining, it is certain that more crusher machinery s and better mining tools will be acquired to improve their production.

6. ASSESSMENT OF FINANCIAL VIABILITY AND ECONOMIC BENEFITS:

This Chapter presents forecasts of operating costs, sales and revenues and the working capital requirement over the projected period for the Advalue Resources gold processing project. This is followed up by a financial analysis to establish the viability and capacity of the project to service the loan including working capital and undertake additional capital expenditures.

6.1 Projected Operating Costs:

Projected operating costs cover cost of sales; fixed and administrative overheads. The cost of sales emanate from purchase of tailings as a major input for extracting gold, chemicals, utility costs, transportation costs, salaries and wages for production staff.

6.1.1 Projected Cost of Sales:

The projected cost of sales will develop from US\$793,100 in the first year to US\$ 912,720 in the second year and thereafter. Over 80% of the cost of sales is contributed by purchases of tailings and chemicals that form about 57% as presented in the Table 6.1 below.

Table 7: Projected Cost of Sales (US\$)

Year					
Items:	1	2	3	4	5
Tailings	220.86	268.71	268.71	268.71	268.71
Chemicals	231	280	280	280	280
Labour	198.7	198.7	198.7	198.7	198.7
Power	4.86	4.86	4.86	4.86	4.86
Fuel	31.2	31.2	31.2	31.2	31.2
Royalties 4%	77.16	93.88	93.88	93.88	93.88
Commission 1.5%	28.94	35.20	35.20	35.20	35.20
Total costs	793.10	912.72	912.72	912.72	912.72

6.1.2 Projected Operating and Administrative overheads:

The operating and administrative overheads cover costs of running the office, office upkeep and maintenance and repairs and are projected to be US\$ 156,420 annually. Details of these expenses over five year period are shown in the table below:

Table 8: Projected Operating and Administrative Overheads (US\$)

Year					
General and Administrative Costs	1	2	3	4	5
Salaries and wages	19	19	19	19	19
Audit and secretarial fees	8	8	8	8	8
Security services	36	36	36	36	36
Communication and internet expenses	24	24	24	24	24
Office supplies and expenses	3.6	3.6	3.6	3.6	3.6
Bank charges	5	5	5	5	5
Travelling & freight expenses	24	24	24	24	24
Utility costs	0.7	0.7	0.7	0.7	0.7
Fuel and oils	7.8	7.8	7.8	7.8	7.8
Insurance	6	6	6	6	6
Maintenance & repair of equipment	18.78	18.78	18.78	18.78	18.78
Processing license fees	1	1	1	1	1
Rent	0.5	0.5	0.5	0.5	0.5
Legal fees	2	2	2	2	2
Sub Total	156.42	156.42	156.42	156.42	156.42

6.2 Projected Production, Prices and Revenues:

The operations will start with processing 2,500 tons of tailings per month, making a total of 30,000 of tailings per annum and this will increase to 36,500 tons in the second year and thereafter. Gold will be extracted from tailings and production will range from 38kgs in the first year to 46kgs in the second year onwards. Prices for gold is based on the current rate which is US\$ 51,441 per kg and this will generate revenue equivalent to US\$ 1,929,000 in the first year and increase to US\$ 2,347,000 in the second year and thereafter as presented below.

Table 9: Production and sale of tailings US\$000)

Year		1	2	3	4	5
Assumptions:						
Exchange rate US\$/TZS	1630					
Gold: US\$/troy oz	1600					
Gold: US\$/kg	51,441					
Royalties %	4					
Commissions %	1.5					
Total tailings processed (tones)		30,000	36,500	36,500	36,500	36,500
Average recovery grade (g/t)		1.25	1.25	1.25	1.25	1.25
Total production (in pure gold kg)		38	46	46	46	46
Revenue from sale of gold		1,929	2,347	2,347	2,347	2,347

6.3 Financial Analysis:

6.3.1 Basic Assumptions and Considerations in the Analysis:

In carrying out the financial analysis, we have applied the following operating assumptions:

- a) Implementation of the project will be over an elapsed period of eight months and commercial operations will commence in June 2014.
- b) Projections cover a period of five years from 2014-2019.
- c) Processing capacity will be 2500 tons of tailings per month.
- d) Tailings will be procured from individuals with crushing facilities and will cover both old and new tailings.
- e) The average working days are 300 days per annum with processing rate of 100 tons per day
- f) Inflationary pressures on costs and revenues have been ignored and constant prices are assumed to prevail throughout in the projections over the five year period. This is based on the fact that any cost increase during the period will be balanced by a proportional price increase to maintain the same profit margin.
- g) Foreign exchange rate is assumed to be US\$= 1630 TZS.
- h) The cost of machinery, equipment, vehicles and chemicals for the project are inclusive of local taxes such as import duties, VAT and Excise taxes.
- j) The investment is being submitted to the Tanzania Investment Centre (TIC) for obtaining the TIC Certificate of Incentives which include among others, exemptions for paying Customs duty, VAT and related charges.
- k) Interest rate on loan taken at 7% per annum with one year of grace period, first principal installment falling due during first half of year 2015.
- l) Loan to be designated in foreign currency.
- m) Depreciation has been calculated to write off the cost of fixed assets on a straight-line method over the useful lives of the assets concerned in determining the income chargeable for tax and also for replacement of assets. The following rates have been used:

<u>Item</u>	<u>Depreciation Rate %</u>
Civil works & buildings	4
Machinery and Equipment	12.5
Motor vehicles	25
Furniture, office equipment and fittings	12.5

- n) Preoperational expenses (as intangible asset) which are part of the capital investment have been charged to the Statement of Comprehensive Income in the first year as required by the regulation of the International Accounting Standards (IAS) No 38 on Intangible assets that became effective March 2004.

