KRC INVESTMENT LIMITED

BUSINESS PLAN
2019/2020 – 2029/2030

CONFIDENTIAL

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Table of Contents

PROPERTY RIGHTS/OWNERSHIP IV
ACRONYMS AND ABBREVIATIONS V
EXECUTIVE SUMMARY VI
1 INTRODUCTION 1
1.1 KINONDONI REVIVAL CHURCH 1
1.2 KRC INVESTMENT LTD 1
1.3 LOCATION, ACCESSIBILITY AND TOPOGRAPHY OF THE KIL QUARRY MINING AREA 1
2 BUSINESS ENVIRONMENT 2
2.1 POLITICAL SITUATION 2
2.2 ECONOMIC SITUATION 2
2.3 SOCIAL SITUATION 3
2.4 TECHNOLOGICAL SITUATION 3
2.5 LEGISLATIVE AND REGULATORY SITUATION 3
2.6 ENVIRONMENTAL SITUATION 4
2.8 SUMMARY OF KRC INVESTMENT LTD SWOT 5
3 KIL BUSINESS MODEL 6
3.1 BUSINESS/VALUE PROPOSITION 6
3.2 DESIGN OF THE KIL BUSINESS MODEL 6
3.2.1 Production of Boulders and Aggregates 6
3.2.2 Sale of Boulders and Aggregates 6
3.2.3 Provision of Services for Delivery of Aggregates 7
3.3 DEMAND AND TARGET MARKET FOR PRODUCTS AND SERVICE 7
3.3.1 Demand 7
3.3.2 Target Market 8
3.4 PRICING 9
3.5 COMPETITION 9
3.5.1 Construction companies making their own boulders and aggregates 9
3.5.2 Quarry owners supplying boulders and aggregates 9
3.5.3 Delivery Agents 9
3.6 MARKETING 9
3.6.1 Engaging Marketing Agents 9
3.6.2 Designing Website and Opening Social Media Accounts 10
3.6.3 Advertisements 10
3.6.4 Creating Business Relationship with Key Business Stakeholders 10
3.6.5 Provision of Quality Service 10
4 KIL INSTITUTIONAL SET UP 11
4.1 ORGANIZATION STRUCTURE 11
4.1.1 Governance 11
4.1.2 Management and Staff 11
4.2 POLICIES AND PROCEDURES 12
4.3 INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) 12
5 FINANCIAL PROJECTION 13
5.1 KEY ASSUMPTIONS 13
5.2 REVENUE PLAN 13
5.3 STAFF REMUNERATION PLAN 14
5.4 CAPITAL EXPENDITURE PLAN 14
5.5 OPERATIONAL EXPENDITURE, GENERAL AND ADMINISTRATIVE AND OTHER EXPENSES PLAN 16

5.6 Prospective Sources of Financing 17
5.6.1 Option – 1: Overdraft and Paid Up Share Capital 17
5.6.2 Option – 2: Overdraft, Paid Up Capital and Term Loan 17
5.7 Comprehensive Projected Financial Statements 18
5.7.1 Projected Income Statement 18
5.7.2 Projected Balance Sheet Statement 19
5.7.3 Projected Cashflow Statement 19
5.8 Viability Assessment 19
5.9 Socio-economic Contributions 20
5.9.1 Provision of Employment 20
5.9.2 Corporate Social Investment and Responsibility 20
6 RISK MANAGEMENT 22
6.1 Definition 22
6.2 Inherent Risks 22
7 MONITORING EVALUATION & LEARNING 25
APPENDICES 27
Appendix I – Key Assumptions 27
Appendix II – Organization Structure 32
Appendix III – Projected Revenue 33
Appendix IV – Staff Remuneration Plan 35
Appendix V – Operational Expenses (OPEX) Plan 37
Appendix VI – Plan for Investment in Fixed Assets (CAPEX) 39
Appendix VII – Projected Financial Statements 41
Appendix VIIA (1) – Projected Income Statement (without Debt) 41
Appendix VIIA (2) – Projected Income Statement (with Debt) 43
Appendix VIIB (1) – Projected Balance Sheet Statement (Without Debt) 45
Appendix VIIB (2) – Projected Balance Sheet Statement (with Debt) 46
Appendix VIIC (1) – Projected Cashflow Statement (Without Debt) 47
Appendix VIIC (2) – Projected Cashflow Statement (With Debt) 49
Appendix VIII – KIL Viability Assessment 51
Appendix VIIIA – KIL Viability Assessment (Without Debt) 51
Appendix VIII B – KIL Viability Assessment (With Debt) 53
Appendix IX – Loan Repayment Schedule 54
Appendix X – Layout of KIL Granite Quarry Concessions 56
Appendix XI – Confirmation of Transfer of Ownership of Seven (7) PMLs 57
Appendix XII - List of Meetings and People Consulted 58
Appendix XIII – List of Reviewed Documents 59

List of Tables

Table 1 – Summary of KIL SWOT Analysis 5
Table 2 - Some Government Projects to be Implemented from 2019/2020 7
Table 3 – List of Board Members 11
Table 4 – Option -1 for Capitalization of KIL 17
Table 5 – Option – 2 for Capitalization of KIL 18
Table 6 – Summary of Projected Income from Y-1 to Y -10 18
Table 7 – Repayment Schedule for KRC Loan 19
Table 8 – Appraisal Results with Option -1 19
Table 9 – Appraisal Results with Option - 2 19

List of Figures

FIGURE 1 – PROJECTED REVENUE FOR YEAR – 1 TO YEAR - 10 13
FIGURE 2 – STAFF COMPLEMENT AND ANNUAL WAGE BILL 14
FIGURE 3 – CAPITAL EXPENDITURE (CAPEX) PLAN 16
FIGURE 4 – OPEX, G&A AND OTHER EXPENSES PLAN 16

Property Rights/Ownership

This Business Plan is a product of The Board of Directors of KRC Investment Co. Ltd (KIL) to be implemented by management, staff and other stakeholders.

This plan was conceived, designed and written by KIL Management supported by a Consultant, Mr. Isaac J. Manyalla from BrainCapital Excellence Ltd in August 2019.

Acronyms and Abbreviations

BoD	Board of Directors
BoT	Bank of Tanzania
BRT	Bus Rapid Transport
CAPEX	Capital Expenditure
CBD	Central Business District
EAC	East African Community
ESIA	Environmental and Social Impact Assessment
FDI	Foreign Direct Investment
FYDP II	Five -Year Development Plan II
GDP	Gross Domestic Product
ICT	Information Communications Technology
IMF	International Monetary Fund
IRR	Internal Rate of Return
KIL	KRC Investments Limited
LNG	Liquefied Natural Gas
MEL	Monitoring, Evaluation and Learning
MoFP	Ministry of Finance and Planning
NBV	Net Book Value
NEMC	National Environment Management Council
NHC	National Housing Corporation
OPEX	Operational Expenses
OSHA	Occupational Safety and Health Authority
p.a.	Per Annum
PAYE	Pay As You Earn
PML	Primary Mining License
PO-RALG	President's Office – Regional Administration and Local Government
PPP	Public Private Partnership
SDG	Sustainable Development Goal
SEAMIC	Southern and Eastern African Mineral Centre
SPV	Special Purpose Vehicle
STAMICO	State Mining Corporation
SWOT	Strength, Weaknesses, Opportunities and Threats
TAG	Tanzania Assemblies of God
TBA	Tanzania Building Agency
TDV 2025	Tanzania Development Vision 2025
TIC	Tanzania Investment Center
TIN	Taxpayers Identification Number
TMRC	Tanzania Mortgage Refinance Company Ltd.
TPH	Tons Per Hour
TRA	Tanzania Revenue Authority
TZS	Tanzania Shilling
USD	United States Dollar
VAT	Value Added Tax
VfM	Value for Money
WB	World Bank

Executive Summary

Background

KRC Investment Limited (KIL) is a limited liability company owned by Tanzania Assemblies of God (TAG) and its members. KIL was incorporated in Dar Es salaam, Tanzania on 16 May 2016. as a Special Purpose Vehicle (SPV) to create steady supplementary revenue base for supporting the great commission.

KIL has since identified a great opportunity in the building stone extraction and crushing business to produce different sizes of granite aggregates used in constructing road, railways and building concrete structures. KIL now possesses eight (8) Primary Mining Licenses (PMLs) covering some 50.4 acres in Pongwe-Msungura Village in Lugoba Ward, Coast Region; some 126 KMs from Dar Es Salaam Central Business District (CBD). The quality of hard black granite reserves is well known to constructors and the potential demand is high.

KIL's Mission is *to create a steady supplementary revenue base for supporting 'the Great Commission' through sale and delivery of Stone building and/or construction materials in Tanzania*. The company's Vision is *to attain a sustainable revenue cash in-flow enough to fully support KRC's 'Great Commission' Services*. This Business Pl is therefore a roadmap to pursue KIL's Mission and Vision.

Business Model

KIL's business involves extraction, drilling, blasting and sizing of granite into boulders and further crushing them into assorted ¼", ½" and ¾" aggregates suitable for infrastructural construction (i.e. roads, railways, airports, ports, playgrounds, bridges, flyovers, dams etc.) and for building both residential and commercial houses. Production of boulders and aggregates requires specialized human talent and use of heavy equipment and machinery including excavators, crawler drillers, loaders, air compressors with jacks and hammers, crushers, sorters and dump trucks. Extraction of the hard granite rocks also involves blasting with explosives. In the next ten years, KIL will require additional capital investment of about TZS 3.2 Billion.