6.3.2 Assessment of Profitability, Liquidity and Viability:

6.3.2.1 Projected Profitability:

Projected profitability is presented in a comprehensive statement of income as follows:

Table 10: Projected Comprehensive Statement of Income (US\$ 000)

Year	1	2	3	4	5
Revenue from sale of gold	1,929	2,347	2,347	2,347	2,347
Less cost of Sales	793.10	912.72	912.72	912.72	912.72
Gross profit	1,135.94	1,434.28	1,434.28	1,434.28	1,434.28
Less General and Administrative Costs	156.42	156.42	156.42	156.42	156.42
Operating Profit	979.52	1,277.86	1,277.86	1,277.86	1,277.86
Earnings Before Interest and Tax	979.52	1,277.86	1,277.86	1,277.86	1,277.86
Depreciation & Financial Charges:					
Depreciation	156.01	156.01	156.01	142.44	142.44
Interest on long term loan	34	28.52	20.07	11.62	3.17
Interest on overdraft facility	2	3	2	2	2
Total Capital Charges	191.81	187.53	178.08	156.06	147.61
Profit Before Tax	787.71	1,090.33	1,099.78	1,121.80	1,130.25
Less Preoperational expenses	41				
Taxable income	746.59	1,090.33	1,099.78	1,121.80	1,130.25
Corporate tax 30%	223.98	327.10	329.93	336.54	339.08
Net Profit After Tax	522.61	763.23	769.85	785.26	791.18
APPROPRIATION ACCOUNT					
Dividends:					
Rate	40%	40%	40%	40%	40%
Amount	209.04	305.29	307.94	314.10	316.47
Revenue Reserves	313.57	457.94	461.91	471.16	474.71
Accumulated Retained Earnings	313.57	771.51	1,233.41	1,704.57	2,179.28
Profit margin on Sales @46%	41%	46%	47%	48%	48%

The analysis demonstrates that the operations are profitable over the projected period. The Company will realize profit after tax in the first year at US\$ 522,100 and increasing to US\$ 769,850 in the third year and US\$ 791,180 in the fifth year.

The average profit margin on sales is 46%.

6.3.2.1 Projected Liquidity:

The projected cash flow measures the liquidity position of the company during its years of operation and establishes its ability to service the both the long and short term debts and financing capital expenditure when they fall due. The detailed analysis is presented in Table 11 below.

Table 11: Projected Cash Flow (US\$)

Year	0	1	2	3	4	5
INFLOW:						
Loan- long term	482,906					
Grant	64,417					
Promoters equity	257,521					
Net profit after tax		522,610	763,232	769,847	785,261	791,176
Depreciation		156,010	156,010	156,010	142,440	142,440
Bank overdraft facility		120,000				
TOTAL INFLOW	804,844	798,620	919,242	925,857	927,701	933,616
OUTFLOW:						
Investment & Reinvestment	804,844		100,000	80,000	537,275	
Loan repayment			120,728	120,728	120,728	120,722
Bank overdraft repayment		50	70,000			
Changes in working capital		66,681	12,362	2		
Dividends			305,293	307,939	314,105	316,471
TOTAL OUTFLOW	804,844	275,775	608,383	508,669	972,108	437,193
NET CASH FLOW	0	522,845	310,859	417,188	-44,406	496,424
CUMULATIVE CASH FLOW	0	522,845	833,704	1,250,893	1,206,487	1,702,910

6.3.2.3 Discounted Cash Flow:

The financial rate of return after discounting a stream of benefits from the operations is 92% which is quite attractive for such operations evaluated over a short span of time. The IRR is higher than the interest rate for loan capital proposed to finance the investment at 7%. Net Present Value (NPV) for a stream of future benefits is US\$ 2,493,683.

The projected discounted cash flow is presented in Table 6.10 below:

Table 12: Projected Discounted Cash Flow (US\$)

Year	0	1	2	3	4	5
INFLOW:						
Net profit after tax		522,610	763,232	769,847	785,261	791,176
Capital charges		191,810	187,530	178,080	156,060	147,610
Assets Residual Value						366,140
Recovery of working capital						50,011
TOTAL INFLOW:	0	714,420	950,762	947,927	941,321	1,354,937
OUTFLOW:						
Investment & Reinvestment	804,844	0	0	0	537,275	0
Changes in working capital		66,681	12,362	2		
TOTAL OUTFLOW	804,844	66,681	12,362	2	537,275	0
NET CASH FLOW	-804,844	647,739	938,400	947,925	404,046	1,354,937
CUMULATIVE CASH FLOW	0	647,739	1,586,139	2,534,065	2,938,111	4,293,048

IRR= 92%

6.3.2.4 Projected Balance Sheet:

Balance sheet projections demonstrate a favourable state of affairs of the project throughout the period. The projections indicate that current liabilities would be adequately covered by the current assets. These are further shown in the financial ratios discussed in the report. Projected balance sheet is presented in Table 6.11 below:

Table 13: Projected Balance Sheet (US\$)

Year	0	1	2	3	4	5
TOTAL FIXED ASSETS	744,844	744,844	744,844	744,844	744,844	1,282,119
Less: Accumulated depreciation		156,014	312,028	468,042	610,483	752,924
NET FIXED ASSETS		588,830	432,816	276,802	134,361	529,195
CURRENT ASSETS:						
Stocks		174,949	211,178	211,178	211,178	211,178
Debtors		63,448	73,017	73,020	73,020	73,020
Cash & Bank Balances		998,526	1,245,196	1,289,930	1,333,903	826,817
TOTAL CURRENT ASSETS		1,236,923	1,529,391	1,574,128	1,618,101	1,111,015
CURRENT LIABILITIES:						
Creditors		154,323	187,760	187,760	187,760	187,760
Tax payable		223,976	327,100	329,935	336,541	339,076
Dividend payable		209,044	305,293	307,939	314,105	316,471
TOTAL CURRENT LIABILITIES		587,343	820,152	825,633	838,405	843,306
NET CURRENT ASSETS		649,580	709,239	748,495	779,696	267,709
TOTAL NET ASSETS		1,238,410	1,142,055	1,025,297	914,057	796,904
FINANCED BY						
Share capital	257,521	257,521	257,521	257,521	257,521	257,521
Grant	64,417	64,417	64,417	64,417	64,417	64,417
Revenue reserves		313,566	457,939	461,908	471,157	474,706
NET WORTH	321,938	635,504	779,877	783,846	793,095	796,644
Bank Overdraft		120,000				
Medium term loan	482,906	482,906	362,178	241,450	120,722	
MEDIUM TERM LIABILITIES	482,906	602,906	362,178	241,450	120,722	0
TOTAL CAPITAL	804,844	1,238,410	1,142,055	1,025,296	913,817	796,644

The total fixed assets of ARL will develop from US\$ 744,844 in the first year of operation to US\$ 1,282,119 in the fifth year. On the other hand the total net fixed assets will grow from US\$588,830 in the first year, declining to US\$ 134,000 in the fourth year and increasing to US\$529,195 in the fifth year due to reinvestments in the fourth year.

The company's Net worth will increase from US\$ 321,938 in the first year to US\$783,846 and US\$796,644 in the third and fifth years respectively. The net assets are financed by shareholders' Net worth, long term loan and overdraft facility.

6.4 Break Even Analysis:

The Break Even Analysis is presented in Table 6.14. In the first year, the Break Even capacity is high at 11% and this decline to 9% and 8% in the third and fourth years respectively. Break Even Sales are US\$ 205,453 in the first year declining to US\$ 190,923 and US\$ 185,760 in the fourth and fifth years respectively.

Table 14: Projected Break Even (US\$)

	Items	1	2	3	4	5
A	Total Revenue	1,929,038	2,346,996	2,346,996	2,346,996	2,346,996
B	Cost of Sales	793,098	912,717	912,717	912,717	912,717
C	Contribution	1,135,940	1,434,278	1,434,278	1,434,278	1,434,278
D	Contribution %	59%	61%	61%	61%	61%
E	Fixed Costs:					
	Operating expenses	156,416	156,416	156,416	156,416	156,416
	Depreciation	156,010	156,010	156,010	142,440	142,440
	Interest on Medium Term Loan	33,800	28,520	20,070	11,620	3,170
	Interest on Overdraft facility	2,000	3,000	2,000	2,000	2,000
	Total Fixed Costs	348,226	343,946	334,496	312,476	304,026
F	Profit (C-E)	787,713	1,090,332	1,099,782	1,121,802	1,130,252
G	P/V Ratio (Contribution/Sales)*100	58.9	61.1	61.1	61.1	61.1
H	Break Even Sales (Fixed Costs\Total Contribution)	205,453	210,151	204,377	190,923	185,760
I	Percentage capacity at point of breakeven	11%	9%	9%	8%	8%

6.5 Business Activity Ratio:

The detailed analysis of business ratios covering the financial ratios is presented in table 6.12 respectively.

Table 15: Financial Ratio Analysis (US\$)

	0	1	2	3	4	5
1 Debt Service Coverage Ratio						
Profit after tax		522,610	763,232	769,847	785,261	791,176
Depreciation +Interest		191,810	187,530	178,080	156,060	147,610
	A	714,420	950,762	947,927	941,321	938,786
Repayment:						
Interest payments		35,800	31,520	22,070	13,620	5,170
Loan Principal Repayment		0				
	B	35,800	152,248	142,798	134,348	125,892
Debt Service Coverage Ratio= A/B Average		19.96	6.24	6.64	7.01	7.46
2 Debt/Equity Ratio						
Term Loan		482,906	362,178	241,450	120,722	0
Net Worth		635,504	779,877	783,846	793,095	796,644
Debt/Equity Ratio		0.76	0.46	0.31	0.15	0.00
3 Return on Equity						
Net profit after tax	A	522,610	763,232	769,847	785,261	791,176
Share capital	B	257,521	257,521	257,521	257,521	257,521
Return on Equity: A/B		2.03	2.96	2.99	3.05	3.07
4 Security Cover						
Net Fixed Assets		588,830	432,816	276,802	134,361	529,195
Term Loan		482,906	362,178	241,450	120,722	0
Security Cover= A/B		1.22	1.20	1.15	1.11	

The financial ratios depict a health business operation, which will lead to profitable business. The Debt/Equity Ratio is low in the first year of operation at 0.75 and declines further to 0.46 and 0.15 in the third and fourth year respectively. This means there is more equity capital to cover the debt as net worth increases.

The Return on Equity is quite high from the first year onwards at an annual average of 280%.

The Security Cover measuring the relationship of the Net Fixed Assets and the Long term loan is adequate starting at 1.22 times in the first year and coming down to 1.11 in the fifth year.

6.9. Impact of the Proposed Gold Processing Project on the Economy:

This section analyses the impact of the gold project on the national economy and the community in Chunya District as a result of the project and these are discussed under the following headings:

- a) Utilization of tailings;
- b) Employment creation;
- c) Foreign exchange earnings;
- d) Revenue generation to the Government; and
- e) Skills development.