KIL earns money through selling boulders, aggregates and providing transportation services to deliver the materials to the clients' sites. Currently the boulders are sold at TZS 27,000/- per cubic meter, the aggregates (of all sizes) are sold at TZS 38,000/- per cubic meter and a hire of a 20 cubic meter delivery truck charges TZS 800,000/- per trip. There is a feasible profit margin in all three lines of business and potential demand for the products and service has been, is and is expected to continue being high. This is because of the government's demonstrated resolve to invest in the country's infrastructural development, the project population growth and anticipated continued shortage of residential and commercial housing in Tanzania. Competition is considered normal and healthy. KIL markets itself through brokers, aggregate delivery truck drivers, constructors' conferences, social media, one-on-one meeting and quality service.

Ten-Year Financial projections indicate that KIL will break-even in the third year and thereafter continue to create value for over TZS 1.1 Billion per annum in the tenth year. This will increase its net-worth from TZS 145 Million in the first year to over TZS 7.1 Billion in the tenth year.

Governance and Management

Governance of KIL comprises of the Annual General Meeting (AGM), the Board, the Chief Executive officer (CEO), Departmental heads and staff competent in their areas of specialization. Staff complement is projected to increase from 22 in the first year to 32 in the tenth year.

Day-to-day business is overseen by the CEO. Strategic direction is given by the board through its meetings, which are ordinarily held four times annually. The AGM, which comprises of the shareholders, Board members and Ex-officio members; meets once annually and is the topmost decision-making organ.

Financing of the KIL Business Plan

KIL needs injection of between TZS 1.65 Billion to TZS 1.70 Billion in its first three years of operations to be viable and sustainable. Most of these funds will be used for additional Capital Expenditure (CAPEX) to finance part of the envisaged TZS 3.2 Billion required for capital investment. The other portion required for capital investment shall be financed by business proceeds.

Two options are proposed for raising funds for injection in this business. The first option is obtaining an inevitable overdraft of TZS 150 Million at the beginning of the first year of operations followed by paid up share capital of TZS 400 Million in the first year, TZS 500 Million in the second year and TZS 600 Million in the third year. This option heavily depends on readiness and commitment of prospective shareholders.

The second option is obtaining an overdraft of TZS 150 Million at the beginning of the first year and paid up share capital of TZS 400 Million in the same year followed by injection of paid up share capital of TZS 400 Million and a five-year Term Loan of TZS 300 Million in the second year. Again, in the third year inject paid up share capital of TZS 300 Million along with another five-year Term Loan of TZS 150 Million. This option requires both preparedness of the prospective shareholders and ability to meet borrowing terms and conditions including availability of collateral.

Viability

Viability analysis based on financial projections of this business for ten years of operation have been carried out using different approaches including Net Present Value (NPV), Internal Rate of Return (IRR), Profitability Index (PI) and Pay Back Period (PBP). The project indicates NPV of TZS 1.7 Billion and 1.9 Billion for the first and the second option respectively, IRR of 36.64% and 38.01% for the first and the second option respectively, PI of 3.34 and 3.56 for the first and the second option respectively and PBP of 4.45years and 4.32 years for the first and the second option respectively. All these approaches indicate that the project will be viable subject to the assumptions made in the projections.

Risk Management

KIL understands the importance of instituting robust risk management mechanisms in order to expect reasonable assurance of achieving the set objectives and targets. Some of the risks that this business is likely to face include operational risk, liquidity risk and political risk. Other risks include delayed or non-disbursement of the expected loans and/share capital, inadequate governance and management machinery, delayed or non-receipt of required approvals and licenses from relevant authorities including renewal of Primary Mining Licenses (PMLs) and risk of non-compliance with legal and regulatory requirements. KIL will set appropriate mitigation mechanisms to reduce the impact of these risks to acceptable tolerance levels should they materialize

Monitoring & Evaluation

Continuous monitoring of all KIL activities on a daily basis is critical to the success of this Business Plan. To ensure adequate monitoring, there has to be well-designed documented policies and/or guidelines, adequate communication of the said policies and/or guidelines to relevant stakeholders and adequately motivated people with clear mandate and authority to ensure compliance. KIL will institute these pre-requisites. The content and frequency of reporting to different internal levels of authority (i.e.

supervisors, management, Board etc.) is also key for a robust monitoring system. KIL will employ an internal auditor to facilitate independent assurance services to the Board. Again, every year, the company will ensure that its records are audited. Besides, Management of KIL will benefit from the intervention of various regulatory authorities who will, statutorily review the performance of the various activities of this Business.

Conclusion

Based on the assumptions made for projecting financial statements and the relevance of the understanding of the prevailing business environment; investing in KIL as describe herein, is considered viable.

1 Introduction

1.1 Kinondoni Revival Church

Kinondoni Revival Church (KRC) is a Christian Pentecostal congregation established in 1972 at Kinondoni in Dar Es Salaam, Tanzania. The current number of regular members is in the ups of 2,500 and the trend of growth is steady. KRC is a member of the Tanzania Assemblies of God (TAG). The main purpose of KRC is spreading the gospel of Christ Jesus through revival campaigns. In order to achieve this, KRC provides among others, social services.

1.2 KRC Investment Ltd

KRC Investment Limited "KIL" is a limited liability company with certificate of incorporation No. 126399 issued in Dar Es salaam, Tanzania on 16 May 2016. KIL is owned 60% by KRC and 40% by individual KRC church members. KIL was established as a Special Purpose Vehicle (SPV) to facilitate investments that would finance KRC endeavours through social enterprise model. It is therefore expected to hatch properly conceived business ideas to realize its purpose. Currently, the principal activity of the company is to carry on business in mining and selling of granite stones (boulders) and produce aggregates.

KIL's Mission is *to create a steady supplementary revenue base for supporting 'the Great Commission' through sale and delivery of Stone building and/or construction materials in Tanzania.* The company's Vision is *to attain a sustainable revenue cash in-flow enough to fully support KRC's 'Great Commission' Services.* The company's coverage will constantly be increasing as more investment is put in infrastructure development projects.

KIL has since identified a great opportunity in the stone crushing business to produce different sizes of granite aggregates used in constructing road, railways and building concrete structures. KIL now possesses eight (8) Primary Mining Licenses (PMLs) covering some 50.4 acres in Lugoba Ward, Coast Region in the neighbourhood of Dar Es Salaam Central Business District (CBD). The Lugoba Ward quarries are well known for their quality of black granite reserves.

In February 2010, the Southern and Eastern African Mineral Centre (SEAMIC) undertook a geological survey on the KIL's Lugoba Ward quarries and, confirmed granite deposits estimated at 2,512,575 tons. KIL is proposing the acquisition of a crusher with a capacity of 100 tons/hour together with all the other related equipment and accessories.

1.3 Location, Accessibility and Topography of the KIL Quarry Mining Area

The eight concessions owned by KIL are located at Pongwe - Msungura Village, Lugoba Ward in Bagamoyo District. Lugoba Ward is located 126 kilometers East of Dar Es Salaam city. The concession area can be reached about a kilometer off Chalinze – Segera tarmac road close to Lugoba Ward Township. Layout of the Concessions and transfer document of the same are in **Appendix VIII** and **Appendix X** respectively. The topography of the area is fairly flat with gently sloping hills. The area is covered with grass, bushes and scattered trees and it is scantly populated. Altitude of the place is in the minimum of 310 to maximum 340 meters above sea level.

2 Business Environment

2.1 Political Situation

Tanzania's fifth term government has industrialization, transparency, accountability and the fight against corruption at the center of its transformation and development agenda. Dr. Magufuli's terms is remarkably known for enhancement of the country's infrastructure including roads, railways, airports, bridges, flyovers etc. Tanzania is generally considered politically stable.

Across the globe, the political environment in the next ten years will continue to be defined by the United Nations 17 Sustainable Development Goals (SDGs) that were ratified on 25 – 27 September 2015. Among the 17 SDGs, the fifth term regime has, among others, identified itself clearly with Goal No. 9 – *Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation* and Goal No. 11 – *Make cities and human settlement inclusive, resilient and sustainable.* KIL's business supports pursuance of these two goals hence works in tandem with the government of the day.

2.2 Economic Situation

Tanzania's economy is arguably one of the fastest growing economies in Africa with an average annual economic growth averaging between 6% and 7% in the last decade. Bank of Tanzania's discounting rate is 7% p.a. since 28th August 2018. In May 2019, annual headline inflation was 3.5% p.a. Transport inflation was 4.1% p.a. and that for housing, water, electricity, gas and other fuel was 8.8% p.a. Overall average lending interest rate was 17.17% p.a. in May 2019 while overall average deposit interest rate was 7.62% p.a.; Lending interest rate for Term Loans (over 5 years) was 15.75% in May 2019[1].

Tanzania Development Vision 2025 (TDV2025) is the main blueprint for Tanzania's aspiration to become a middle income and semi-industrialized country by 2025. TDV2025 is implemented through five-year mid-term development plans. Five-Year Development Plan II (FYDPII) with the theme *"Nurturing Industrialization for Economic Transformation and Human Development"* is currently being implemented, supported by sector specific strategic plans, regional strategic plans and district strategic plans. This Business Plan will contribute to the FYDP II's sixth objective – *Improve quality of life and human well-being.*

The government endorsed the National Public Private Partnership (PPP) Policy in 2009 followed by the PPP Act Cap 103 of 2010 and PPP Regulations, 2015. These strategic documents enable the public sector and private sector to work together in achieving common objectives. This Business Plan is also building on the spirit of PPP.