6.9.5 Utilisation of stone crushing remains (tailings) to make a high value product:

There are several scattered crusher facilities operating in many parts of Chunya to produce gold. Small scale miners with crusher facilities after extracting gold are currently not in a position to sell the tailings produced as and when they want due to limited market. With the proposed investment in the project to process tailings, small scale miners with stone crushing facilities will be able to sell their tailings at negotiated acceptable prices. The materials were in the past left unutilized, but now the miners will realize extra income apart from gold, which is their core product. This will go towards improving their income further by making use of the materials which would had no value in the past. The project will process tailings to extract precious metal gold which has a high value.

6.9.3 Employment and Job Creation:

ARL will create direct and indirect employment. Direct employment will involve about 55 people who will work at the plant. This will include both skilled and unskilled staff. Indirect employment estimated to be over 300 to be generated at different sites in form of loading tailings in trucks and transportation. Chunya District has well over 300 crushers owned by individuals and their employment will be retained because of assurance of payment from sales of tailings.

People mostly from the villages such as Itumbi, Sangambi, Shoga, Izumbi; etc will get an opportunity to secure employment at the plant and crushers sites as casual labourers, watchmen, helpers etc. The plant will also create indirect employment to people living in the neighborhood and other adjacent villages by getting involved in loading, unloading and petty trading in terms of food stall around the plant. Impact on income of the people around the plant will be vivid and this could be something to be measured over time.

6.9.4 Foreign Exchange Earnings:

ARL is being established to produce gold which will be sold in foreign exchange. Even though gold could be sold in local currency, still its rate is based on the foreign exchange rate. Gold is leading in foreign exchange earnings for the country and this project will also contribute to this.

6.9.6 Revenue Generation to the Government:

ARL will generate revenue to the Government in form of statutory payments such as Royalties, Commission, taxes such as Pay as You Earn on employed staff charged on their salaries, corporation tax and other indirect taxes etc. This together will annually amount to US\$ 1,350,000 per annum.

6.9.7 Skills Development in Processing Tailings:

Processing of tailings in Chunya District is a new technology for production of gold from stone rock wastes. This skill is new in the District and there are no such skills developed among the residents. The introduction of the project in the District will promote skills development in the area of processing tailings and this will cover in areas of managing industrial operations, laboratory tests, chemical analysis tests, and gold refinery activities.

6.9.8 Corporate Social Responsibility:

ARL will be located in a rural area in Itumbi Village and Njiapanda Sub Village in Chunya District. The sub Village is inhabited by the population engaged in subsistence peasantry farming, growing largely food crops. Also practise livestock keeping on small scale while some few farmers are engaged in limited small scale mining which is mullied by use of poor working tools. The sub village is far from social services and facilities. This description gives justification for the company to undertake some social services for the community around. Some of the facilities destined for the project will be accessed by the community. These include the following social services:

- Connection to the power taken from the main line to Sangambi for use at the sub village;
- Provision of portable water by sinking a borehole for the village use;
- Support to education institutions in the area through provision of books, writing materials etc.; and
- Support to health by supporting villagers willing to undergo tests on diseases which they cannot access medical attention easily; e.g. breast cancer, cervix cancer; etc.

6.9.9 Conclusion:

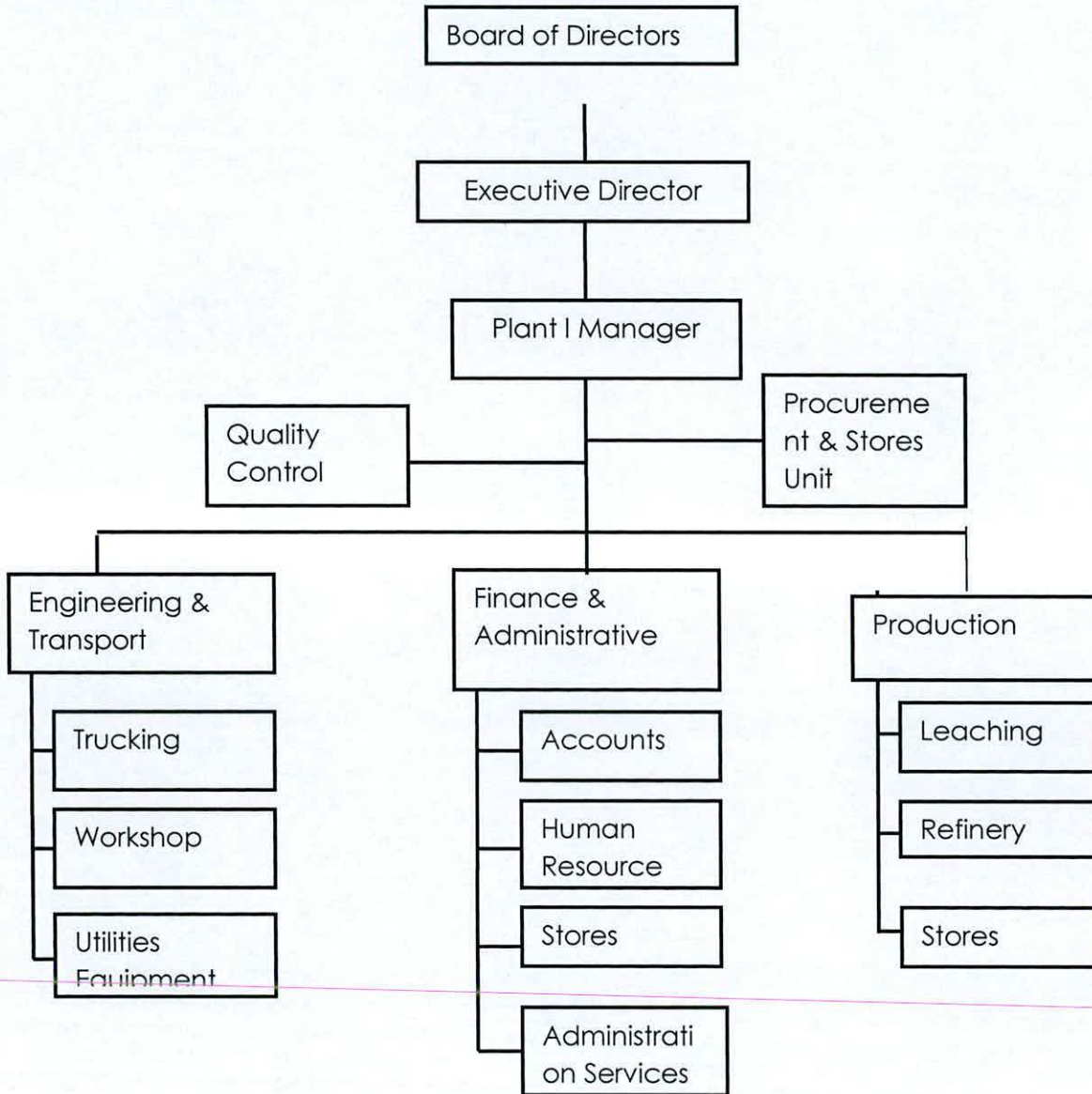
The investment in processing tailings to produce gold will have positive impact on the economy in terms of revenues to be generated to the Government. These benefits outweigh the duties and taxes exempted by the Government.