In April 2018, the government issued a Blueprint for Regulatory Reforms to Improve Business Environment. The Blueprint provides Tanzania with a framework for enabling a holistic review of business-enabling environment (BEE) in order to improve the business climate. If effectively implemented, the Blueprint reform proposals will push Tanzania to the frontier of Ease of doing business. Blueprint Action Plan (BAP) issued in March 2019 does also encompass improvement of business climate in health sector.

In the quarter ending June 2019[2], credit to mining and quarrying increased by 5.8%, building and construction increased by 5.7%^ and transport and communication increased by 4.9%. Besides, building and construction sector held 4.9% stake of all the credit granted by Banks and financial institutions. All

[1] Source: BoT Monthly Economic Review, June 2019

[2] Source: BoT, Economic Bulletin, Quarter Ending June 2019.

these indicate that the sectors that relate to KIL's business has prospects, at least in the foreseeable future.

2.3 Social Situation

Tanzania is estimated to have more than 55 Million people and according to United Nation's projections[3], Tanzania's population may be more than 106 Million by 2050 and become the fourth populous country in the world. Currently, rate of urbanization is estimated at 5.22%. Shortage of houses is estimated at 3 Million p.a. and need for utilities (water, electricity etc.) is considered high in many places. All these facts in the Tanzania social landscape, indicate an opportunity for KIL's business Plan.

Transportation infrastructure are inadequate leading to crops rotting in some parts of the country, while people are starving on other parts. The government is trying hard to address the shortage and Development Partners are cooperating. In February 2017, the World Bank approved increase of US $130 million funding for the Tanzania Strategic Cities Project (TSCP), which aims at benefitting 8 cities including Dar es Salaam, Tanga, Arusha, Kigoma, Dodoma, Mwanza, Mbeya and Mtwara. The project is already improving public accessible roads, drainage within the cities and will continue in the next few years. KIL would like to be involved in the project should there be an opportunity.

Construction of the first phase of the Standard Gauge Railway (SGR), which started in April 12, 2017 connecting the port city of Dar es Salaam to Morogoro is going on well. Once completed, the railway will benefit Tanzanian through reduced transit time within the regions covered, as well as increased options for modes of transport. There are 4 additional sections planned with section 2 already tendered. Construction of the remaining section will go on during the tenure of this Business Plan.

2.4 Technological Situation

Extraction business is capital intensive and susceptible to the effects of technological changes. Most of equipment to be used in this business are costly and have to be imported from abroad. Now that there is still no power at the KIL's Quarry while most machinery use electric power, KIL is already facing the impact of technology. The fact that this business depends a lot on imported machinery subjects companies like KIL to additional cost on spare parts or wasted time while trying to fix the machinery. KIL has recruited personnel with experience in the business and capable to handle different kinds of machinery. The company also aims at having, whenever possible, equipment using both electricity and fuel.

2.5 Legislative and Regulatory Situation

In 2019, significant amendments were made to the Mining Act, 2010 through the Written Laws (Miscellaneous Amendments) No.2 of 2019. This led to creation of five new regulations under the Mining Act and the Tanzania Extractive Industries (Transparency and Accountability) Regulations. One of the regulations that is likely to have relative effect to KIL is the Mining (Local Content) Regulations. In general terms, the amendment aimed at instilling more restrictions to ensure that the mineral wealth is finally enjoyed by the Tanzanians. On the other hand, it shows the government's resolve to take mining issues with deserved seriousness. KIL is poised to abide by the requirements of the laws.

[3] United Nation's World Population Prospects – Revised Version for 2015,

2.6 Environmental Situation

All over the globe, Climate change is considered a serious issue. As a country, Tanzania ought to play its role in the fight against climate change. According to the United Nations Framework Convention on Climate Change (UFCCC), all countries have to play a role in addressing climate change consistent with their unique national circumstance. Consequently, Tanzania prepared the National Climate Strategy to provide high level guidelines on how to manage climate change in Tanzania. This strategy, the Mining Act, 2010 and the Environmental Management Act, 2004 requires entities like KIL to be cognizant of the effect of their activities to the environment and the climate. For example, the Mining (Environmental Protection for Small Scale Mining) Regulations, 2010 requires that prior to commencing mining operation, a baseline environmental investigation and social study[4] (i.e. presence of human settlement, identification of burial sites, presence of cultural heritage sites, water vegetation etc.) should be conducted and an *Environment Protection Plan* (EPP) to mitigate those impacts be prepared and submitted to the respective zonal mine officers. The said Regulation also stipulates that the licensee should not knowingly discharge, deposit or emit liquid, solid, gaseous or particulate matter, or noise or vibration from the mine. KIL is aware of these requirements and intends to comply with all relevant laws and regulations aiming at protection of mother planet.

[4] KIL has already conducted Environmental and Social Impact Assessment (ESIA)

2.8 Summary of KRC Investment Ltd SWOT

Table 1 – Summary of KIL SWOT Analysis

Strengths ▪ Reputable shareholder with strong entrepreneurial characteristics. ▪ Experienced and committed Board and Management ▪ Potentially viable (uncommon) business idea ▪ Potential multi-disciplinary individual shareholders ▪ Strategic Location. The Project is strategically located at Lugoba Ward some 126 Kms from Tanzania's commercial capital of Dar Es Salaam connected with passable all-weather asphalt road except for the last 10 kilometres. ▪ Ownership and possession of Eight (8) PMLs with huge reserves of granite black stone. ▪ Availability of water and other utilities ▪ A very good relationship with the local government authority ▪ Presence of over 2,500 KRC membership and TAG Community ▪ Good Business relationship with bankers ▪ Supportive Board	*Weaknesses* ▪ KIL is just starting up the business ▪ Inadequate financial muscles. ▪ Underdeveloped operational systems. KIL will develop systematic operational policies and procedural manuals. ▪ Inadequate collateral ▪ No power yet at the site ▪ Inadequate Capital ▪
Opportunities ▪ Supportive national, legal and regulatory framework ▪ Potential demand from prospective mega government construction projects and other real estate stakeholders ▪ Projected increase in demand for housing in Dar Es Salaam for many years in the future (i.e. 200,000 units p.a.) ▪ Existence of Tanzania Mortgage Refinance Company (TMRC) Limited and the member banks thereby creating a room for borrowing from those banks ▪ Significant Construction Projects in Dar Es Salaam and the neighbourhood planned in 2019/20 government budget	*Threats* ▪ Possibility of delayed approvals from various authorities ▪ Multiple Government taxes ▪ Declining trend of real estate rental rates ▪ Quickly changing technology ▪ Limited tenure of Primary Mining Licenses to seven (7) years subject to renewal ▪ Shifting of most of the government activities to Dodoma, which has shifted attention from Dar to Dodoma ▪ Possibility of competitors poaching key staff members; and ▪ Less entry barriers fuelling endless competition

3 KIL Business Model

3.1 Business/Value Proposition

KIL owns eight PMLs covering more than 50 Acres of land that is geologically proven to have abundance of black granite hard-rock suitable for production of boulders and aggregates for construction of modern buildings and transportation infrastructure. Using modern technology, we crush and sort your desired size of dust-free boulders and aggregates. Using our well serviced delivery trucks, we deliver the aggregates anytime of the day, anywhere at affordable rates. We pledge our integrity to serve you with respect and love. Our services are reachable through telephone, internet, social media and by visiting our marketing office at your convenience.

3.2 Design of the KIL Business Model

KIL is in the business of producing, selling two main construction and building materials – boulders and aggregates and delivering the same to clients

3.2.1 Production of Boulders and Aggregates

Production of boulders and aggregates will be done at the KIL's quarry at Pongwe Msungura Village in Lugoba Ward, Bagamoyo. Boulders will result from excavation, drilling, blasting and sizing of black granite rock from the quarry. This process will require mining equipment including excavators, drillers, loaders, compressors (with jack and hammer), dump trucks, explosives and other materials for blasting the hard rock.

Boulders will then be crushed to produce aggregates and dust and chippings as by-products. Based on experience, it is estimated that for every volume of crushed boulders, 70% would be aggregates, 20% dust and 10% chippings. KIL will then screen/sort the aggregates in ¼", ½" and ¾" sizes. Production of aggregates will require a crushing plant, sorter and loaders. KIL will install a crusher plant with capacity of crushing 100 Tons/Hour (TPH) at 85% uptime, which would require 91,388 Cubic Meters of boulders. Such amount of boulders would produce at least 54,000 cubic meters of aggregates.

Production of the required amount of boulders would need 4,224 man-hours p.a. equivalent to two (2) shifts of 5.5 days/week, eight hours a day. Cost of producing 1 cubic meter of boulder is estimated to be between TZS 17,038/- and TZS 23,014/- while cost of producing one cubic meter of aggregates of any size is estimated to be between TZS 32,100/- and TZS 35,971/-.

For the first two years, KIL will only produce and sell boulders hence one 8-hour/day shift, 5.5 days/week. Production of aggregates will start in the third year after installation of the crushing plant. Once production of aggregates starts, KIL will stop selling boulders, this is because contribution margin of selling and delivering aggregates is higher than that of selling boulders and given the capacity of the crusher; all the produced boulders will be needed for production of aggregates.

3.2.2 Sale of Boulders and Aggregates

KIL will sell boulders and/aggregates to customers including individuals building their houses, delivery agents and construction companies implementing projects for roads, railways, bridges, dams, buildings etc. Customers may call at the Sales office at the Quarry or the sales office at Kinondoni in Dar Es Salaam. Currently, 1 cubic meter of boulders is sold at TZS 27,000/- while that of aggregates is sold at TZS 38,000/-. Sale of boulders will be done in the first two years and anytime when there is capacity to do so in future.

3.2.3 Provision of Services for Delivery of Aggregates

Besides selling boulders and aggregates, KIL will provide transportation services to delivery purchased aggregates to the customer's required place. Delivery services will start in the third year when production of aggregates commences. In the third and fourth year, KIL will have two (2) delivery trucks with capacity to carry 20 cubic meters of aggregates and from the fifth year onwards, there will be three (3) such trucks. The trucks will each make three (3) trips per day (i.e. 24 hours) for six (6) days in a week. During the eight years, charges for aggregate delivery services will increase from TZS 850,000/- to TZS 900,000/- per trip. On average, KIL will deliver more than 88% of all aggregates it produces. A total of 1,728 trips p.a. will be made in the third and fourth years and 2,592 trips in each of the subsequent years.

3.3 Demand and Target Market for Products and Service

3.3.1 Demand

Demand for construction materials, especially boulders and aggregates in Tanzania is projected to continue to be high. This is based on the fact that Tanzania still suffers from shortage of good quality and affordable housing estimated at 3.0 Million housing units valued at US $180 Billion coupled with a 200,000-unit annual demand[5]. Besides, the projected Tanzania's fast population growth and urbanization rates[6], makes it inevitable that the demand for these materials will also increase.

Despite the impact of shifting the government operations to Dodoma, Dar Es Salaam which is the main target of KIL's business, is projected to continue to have more demand of these building materials given her projected population growth and continued need for quality housing. In 2018, it was estimated that about 83% of Dar Es Salaam residents still lived in informal communities. In-ward urban migration due to young people coming for education in the higher learning institutions and those coming for improved social amenities is projected to increase.

The Tanzania's fifth phase government has distinguished itself as a government with appetite for infrastructural growth to support the industrialization agenda. As such more and more infrastructural projects in works, transportation and power, among other, are expected during the remaining six years should they continue in power. The budget of the Ministry of Works. Transportation and Communications for 2019/20 has demonstrated the stance of the government. Given the location of the KIL's quarry, some of the government projected slated for 2019/20 and subsequent years that it may supply aggregates to are given in **Table 3**.

Table 2 - Some Government Projects to be Implemented from 2019/2020

S/No.	Project	Distance
1	Judges Houses in Dar Es Salaam	N/A
2	Ubena Zomozi- Ngerengere Road	11.6 KM
3	Kisarawe - Maneromango	24 KM
4	Tanga - Pangani	50 KM
5	Tegeta - Bagamoyo	46.9 KM
6	Makofia - Mlandizi	36.7 KM

[5] **Source:** Housing Finance in Africa Yearbook 2018

[6] According to Finance in Africa, 2018; Tanzania's population growth and urbanization rates were 3.22% and 5.22% respectively.

7	Turiani – Mziha - Handeni	104 KM
8	New Wami Bridge	N/A
9	Mzinga Bridge	N/A
10	Kibamba – Kisopwa – Kwembe – Makondeko Road	14.66KM
11	Banana – Kitunda – Kivule – Msongola Road	14.7 KM
12	Mjimwema – Kimbiji – Pembamnazi Road	30 KM
13	Goba – Makongo Road	4 KM
14	Wazo Hill – Madale Road	9 KM
15	Mwai Kibaki Road	9.1 KM
16	Kongowe – Mjimwema – Kivukoni	25.1 KM
17	BRT Phase II joining Kilwa, Kawawa, Sokoine Drive, and Chang'ombe	20.3 KM
18	Flyovers at Mandela/Kilwa Roads and Nyerere/Kawawa Roads	
19	BRT Phase III joining Nyerere, Uhuru, Bibi Titi, Azikiwe and Lindi Roads	23.6 KM
20	BRT Fourth Phase joining Sam Nujoma, and Ali Hassani Mwinyi Roads	25.9 KM
21	Ubungo Interchange	N/A
22	Intersection for roads from Magomeni, Mwenge, Tabata/Mandela, Morocco and Buguruni at Fire	
23	Intersections for roads from Kinondoni (Ali Hassan Mwinyi) and Selander (Ali Hasan Mwinyi/UN Road junction)	
24	Passengers Lounge at Julius Nyerere International Airport Terminal III	
25	New Selander Bridge	

Major players in Tanzania Real Estate namely the national Housing Corporation (NHC), Watumishi Housing Company (WHC), Avic International and Pension funds still have substantial on-going projects in various parts of the country, especially in Dar Es Salaam. KIL is likely to supply aggregates to these continuing projects in the coming years. The fact that there is growth[7] in the Tanzania Mortgage market, indicates that demand for properties is picking up, so does the demand for building materials.

KIL has an ever-growing potential demand from KRC and TAG membership. Among the current number which is in the ups of 2,500; there will definitely be individuals planning to construct residential or business buildings. Since some of them will own shares in KIL; it will then be their supplier of choice.

3.3.2 Target Market

In the initial years of business, KIL's main niche' will be the private construction projects that would provide reliable business and steady cash-inflow to enable the envisaged investments for expansion to materialize. These projects could be those managed by construction companies or individuals. Gradually, KIL will penetrate into government projects taking into consideration their punctuality in payment to avoid frustration of planned investments due to illiquidity. As indicated earlier, KIL will also encourage delivery agents to buy from the quarry given availability of stock.

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[7] According to Tanzania Mortgage market Updates 30th September 2018, there was 29% increase in mortgage loans in the third quarter of 2018 subsequent to a decline of 2.8% in the previous quarter.

3.4 Pricing

It is the KIL's pricing policy to take into consideration the estimated unit cost, prevailing peer prices and such factors as volume and continuity of business, business relationship and customer's peculiar circumstances. In any case price must exceed cost of production by a margin enough to cover general and administrative costs. Currently, the selling price for boulders is TZS 27,000/Cubic Meter and TZS 38,000/Cubic Meter for Aggregates of all sizes.

3.5 Competition

We consider competition for supply of boulders and aggregates to be relatively low given the potential demand. KIL's competitors can be grouped into three categories namely:

3.5.1 Construction companies making their own boulders and aggregates

Some of the international and local construction companies, do opt to engage in supplying their needed construction inputs themselves. These are however not many (i.e. less than 25%). In some cases, they seek to work with companies owning quarries so as to optimize mutual benefits. Examples of competitors in this category include such companies as NOREMCO Tanzania Ltd, Southern Highlands Estates Ltd, ESTIM Construction Ltd, STRABAG Group etc. In most cases, requirement of these building materials is so substantial such that given the tight-work schedules; there is always an opportunity for private suppliers like KIL to be involved. KIL will be vigilant to work with any construction company should there be a viable business proposition for that.

3.5.2 Quarry owners supplying boulders and aggregates

The main competitors of KIL are fellow quarry owners especially those located in Lugoba Ward. However, since demand for boulders and aggregates is estimated to exceed available supply, competition is minimal. Examples of competitors in this category include Suma JKT, Msata Quart Ltd, Lake Group, TANSINO Quarries Ltd, Advanced Engineering Solutions Ltd, Lugoba Ward Tan Turk Stone Quarry Ltd, Ihembe Construction Ltd, Twiga Cement Ltd, VGK Company Ltd etc.

3.5.3 Delivery Agents

Since, part of the KIL's business is delivery of boulders and/aggregates; delivery agents, usually drivers of aggregate and boulder delivery trucks are another category of competitors that KIL's will have to contend with. However, KIL has a competitive advantage in that it has a quarry. Some of the would-be competitors will be compelled to buy aggregates at KIL's quarry. Besides, as indicated earlier, the demand from individuals constructing residential or business building is dispersed and usually depends on the information that the prospective client has. KIL's marketing and advertising strategies aim at optimizing the available competitive advantage.

3.6 Marketing

It is of paramount importance that as many people as possible get to know KIL as their choice supply of boulders and aggregates. That will be achieved by doing the following:

3.6.1 Engaging Marketing Agents

KIL will enlist as many agents as possible to ensure netting as many orders from those in need of boulders and aggregates (i.e. constructors, realtors, individual etc.). People targeted for enrollment in this list include drivers of delivery trucks, brokers (*i.e. 'Madalali'*) etc. Terms and conditions for engagement includes a commission of 2% for every business channeled to KIL.

3.6.2 Designing Website and Opening Social Media Accounts

KIL will design an interactive website where it will provide adverts and updates on her business regularly. Social media accounts including Facebook, Instagram, Twitter etc. will be opened to disperse information to potential clients.

3.6.3 Advertisements

KIL will, through KRC, use every relevant opportunity to market KIL's business through KRC and TAG membership. KIL's information will also be included in the KRC handbills, leaflets and newsletters. Whenever feasible, information about KIL will be provided in the relevant mass media and relevant journals.