7. ORGANIZATION, MANAGEMENT OF THE PROJECT AND STAFFING:

7.1 Organisation Structure:

ARL will implement an Organisation structure that will take into consideration the practical and realistic way of accommodating private sector realities of life, but also one that is efficient, promotes communication, eases information sharing and matches the resources to maintain it. The proposed structure is presented in Figure 2:

Figure 2: Proposed Organisation Structure for ARL



7.1.1 Board of Directors:

A Board of Directors being in place and providing oversight function is an indicator for achievement of corporate governance in an institution. There will be a Board of Directors, which will be a policy making body in the company. The Board of Directors will meet at least 2-3 times a year and its role will be more on policy aspects of the company and will cover: approval of Annual Company Plans and Budget, confirmation of appointments for Company's Senior staff such as the Plant Manager and Head of Departments. The Board will in no way be a hindrance to the Company's decision-making process and the Executive Director who will be available on day to day basis will facilitate this.

Members of the Board apart from the shareholders will also include professionals who will be appointed to the Board on merit due to their experience in their different fields and influence in the business sector. The Chairman of the Board will be one of the shareholders. Other non-shareholder Board members may include those who have demonstrated business/managerial capability elsewhere and also with backgrounds in processing, commercial, financial undertakings, particularly in mineral sector. However the total numbers of the Directors will not exceed 5 including the Chairman.

The Board of Directors will depute one of the Directors to serve as an Executive Director on a full time basis.

The Board will delegate the management of the company to a team of qualified and committed experts who are professional in their respective fields; however, the Board would be accountable for the performance.

7.1.2 Brief Description of the Principal Directors of the Company:

a) Paulo Jonas Mwazyunga:

Mr. Mwazyunga is by profession a Management Economist and Facilitator initially educated in economics, management and administration at the University of Dar es Salaam in 1973 and acquired a Master's degree in management in USA in 1975. In his professional work, he has led or taken part in a wide variety of consultancies for many Bilateral or multilateral aid agencies. In 1990, Mr. Mwazyunga founded INTERMAECOS Ltd. of which he is still the Managing Director. During the past several years, he has specialized in project identification, planning, evaluation, entrepreneur development, business and financial appraisals, and human resource development. Mr. Mwazyunga has been involved in implementation of several industrial projects which today are operating successfully.

Mr. Mwazyunga has been involved in private sector development since in early 1980s by providing various businesses development services such as identification of investment, advising on the viability of investment proposals, identification of funds for financing investment, marketing and human resources advices.

b) Mark Moses Mwashihava:

Eng. Mark Moses Mwashihava is a registered engineer holding Registration No 2453 with the Institute of Engineers Tanzania (IET) with several years of experience in areas of Civil Engineering and Project Management and supervision which include project identification and development, feasibility studies, designs, project implementations, management and project evaluations. He has experience in identification of practical solutions, development of ideas and concepts for projects.

7.3 Staffing and Management:

Recruitment of committed and experienced management and staff is going to be given priority in the operation of ARL. Management will be given greater priority in the implementation of ARL Business Plan. The Business Plan and all the equipment being proposed depend on availability /being in place of an experienced/committed management to blend it into reality. This will be necessary to build new business and facilitate growth of the plant to profit making.

We propose to designate qualified expatriate personnel with requisite and greater experience in managing similar operations and this will be for the post of Plant Manager and Quality Controller. Counterpart staff will be identified in the course of the operations.

The Plant Manager and some of the local staff will take part in the building of the infrastructures and installation of the equipment. The objective of using the expatriate staff in these positions in the initial stages of the plant's operation is to have an independent view of what ought to be in place for a good managed company. Staffing of the project will be made slowly with built up in operations.