3.6.4 Creating Business Relationship with Key Business Stakeholders

It is extremely important that KIL forms a strong business relationship with construction firms with a sole intention of getting business in their various projects. KIL can consider some discounts whenever feasible in exchange of economies of scale in supplying aggregates and boulders. Such relationship can be built by attending relevant conferences/meetings, one-on-one business meetings, invitations etc.

3.6.5 Provision of Quality Service

Meeting customers' and business partners' expectations is an important way, not only for keeping them with the company, but also changing them unconsciously/or consciously to be market KIL's business and win other customers with less effort. Such simple things like keeping a promise, keeping time, consideration based on business relationship and circumstances, compliance with laws and regulations etc. do usually make a difference in attracting and keeping clients.

4 KIL Institutional Set Up

4.1 Organization Structure

KIL's organization Structure is summarized in Appendix II.

4.1.1 Governance

The topmost organ in the KIL's organogram is the Annual General Meeting (AGM). This comprises of shareholders of KIL (at most 50 members), Board members and KIL's CEO and Secretary to the Board. The AGM meets once annually. Some of its functions include to review the company's progress and strategic direction, review and/or ratify board decisions and proposals, review and approval annual audited financial statements and appoint external auditors.

The KIL Board provides strategic direction and leadership to Management of KIL. The KIL Board of Directors reports to the AGM. It also appoints, appraises and rewards the CEO and the Internal Auditor. It delegates running of the day to day businesses to the CEO. The Board will have four (4) ordinary meeting and two extra ordinary meetings p.a.

KIL is governed by a seven-member Board of Directors, whose details are as follows:

Table 3 – List of Board Members

S/No.	Name	Profession	Age[8]	Nationality
1	Alex Norman Shemsanga	Geologist	36	Tanzanian
2	Benadetha Mbutolwe Mwabusila	Human Resource Management	43	Tanzanian
3	Prof. Rubhera RAM Mato	Environmental Engineering	59	Tanzanian
4	Rev. Josen William Siria	Business Consultant	60	Tanzanian
5	Clement G. Ndhahani	Administrator	49	Tanzanian
6	Flora Aris	Auditor	52	Tanzanian
7	Eng. David Marko Simfukwe	Mechanical Engineering	54	Tanzanian

4.1.2 Management and Staff

The CEO is the head of management, the spokesperson and accounting officer of the organization. He is the direct liaison between the board and management and between external stakeholders and KIL. He is also an ex-official member of the KIL's Board and a participant in the AGM. He has the powers to hire and fire staff who are not appointees of the Board. The CEO reports to the Board.

Under the CEO are three departments namely Quarry Operations, Marketing and Finance and Administration. Quarry and operations department is responsible for production of boulders and aggregates. It has three sections/units namely Excavation, Drilling and Blasting section, Crushing and Screening section and Maintenance and Security section. The supervisors/foremen of the three sections report to the Quarry operations Manager. Staff in the Quarry Operations Department are mainly engineers

[8] In 2019

The Sales & Marketing Department has two sections namely Marketing and Ordering section and the Aggregate Delivery Section. The marketing and ordering section is responsible for looking for customers, handling them and their orders and communicating the same to the Aggregate Delivery section. The Aggregate Delivery section is responsible for timely delivery of orders. The foremen of both Marketing & Ordering and Aggregate Delivery Sections report to the Head of Sales and Marketing. Quarry Operations and Sales & Marketing Department work very closely to ensure that customers' expectations are met, company stock are safe at the quarry, between the quarry and the customer and proceeds of the sales are properly and timely channeled to Finance and Administration Department. Staff in the Marketing & Sales Department are marketers, business professionals and IT professionals.

Finance and Administration Department provides support services to the company by keeping records, preparing reports (financial and others), managing human resources, receiving payments and making payments. This department has two section namely Accounting section and administration section. Supervisors of these sections report to Head /Manager of Finance & Administration. Staff in the Finance and Administration Department are Accountants, Business Professionals, Finance specialists, bankers, economists, office managers etc.

There is an internal auditor who provides independent opinion to the Board of Directors as to the effectiveness and efficiency of the company's risk management, governance and internal controls processes. S/he reports administratively to the CEO and functionally to the Board. An internal Auditor is a board appointee.

It is envisaged that KIL's staff complement will grow from 22 in the first year to 32 in the tenth year. More details on KIL staff are given in **Appendix IV**.

4.2 Policies and Procedures

KIL is committed to good governance best practices which call for existence of well-documented policies for all processes and proper communication of and compliance with the same to all staff and other stakeholders equitably. All necessary policies shall therefore be put in place in the first year of operation.

4.3 Information and Communications Technology (ICT)

The need for Information and Communications Technology (ICT) in running modern businesses cannot be ignored. KIL shall, with time, shift from manual to computerized operations. In the first year of operation, KIL plans to put in some IT equipment to help in keeping data and information and for simplifying communication. A budget of TZS 5.0 Million is set aside.

5 Financial Projection

5.1 Key Assumptions

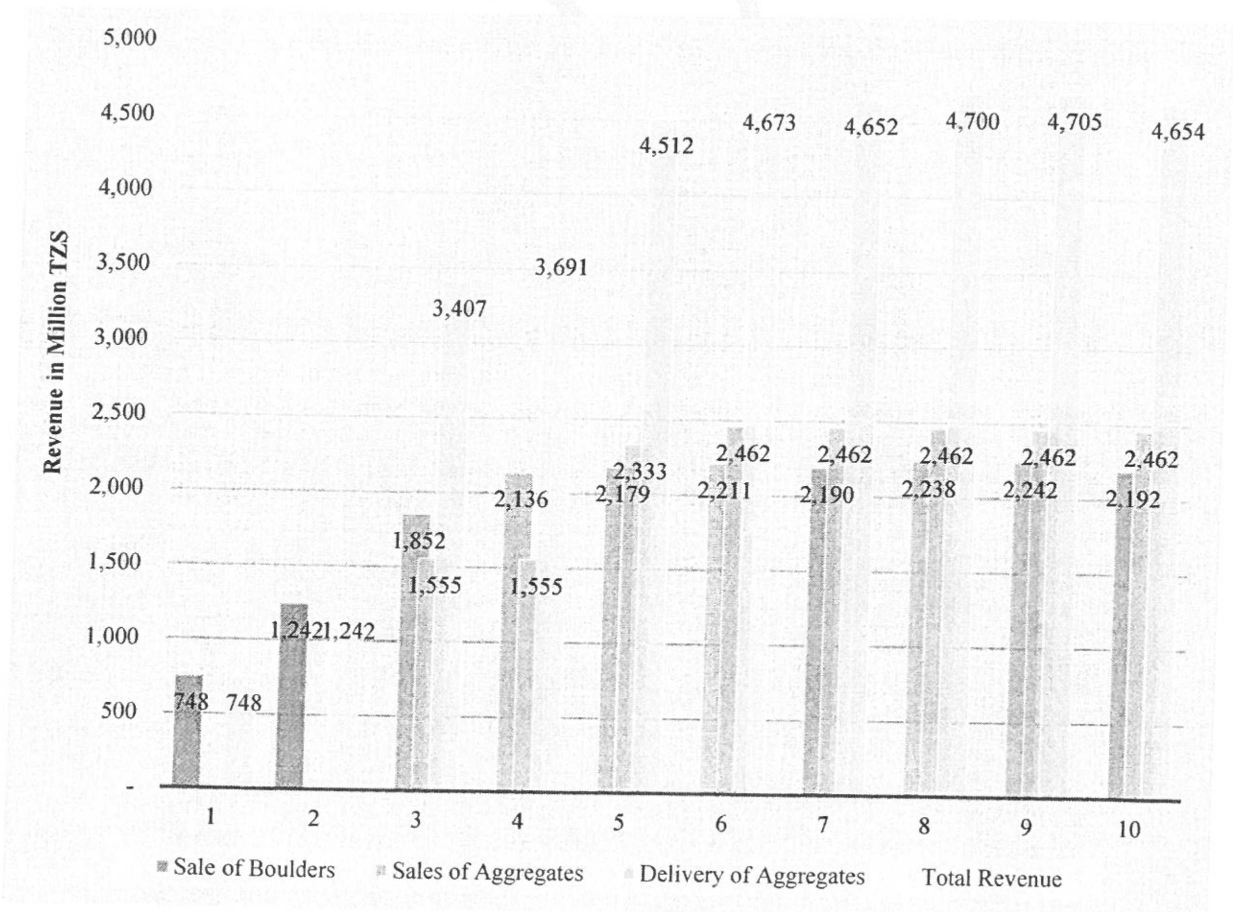
The financial projections for this Plan have been made on the basis of both cross-cutting and specific assumptions. It is therefore important to study the assumptions in order to understand the projections. The key assumptions are detailed in **Appendix I**.

5.2 Revenue Plan

It is projected that KIL's revenue will come from selling boulders and aggregates and from provision of transportation services for delivery of aggregates. Boulders will be sold in the first year and second year before installing crushing plant. Once the crusher is installed, all boulders will be turned into aggregates. It is important to note that, the capacity of the envisaged crusher (i.e. 100TPH) will require more than 91,000 cubic meters/shift[9] of boulders hence the need for two shifts. I cubic meter of boulders is currently sold at TZS 27,000/- while that of aggregates (1/4", 1/2" or ¾") sells at TZS 38,000/-. The price of aggregates is projected to increase to TZS 40,000/- per cubic meter from the third year.

KIL's revenue is expected to increase from TZS 748 Million in the first year to TZS 4,705 Million in the ninth year. **Figure 1** and **Appendix III** provide details.

Figure 1 – Projected Revenue for Year – 1 to Year - 10



[9] A shift is an 8-hour man-day

5.3 Staff Remuneration Plan

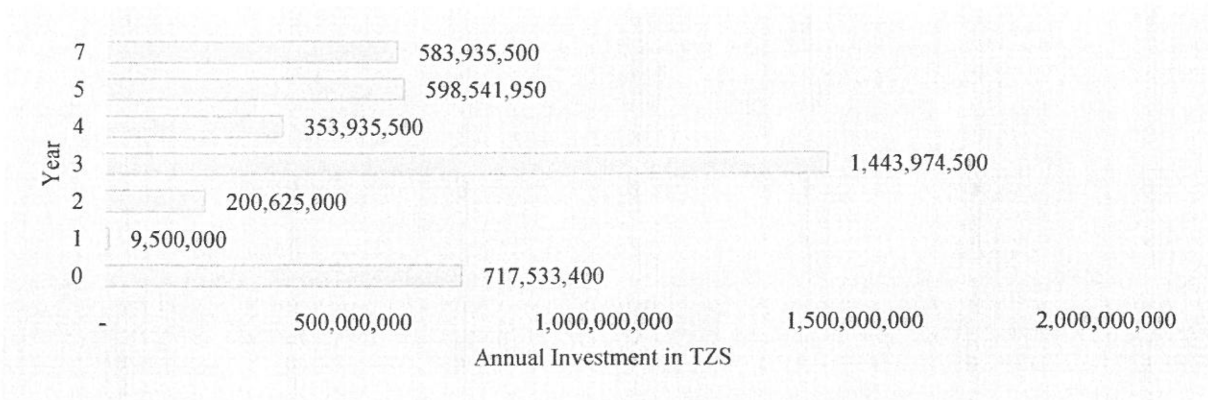
It is projected that KIL's staff complement will increase from 22 in the first year to 32 in the tenth year. Total wage bill will also increase from TZS 291 Million to TZS 479 Million. Staff basic salaries will increase by 10% in the fourth and seventh years. More details are given in **Appendix I, II, IV** and in **Figure 2.**

Figure 2 – Staff Complement and Annual Wage Bill

5.4 Capital Expenditure Plan

KIL has started operations with few equipment namely truck excavator (1), Air Compressor (1), Dump Truck (1) and Pick-up Truck (1). All previous year expenditures amounting to TZS 728 Million are capitalized in this plan. In the first year of operation office equipment and furniture costing TZS 9.5 Million will be purchased. The Mining (Mineral Rights) Regulations, 2018 requires that a quarry should be fenced as per given instructions. KIL will therefore build part of the fence, put demarcation for the PMLs and build a workshop facility for maintenance of mining equipment in the second year. It is estimated that a total of TZS 201 Million will be spent. In the third year, the remaining part of the fence will be finished, 100 TPH Stone Crusher (1), Stoner Sorter (1) and Two (2) Aggregate Trucks will be purchased. A total of TZS 1,464 Million will be spent. In the fourth year, one Truck Excavator will be purchased at TZS 354 Million. In the fifth year one (1) crawler driller, one (1) wheel loader, one (1) compressor, one (1) delivery truck and one pick-up truck. A total of 599 Million will be spent. Another capital expenditure will be done in the seventh year towards one (1) truck excavator and one (1) dump truck. It is projected that a total of TZS 584 Million will be spent in the seventh year. ***Total Capital Expenditure during the 10 years of this plan will amounts to TZS 3,191 Million*. Therefore overall expenditure since the start of the project up to the year 2029/2030 will amount to TZS 3,939.5 Million Figure 3** depicts the projected CAPEX. Additional details are given in **Appendix VI.**

Figure 3 – Capital Expenditure (CAPEX) Plan

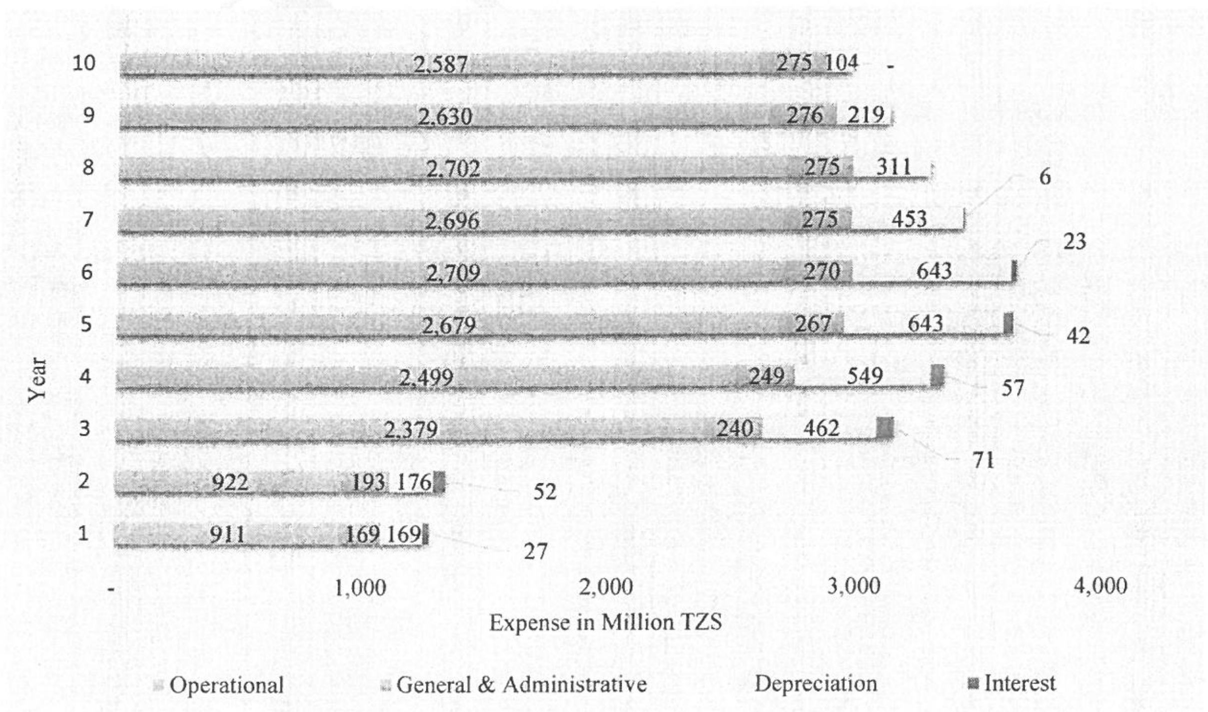


5.5 Operational Expenditure, General and Administrative and Other Expenses Plan

Operational Expenditure (OPEX) is projected to increase from TZS 911 Million in the first year to TZS 2,587 Million in the tenth year. OPEX comprises of Production expenses and Delivery expenses. Production expenses include drilling, blasting, crushing, loading and hauling expenses; Health and Safety Expenses (HSE) and Quarry Site Expenses. Delivery expenses are those related to fuel, tire costs, labour and maintenance of delivery trucks.

General and Administrative expenses are projected to increase from TZS 169 Million in the first year to 275 Million in the tenth year. Other expenses consist of depreciation and interest expense. **Figure 4** and **Appendix V** provide details.

Figure 4 – OPEX, G&A and Other Expenses Plan



5.6 Prospective Sources of Financing

There are three sources of funds for this KIL investment in this business namely debt, capital injection and business proceeds[10]. Besides the business proceeds, ***KIL will need injection of TZS 1.65 Billion – TZS 1.7 Billion.*** Analysis of potential cashflows indicate that there are two (2) viable options for packaging these sources of funds. The options are as follows:

5.6.1 Option – 1: Overdraft and Paid Up Share Capital

Details for Option - 1

In this option[11], a total of TZS 1.65 Billion will need to be injected in the business. At the beginning of the business (i.e. in the first year of operation); KIL will need an immediate facility for working capital[12] of not less than TZS 150 Million. The remaining TZS 1.5 Billion would be injected as paid up share capital subsequent to allotment of shares to prospective shareholders. The amount could be injected in installments for three years (i.e. TZS 400 Million in the first year, TZS 500 Million in the second year and TZS 600 Million in the third year. Most of these funds will be used for financing capital investments. **Table 4** summarizes the proposed sources of funds for option – 1.

Table 4 – Option -1 for Capitalization of KIL

S/No.	Possible Sources	Amount Injected in Million TZS			
		Year - 1	Year - 2	Year - 3	Total
1	Overdraft (O/D)	150.00	0.00	0.00	150.00
2	Share Capital	400.00	500.00	600.00	1,500.00
3	Term Loan at 18% p.a.	0.00	0.00	0.00	0.00
	Total	**450.00**	**500.00**	**600.00**	**1,650.00**

Rationale for Option – 1

This option provides a sustainable capital base for the company and saves it from interest expenses. It also helps the company to avoid challenges of looking for collateral to tie to the financiers for long periods. Its success however depends on proper dissemination of information to prospective stakeholders to win their immediate buy-in. This document and the envisaged investment memorandum would play an important role to that effect if pitched timely and to the right audience. KIL could also use TAG platforms to access potential shareholders. Through option – 1, KIL is targeted to build Net-worth of TZS 7,127 Million by the end of year 10.