7.3.1 Manpower Requirement:

At full capacity production of the plant will employ about 55 staff giving a total wage bill of US\$ 217,413 .per annum. This includes 15% of social benefits. The breakdown of staff is shown Table 7.1:

Table 16: Proposed Manpower Requirement and Costs (US\$):

	Name	Category	No	Salary/Month	Cost /Annum
	STATIC LEACHING				
1	Plant Manager	Expatriate	1	3,988	47,853
2	Laboratory technician	Local	2	736	17,669
3	Foreman	Local	1	153	1,840
4	Loaders/Off loaders	Local	18	104	22,528
5	Shifters	Local	6	104	7,509
6	Pump operators	Local	3	104	3,744
7	Lime mixers	Local	3	104	3,744
8	Drivers:				-
8	Back hoe	Local	2	123	2,945
8	Truck	Local	1	117	1,399
8	Pick up	Local	2	104	2,503
9	Workshop personnel:				
9	Electrician	Local	1	141	1,693
9	Mechanic	Local	1	153	1,840
9	Welder or Fabricator	Local	1	129	1,546
9	Helpers	Local	2	104	2,503
	Sub Total		44		119,316
	ELUTION PROCESS				
1	Elution Manager	Expatriate	1	2,454	29,448
1	Elution Manager Assistant	Local	1	1,104	13,252
2	Elution Operator	Local	6	129	9,276
3	Welder or Fabricator	Local	1	129	1,546
	Sub Total		9		53,521
	HEADQUARTER PERSONNEL				
1	Accountant	local	1	920	11,043
2	Administration Manager	local	1	429	5,153
	Sub Total		2		16,196
	TOTAL		55		189,034
	Add Staff Social benefits- Pension, medical, meals.		15%		28,355
	GRAND TOTAL				217,389

8. RISK ASSESSMENT AND ENVIRONMENTAL IMPACT AND WASTE DISPOSAL:

8.1 Introduction:

We have evaluated a number of risks likely to face, but some of those identified could be addressed timely by the plant's management without causing much problem to the operations and the community. A Consultant to study the Environmental and Social Impact Assessment (ESIA) has been commissioned and a report is expected to be available soon for submission to the National Environmental Management Council (NEMC).

8.2 Risk Assessment and Rating:

8.2.1 Risk Assessment:

There are two major sources of risks identified for the project; one is during the implementation of the project and the second one is during operation.

The major risk during implementation is the unavailability of funds in form of long term loan to finance the capital expenditures and working capital requirements. The capital investment involved can only be realised by a combination of equity and loan capital from the shareholders and creditors respectively in a manageable ratio. The availability of loan capital for the project also requires a Government guarantee which will in many ways conserve and earn foreign exchange.

The second risk is the availability of tailings for gold extraction. Tailings are the main raw material which justifies any investment. Tailings must be available on a sustainable basis to make the operations commercially viable and failure of which will lead to closure of the plant. However, mitigation measures will be addressed to ensure that there will be sustainable availability of tailings for processing by identifying small scale miners and getting into some sort of understanding with them so that they could be assisted in their operations by providing them with stone crushers, manual hammers etc. This will create commitment for them to sell the tailings to the company.

Other risks have been identified with their different rating as tabulated below:

8.2.2 Risk Rating:

Table 17: Risks Analysis and Rating:

	Risk Identified	Rating	Comments and Mitigation Measures
1	Staffing and management	Low	Key technical personnel to be identified in from the sector.
2	Support staff and casual labourers	Low	There is abundance of casual labourers in the area. Qualified staff will be recruited from the labour market through advertising and interview.
3	Market availability for gold.	Remote	Great demand for the metal either directly or through brokers. Search for good process will be made before sell.
4	Long term loan availability for financing capital costs.	High	Government guarantee for the bank loan will be secured.
6	Availability of tailings	Medium	There are a lot of tailings deposits unutilised and the increased small scale mining activities will increase supply.
7	Waste disposal if not addresses sustainably may lead to closure of the plant by NEMC.	Medium	All the solution with chemicals and mineral solution is recycled throughout the process and nothing is disposed of. Great care will be in place to ensure this is not mishandled.

8.3. Environmental Impact and Waste Disposal:

8.3.1 Environmental Impact Assessment Study:

The Environmental Management Act (EMA) 2004 and the Environmental (Registration of Environmental Experts) Regulations 2005 requires every project being implemented to undertake an Environmental Impact Assessment (EIA). There are two categories of EIA; one is project requiring Mandatory and this means a Project is likely to have a significant adverse environmental impact that in depth study is required to determine the scale, extent and significance of the impacts and to identify appropriate mitigation measures. Project requiring Preliminary Environmental Assessment is where a project is likely to have some significant adverse environmental impacts, but that the magnitude of the impacts are not well known, a preliminary environmental assessment is required to decide whether the project can proceed without a full environmental impact assessment.

The processing of tailings uses chemicals largely cyanide, lime and activated carbon; thus qualifies for mandatory Environmental Impact Assessment. A team of experts registered by NEMC to carry out EIA studies has been commissioned to carry out a detailed study for submission to NEMC in order to obtain a Certificate of Environmental Assessment permitting the implementation of the project.

ANNEX 1

COMPANY CERTIFICATE OF REGISTRATION

TANZANIA



Certificate of Incorporation

Section 15

No 98892

I HEREBY CERTIFY THAT

ADVALUE RESOURCES 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 **29TH** day of **APRIL**

TWO THOUSAND AND THIRTEEN



A handwritten signature in black ink, appearing to be 'S. M. M.' or similar, written over a dotted line.

Asst. Registrar of Companies

ANNEX 2

NOTIFICATION OF A GRANT OF MINERAL RIGHT

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF ENERGY AND MINERALS

Telephone 025 - 2502921
Fax No.: 025 - 2502921
Email madinimbeya@yahoo.com



Zonal Mines Office
P.O. Box 760
Mbeya

Our Ref. No. DA 16/111/1625/02

Marko Moses Mwashihava, Paul Jemsi Mwazunga

P.O. Box 150 ,

Itumba, Chunya, Tanzania



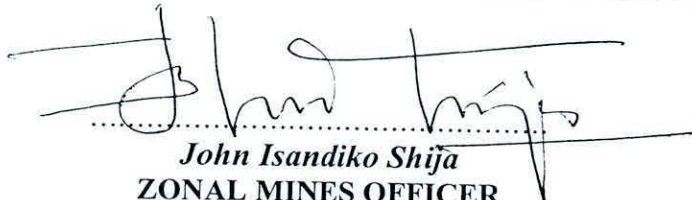
Ref. NOTIFICATION OF GRANT OF A MINERAL RIGHT

You are hereby notified that your application with registration No. **CH 11/2013**, dated **15/01/2013** for a Primary Mining Licence - All Minerals other than Building Material, at **Itumba** in **Chunya** District, has been granted on the following conditions

- (i) confirm acceptance of the description contained in Annex A
- (ii) give notice within twenty eight (28) days from the date of this notification of your willingness to accept the proposed license; and
- (iii) pay preparation fee 50,000.00 Tanzanian Shillings to the Zonal Mines Office South Western Zone

Failure thereof, your application shall lapse.

Signed this¹⁵.....day of^{May}.....2013


.....
John Isandiko Shija
ZONAL MINES OFFICER
SOUTH WESTERN ZONE

✓ **Copy:** Resident Mines Officer,
P. O. Box 81,
Chunya.

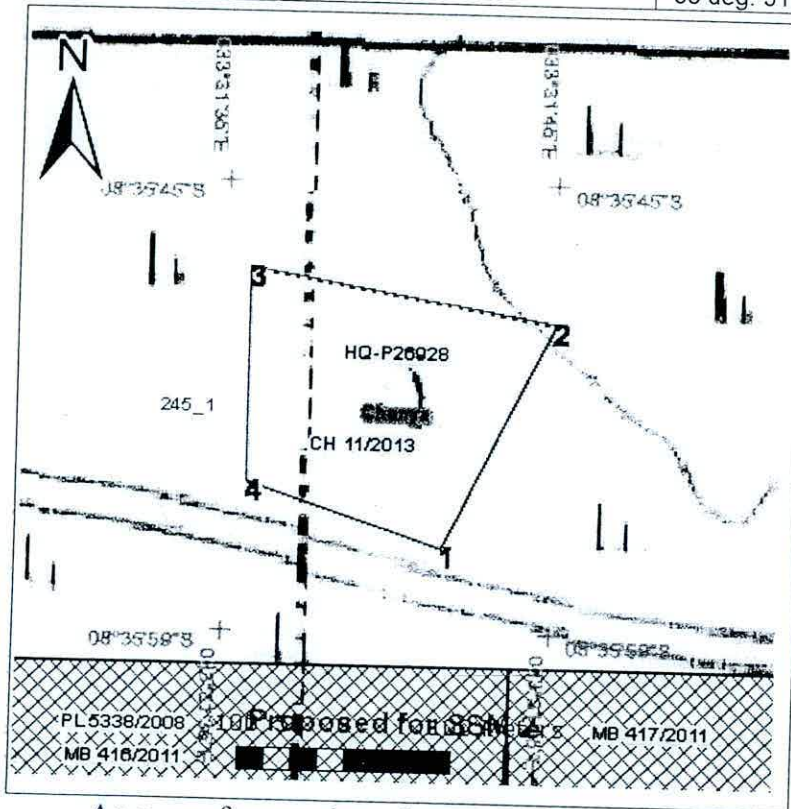
ANNEX A

Application CH 11/2013, Notice Grant,

Your application has been granted for an Area that is defined by the following coordinates (Arc 1960):

Application No. **CH 11/2013** of **Marko Moses Mwashihava, Paul Jemsi Mwazunga** at **Itumba** in **Chunya** District

Corner	Latitude	Longitude
1	- 08 deg. 35 min. 56.30 sec.	33 deg. 31 min. 41.60 sec.
2	- 08 deg. 35 min. 49.30 sec.	33 deg. 31 min. 45.00 sec.
3	- 08 deg. 35 min. 47.70 sec.	33 deg. 31 min. 35.70 sec.
4	- 08 deg. 35 min. 54.30 sec.	33 deg. 31 min. 35.70 sec.



Legend	
Applied area	
Application number	CH 11/2013
District	Chunya
Direction	

An area of approximately 5.14 Hectares.

Annual Rent 2013/14



NATIONAL MICROFINANCE BANK PLC
CASH DEPOSIT SLIP
FOMU YA KUWEKA FEDHA

Branch/Tawi
CHUNYA

Date/Tarehe
28-06-2013

Account Number
Nambari ya Akaunti
60701000003
60701000003

Account Name
Jina la Akaunti
KATIENO WAKU

Amount in Figures
Kiasi kwa Tarakimu

TZS. 411,200/-

Amount in Words
Kiasi kwa Maneno

LA KILINNE ELEU

KUUU NA MOJA

Purpose/Kwa ajili ya

Annual Rent

BY MARK MWASHIHAWA

Depositor's Name/ Vote No./ Code No./ Company
Jina la Mwekaji/Kasma/Namba Wakilishi/Kampuni

MARK MWASHIHAWA

CASH/ FEDHA TASLIM (Tshs.)		
Denomination / Mnyambulisho	Number of Notes/ Idadi ya noti	Amount/Kiasi
10,000x	41	410000
5,000x		
2,000x		
1,000x	1	1000
500x		
Coins/Sarafu		200
TOTAL/JUMLA.		411,200

Write Teller Signature and Stamp
Saini na Mhuri wa Mtunza Fedha

Signature:/Saini

This form will be valid only if printed, signed by the customer, countersigned and stamped by the teller.
(Fomu hii itakuwa sahihi iwapo itakuwa na maelezo na saini ya mteja, pamoja na mhuri na saini mhasibu fedha)
02-13-018