5.6.2 Option – 2: Overdraft, Paid Up Capital and Term Loan

Details for Option – 2

This option[13] combines all three possible sources of funding. In the first year it proposes an O/D of TZS 150 Million at the beginning of operation, followed with an injection of paid up share capital of TZS 400 Million. In the second year, it proposes injection of paid up share capital of TZS 400 Million and an 18% p.a. five-year Term Loan of TZS 300 Million. In the third year, it calls for injection of paid up

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[10] Business Proceeds (Net Cash from Operations) are given in Appendix VIIC – Projected Cashflow Statement

[11] This Option is also referred to as *'Without Debt'* in other parts of this document

[12] Overdraft is more preferred for financing working capital to term loan due to possibility of reducing interest expense and management of liquidity.

[13] This option is also referred to in this document as *'With Debt'*.

share capital of TZS 300 Million and another 18% p.a. five-year Term Loan of TZS 150 Million. More details are given in **Table 5.**

Table 5 – Option – 2 for Capitalization of KIL

S/No.	Possible Sources	Amount Injected in Million TZS			
		Year - 1	Year - 2	Year - 3	Total
1	Overdraft (O/D)	150.00	0.00	0.00	150.00
2	Share Capital	400.00	400.00	300.00	1,100.00
3	Term Loan at 18% p.a.	0.00	300.00	150.00	450.00
	Total	**450.00**	**700.00**	**450.00**	**1,700.00**

Rationale for Option – 2

This option provides relatively more achievable targets for collection of paid up share capital from prospective shareholders and it provides back up from Term Loan facility. If implemented it will enable KIL to build Net-Worth of TZS 6,536 Million by the end of the tenth year. The disadvantage of this option is that it calls for availability of collateral and it subjects KIL to additional expense - interest on Loan. On the other hand, diversification of sources of financing reduces risk of delayed and unavailability of needed funds. If KIL services the envisaged O/D properly and the business picks up as anticipated; then the relationship built with KIL's bankers will increase creditworthiness and reduce perceived risk. KIL will also benefit from Tax Shields provided by interest expense thereby improving business viability.

5.7 Comprehensive Projected Financial Statements

5.7.1 Projected Income Statement

KIL is projected to increase its performance from a Net Loss Before Tax (NLBT) of TZS 528 Million in the first year of operation to Net Income Before Tax (NIBT) of TZS 1,696 Million in the tenth year. If it adopts option -1 above, it will make cumulative NIBT of 8,027 Million while if it takes option – 2, the cumulative NIBT will be TZS 7,776 Million[14]. These projections indicate that this business will break even in the third year of operation given assumptions in **Appendix I**. Details of income are given in **Table 6** and **Appendix VIIA (1) & (2).**

Table 6 – Summary of Projected Income from Y-1 to Y -10

Details/Year	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	Total
Total Revenue	748,395,094	1,241,979,477	3,406,983,546	3,691,426,578	4,511,693,032	4,673,402,330	4,652,263,596	4,700,162,410	4,704,814,644	4,654,421,630	36,985,542,337
Total Expense (With Debt)	1,276,571,070	1,343,844,104	3,151,462,668	3,355,136,850	3,630,332,410	3,644,961,651	3,429,144,657	3,288,785,163	3,124,009,444	2,965,017,475	29,209,265,492
Total Expense (Without Debt)	1,276,571,070	1,291,621,247	3,080,891,118	3,297,669,574	3,588,434,323	3,621,561,316	3,423,514,359	3,288,785,163	3,124,009,444	2,965,017,475	28,958,075,088
Net Income/(Loss)Before Tax - With Debt	(528,175,976)	(101,864,627)	255,520,878	336,289,728	881,360,622	1,028,440,679	1,223,118,939	1,411,377,247	1,580,805,199	1,689,404,156	7,776,276,845
Net Income/(Loss)Before Tax - Without Debt	(528,175,976)	(49,641,770)	326,092,428	393,757,004	923,258,710	1,051,841,014	1,228,749,237	1,411,377,247	1,580,805,199	1,689,404,156	8,027,467,249

It is projected that should KIL adopt Option – 1, it will pay cumulative tax of TZS 2,600 Million in ten years while if it adopts Option – 2, it will pay a total of TZS 2,540 Million only.

[14] These figures for Cumulative NBIT differ by TZS 199,208,348 from those indicated in Appendix VI due to part of the cost being carried forward as Closing Stock of Aggregates.

5.7.2 Projected Balance Sheet Statement

Comprehensive Projected Statements of Affairs (Balance Sheet) for ten years for the two options are given in **Appendix VIIB (1) & (2).** The se projections indicate, among other things, that KIL will be able to increase its Net-worth from TZS 158 Million in the first year to TZS 7,127 Million in the tenth year if it adopts option -1. However, if it adopts option – 2, Net-worth in year 10 will be TZS 6,536 Million.

5.7.3 Projected Cashflow Statement

Detailed Projected Cashflow Statements for both options of financing are given in **Appendix VIIC (1) & (2).** It is important to note that before KIL started operations, it owed KRC a total of TZS 741,011,312 being expenditures made on behalf of KIL prior to kick-off. It is projected that this interest-free loan will be repaid in full in five installments from year 6. Repayment Schedule is given in **Table 7**.

Table 7 – Repayment Schedule for KRC Loan

Detail	**Year - 6**	**Year - 7**	**Year - 8**	**Year - 9**	**Year – 10**
Amount of Loan at the Beginning of the Year	741,011,312	641,011,312	491,011,312	291,011,312	41,011,312
Amount Paid	100,000,000	150,000,000	200,000,000	250,000,00	41,011,312
Balance at the End of the Year	**641,011,312**	**491,011,312**	**291,011,312**	**41,011,312**	**0**

5.8 Viability Assessment

Appraisal of KIL's business using Net Present Value (NPV), Internal Rate of Return (IRR), Profitability Index (PI) and Pay-Back Period indicate positive prospects regardless of the financing option chosen. Details on viability analysis are given in **Appendix VIIIA & B, Table 8** and **Table 9**.

Table 8 – Appraisal Results with Option -1

Appraisal Method	**KIL's Position**	**Appraisal Rule [Accept if ...)**	**Decision**
PV of Cash Inflows	2,476,809,521	> 751,011,312	VIABLE
Net Present Value (NPV)	1,735,798,209	> 0	VIABLE
Internal Rate of Return (IRR)	36.64%	> 18%	VIABLE
Profitability Index (PI)	3.34	> 1	VIABLE
Pay Back Period	4.45	Less than 10	VIABLE

Table 9 – Appraisal Results with Option - 2

Appraisal Method	**KIL's Position**	**Appraisal Rule [Accept if ...)**	**Decision**
PV of Cash Inflows	2,638,372,582	> 751,011,312	VIABLE
Net Present Value (NPV)	1,897,361,270	> 0	VIABLE
Internal Rate of Return (IRR)	38.01%	>18%	VIABLE
Profitability Index (PI)	3.56	> 1	VIABLE
Pay Back Period	4.32	Less than 10	VIABLE

5.9 Socio-economic Contributions

Besides being indications for viability, this business will also provide significant socio-economic contributions as follows:

5.9.1 Provision of Employment

More than 32 families are going to enjoy income from permanent employment of their members from KIL during the 10 years of its operations. Many other people are going to earn income from KIL during its operation including brokers, delivery truck drivers, and those providing food at the KIL Quarry.

5.9.2 Corporate Social Investment and Responsibility

Building of Classrooms

It is the policy of KIL to share its success with neighbours. Even before commencement of operations, KIL contributed TZS 18,242,500/- towards building two classrooms at a primary school in Pongwe-Msungura Village. Such contributions are expected to continue in future whenever possible.

Payment of Royalty (3% of Total Revenue)

KIL has entered into an agreement with the local government of Pongwe-Msungura village that upon commencement of business, it will be contributing TZS 500,000/- per month towards the village account.

Payment of Royalty to the Local Government Authority

Compliance with laws and regulations is an obligation that KIL takes very seriously. KIL will therefore pay 3% royalty to STAMICO as per the law and regulations therefor.

Payment of Tax and Other Statutory Obligations

Besides payment or facilitation of payment of indirect taxes, KIL projects to pay between TZS 2,540 Million TZS - 2,600 Million in ten years. With a wage bill of between TZS 291 Million – TZS 479 Million per year, KIL will be a great agent of TRA for such taxes as Pay as You Earn (PAYE), Skills Development Levy (SDL) etc. KIL will also play an agency role for Workers' Development Fund (WDF) and Social Security Funds.

Supporting the Fifth Government in Construction of Infrastructure

Being part of the value chain in doing what matches with and ultimately contributes to achievement of the government priorities delightful. The fifth government has distinguished itself by embarking on infrastructural development including roads, railways, airports, office buildings, playgrounds etc. Most of these projects will require boulders and/or aggregates.