Preparation fee



NATIONAL MICROFINANCE BANK PLC
CASH DEPOSIT SLIP
FOMU YA KUWEKA FEDHA

Branch/Tawi

Date/Tarehe

CHUNYA

28-06-2013

Account Number
Nambari ya Akaunti

Chunya

Account Name
Jina la Akaunti

28 JUN 2013

1471100003

KATIIRU UKUU

60701000003

MINISTRY OF ENERGY AND MINERAL DEVELOPMENT

FJB1317931797062
Amount in Figures
Kiasi kwa Tarakimu

CASH/ FEDHA TASLIM (Tshs.)		
Denomination / Mnyambulsho	Number of Notes/ Idadi ya noti	Amount/Kiasi
10,000x		
5,000x	10	50000
2,000x		
1,000x		
500x		
Coins/Sarafu		
TOTAL/JUMLA		50000

TZS 50,000/=

TZS 50,000.00
Amount in Words
Kiasi kwa Maneno

FELU HAKUSINI
TU

Purpose/Kwa ajili ya :

Preparation fee

Shilling Fifty Thousand Only
for CH 11/2013

Write Teller Signature and Stamp
Saini na Mhuri wa Mtunza Fedha

BY MARK MWASHIMAYA

Depositor's Name/ Vote No./ Code No./ Company
Jina la Mwekaji/Kasma/Namba Wakilishi/Kampuni

Signature:/Saini

MARK MWASHIMAYA

[Signature]

This form will be valid only if printed, signed by the customer, countersigned and stamped by the teller.
(Fomu hii itakuwa sahihi iwapo itakuwa na maelezo na saini ya mteja, pamoja na mhuri na saini mhasibu fedha)
02-13-018

TAX IDENTIFICATION NUMBER - TIN

CTIN.: 1747323

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

ADVALUE RESOURCES LIMITED

.....

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

121-021-846

.....
07-06-2013

with effect from



P. N. Kassera

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

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

LIST AND COST OF CAPITAL EXPENDITURE

ADVALUE RESOURCES LIMITED
LIST AND COST OF CAPITAL EXPENDITURE (TZS million)

Annex 4

	Item	Nos	Total Cost (TZS)	Cost US\$
1	Land, Civil works and Buildings			
1.1	Land acquisition- survey, compensation		10	6,135
1.2	Land clearing, excavation & fencing		25	15,337
1.3	Office, Laboratory and Chemical store buildings	7	42	25,767
1.4	Workshop container & Shed	1	6	3,681
1.5	Staff Houses- One Bed room/Self contained	4	80	49,080
	Sub Total		245	150,000
2	Production Equipment and Facilities			
2.1	Leaching tanks	10	40	24,540
2.2	Mixing tank for cyanide diameter 2 metres	1	6	3,681
2.3	Square Tank 200,000 ltrs for pregnant solution	1	10	6,135
2.4	Square tank 200,000 ltrs for Barren solution	1	8	4,908
2.5	Mixing tank for cyanide diameter 2 metres	1	4	2,454
2.6	Water tank 5,000 ltrs	1	1.5	920
2.7	Vertical carbon columns 7 Ex Mwanza	7	14	8,589
2.8	Elution tank D 2 m	1	6	3,681
2.9	Elution machine unit	1	30	18,405
2.10	Brick making machine	1	10	6,135
	Sub Total		129.5	79,448
3	Utility and services			
3.1	Connection to TANESCO line with Transformer 50KVA	1	15	9,202
3.2	Fuel tank- 10,000 ltrs	1	23	14,110
3.3	Generator 80KVA	1	43.3	26,550
3.4	Water Borehole & submerged pump	2	40	24,540
3.5	Reservoir water tank	1		-
3.6	Water pumps 1HP-1.5 HP	5	1.5	920
3.7	Piping and fittings	1	10	6,135
	Sub Total		132.8	81,458
4	Laboratory equipment			
4.1	Weighing scale- grams,	1	0.71	436
4.2	Stop watch	1	0.001	1
4.3	PH equipment	1	0.2	123
4.4	Atomic Absorption Spectrophotometer Machine	1	50	30,675
4.5	Bottle role machine	1		0
4.6	Laboratory tools and kits			0
	Sub Total		50.911	31,234
5	Working equipment			
5.1	Weighing scale- 100kgs	1	0.9	552
5.2	Weighing scale -5kgs	1	0.47	288
5.3	Spades & trolly	20	3	1,840
5.4	Working clothes & gadgets	40sets	3	1,840
	Sub Total		7.37	4,521
6	Vehicles & Communication facilities			
6.1	Back hole Caterpillar 428E	2	200	122,699
6.2	Trucks 18- 20 tons	2	180	110,429
6.3	4 WD Double Cabin for site use	3	135	82,822
6.4	Pick Up 31/4 tones	1	50	30,675
6.6	Motor cycles	2	4	2,454
	Sub Total		569	349,080
7	Office Furniture, fittings & equipment			
7.1	Furniture & fittings	1	5	3,067
7.2	Equipment- computers, photocopy, printers.	5	8	4,908
	Sub Total		13	7,975
	Total		1,147	703,716
8	Preoperational expenses:			
8.1	Professional fees- Registration, EIA Study, etc		10	6,135
8.2	Application and Processing license		1	400
8.3	Facilitation Fee		8	5,000
8.4	Interest during construction		20	12,000
	Sub Total		38	23,535
9	Contingency 2.5%		28.7	17,593
9	TOTAL COSTS		1,214	744,844
10	Initial Working Capital Capitalised		98	60,000
11	GRAND TOTAL		1,312	804,844