6 Risk Management

6.1 Definition

Risk is defined as the effect of uncertainty on objective (ISO 31000:2018). Good governance requires that risks are proactively identified, analyzed, evaluated, responded to and monitored. Proactive identification is therefore KIL's first pre-requisite into managing the risks that could possibly affect achievement of KIL's objectives. The following are the identified relevant inherent risks:

6.2 Inherent Risks

Operational Risk[15]

Non-existence of or existence of ineffective internal controls systems (i.e. processes, policies, procedures, working tools etc.) and wrong placement of human capital can expose KIL's business to possibility of injury and/or deaths, environmental degradation, customer dissatisfaction, loss of business opportunities, pilferage of KIL's assets due to dishonesty, non-achievement of set performance targets in terms of production, sales etc. At KIL, Human talent is the most important resource. It is therefore important to have the right number of adequately motivated human talents with optimal competence and professional mix working for KIL.

KIL is keen to ensure that the right number and mix of the required people are timely placed to execute appropriately conceptualized and designed business processes guided by policies and procedures that are fully communicated to all concerned. Projected recruitments, purchase of working tools, development of operational policies and procedures are all cognizant of our perceived inherent operational risk.

Specifically, this business is exposed to risks of injury and death due to explosives (since explosives are going to be used in shattering the bedrocks) and exploded pieces of rocks are risky. All precautions legally required to be taken in order to protect lives and properties of staff and those in the neighbourhood, are going to be adhered to strictly. Drilling and blasting are going to be done by our qualified and experienced staff to ensure safety. Disposal of used explosives' containers shall be done as required by best practice. Safety wear and gadgets shall be adequately provided to staff at all times. Requirements of Occupational Health and Safety Authority (OSHA) shall be adhered to accordingly. Operational risk is estimated to be medium.

Liquidity Risk

It is important that KIL meets its obligations as and when they become due. The possibility that a rightful obligation or a business opportunity can present itself and KIL fails to pay or take advantage respectively is something that will need management's constant vigilance. Placements in the KIL Finance and Administration Department are done cognizant of the need of expertise to, among other things, manage cash and bank balance to avoid illiquidity challenges. Plans for management of liquidity through capitalization, seeking financial facilities from financial intermediaries, creating business relations that would enable KIL to access goods and services on account are but some of the mitigation mechanisms against liquidity risk. Preparation of this Business Plan aims at, among other things, mitigating Liquidity risk before it results into reputational risk. We estimate liquidity risk to be within acceptable tolerance levels.

[15] The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

Reputational Risk

The image of an organization is very important for its business prosperity. It is however relatively easy to smear an organization's image with dirt than to build a brand image. Reputational risk can be caused by actions of people from within and/or without. The basis for the spoil could either be a genuine negative action (e.g. illiquidity) or a malicious information intentionally delivered to the public to damage the organization's business. While it is not easy to control externally originating reputational damage; KIL always cultivate the culture of confidentiality and management of information; regularly train its staff on their duties and guide its contractors/consultants and business partners through contractual agreements or otherwise; to ensure the image is protected.

We are aware that one of the common reasons for reputational damage in mining businesses is bad relationship with the community around the Quarry. KIL has engaged the local government authorities around the Quarry to assimilate our business as a member of the village. KIL has already participated in building two classrooms for a school at Pongwe - Msungura. An agreement on monthly contribution of TZS 500,000/- to the village account has also been signed. KIL will also provide opportunity for casual labour to villagers as opportunity arises. Given the company's stance to keep all relevant laws, regulations and best practices, we do not envisage significant risk on these areas.

Political Risk

The effect of the possibility of changes in national policies, political decisions and actions of the government in power have implications on how businesses are carried out in the country. The installment of the fifth CCM government in late 2015 has brought significant changes in the way businesses are run in Tanzania. More accountability is being re-introduced in the system as the government strives to establish policies leading to industrialization of Tanzania. The mining sector in particular, has gotten its share of attention. KIL is alert as it follows the trend of changes consistently so that it keeps abreast of new developments. Political risk is currently estimated to be within tolerance levels.

Risk of Delayed or Non-renewal of PML

KIL possesses and own eight (8) PMLs expiring in 2022. The tenure of PMLs is usually seven (7) years. We are keenly observant of the legal and regulatory requirements to ensure consistent compliance. According to the law, the process for renewal of the PMLs is straight forward. The possibility of non-renewal is therefore estimated to be remote.

Inadequate funding Risk

Viability of this project is highly dependent on timely financing of the operations as per this plan. Funding is expected through capital injection subsequent to allotment of shares, receipt of debt from financial intermediaries and proceeds from planned operations. The projections given in this plan are based on prudence cognizant of the estimated potential likelihood. Despite all these, should anticipated shareholders delay to inject the funds or the expected debt delay due to unavailability or inadequacy of collateral or any such factors, the operations are likely to be affected. However, since prospective shareholders are KRC and its members; there is optimism to have timely support given the importance attached to this project. KIL is already preparing an ***Investment Memorandum*** to provide potential shareholders will require information that would enable them to make informed decision in the interest of time. Pitching of the Business Plan will also help in disseminating relevant information. This risk is estimated to be medium.

Risk of Delayed access to Black Granite Bedrock

It is not unusual in similar businesses to spend more resources than planned in pursuit of the bedrock targeted for production of boulders and aggregates. Besides having relied on the geological study reports for the Lugoba Ward area; preliminary work already done at the Quarry has confirmed access to the required bedrock. This risk is therefore estimated to be within acceptable tolerance levels.

Risk of Inadequate governance and management machinery

KIL is venturing into a business involving huge amount of money, it therefore needs a BoD that understands the KIL's business; contemporary governance issues and challenges and is ready to and capable of unanimously taking informed strategic decisions to ensure continued existence of the company. This risk can be mitigated by creating awareness to BoD on good governance best practices and exposing them to business environments of similar or related ideas beyond the borders of this country.

Non – Compliance with legal and regulatory requirements

As a good citizen, KIL will ensure compliance with legal, regulatory and best practice requirements of the its business. This business requires stick compliance with laws from OSHA, NEMC, STAMICO etc. Non-compliance with some of these might undermined the KIL's business completely. To mitigate this risk, KIL will retain the services of a legal advisor to ensure proactive identification of a compliance-related risk and responding to it timely.

7 Monitoring Evaluation & Learning

The importance of continuous assessment of progress in achieving this plan and periodic evaluation of whether the envisaged high-level targets are being met or not, cannot be overemphasized. It is prudent to consistently check if risks identified and assumptions made previosuly are still valid or need to be reviewed. Consequently, KIL intends to make early correction an integral part of project execution. KIL will therefore take the following measures to consistently monitor efficiency and effectiveness of implementation of this business plan:

i) Development of Annual Action Plans and Budgets

Based on this Business Plan; management will develop Annual Action Plan and budget thereof. Preparation of these documents will provide an important opportunity to the management to update the plan with more current information. Both Action Plan and Budget are monitoring tools.

ii) Develop Monitoring and Evaluation Plan

A system of routine information collection will be put in place to establish that inputs, activities and expected outputs have occurred. This system will be designed in such a way that it documents all aspects of project implementation. Some of the questions to be addressed by the plan include the following:

- Do actual activities correspond to the plan?
- Do project costs correspond to the budget?
- Is there evidence that we are getting the right product (i.e. boulders and aggregated) and providing the envisaged delivery services?
- Do daily revenues correspond to sold cubic meters of boulders and aggregates
- Does the amount of sold boulders and aggregates and available stock balance with the amount produced?
- Does daily equipment/machine fuel consumption correspond to the established standards?
- Are our customers happy with our product and services? Etc.

iii) Development of Policy and Procedure manuals

To communicate board and/management directives in a consistent manner, the Board shall develop various policy manuals to be followed by staff and other KIL stakeholders. Such policies include Accounting and Financial Manual, Human Resources Manual, Operations Manual, Procurement Manual etc.

iv) Authorizations and Approvals

Once the Annual Action Plans and Budgets are developed; management should strictly adhere to these documents for approvals and authorization. Activities that do not feature in these documents shall only be approved after a thorough consideration and consultation.

v) Carrying Variance Analysis

Regularly (i.e. monthly or quarterly), a report on comparison between actual expenditures and the budgeted ones shall be prepared and tabled in relevant internal fora.

vi) Regularly Hold Board Meetings

Board meetings shall be held regularly and KIL's progress Report shall be deliberated on. The Board provide its strategic direction to management of the required improvements to be made.

vii) Conduct Internal Audit

KIL plans to have internal audit services from the second year of operation. The Annual Audit program should adequately be reviewed by the Board members to ensure that their directives and expectations are incorporated. An internal auditor shall provide assurance service on effectiveness and efficiency of the management's actions. Internal Audit report shall be tabled regularly to the Board.

viii) Undertake Annual Statutory Audit

KIL will ensure that its books are audited annually and audit report including management letter is presented to the board. This will provide the Board with independent opinion on how KIL is performing.

ix) Annual General Meeting

Every year, stakeholders shall be informed about the progress made in implementing this Business Plan. Such sessions shall also be used to gather important ideas from stakeholders that would be used to improve KIL plans and operations.

Appendices

Appendix I – Key Assumptions

Cross-cutting Assumptions

1. Exchange rate used is TZS 2,300/1 US$
2. Inflation is assumed at 3.5% p.a.
3. Accounting period for this project is 1 August to 31 July.
4. KIL (through registered Trustees of Tanzania Assemblies of God) possesses and owns eight Primary Mining Licenses (PMLs) for granite quarries at Pongwe Msungura village in Bagamoyo. The PMLs occupy a total of 50.4 Acres. The maximum tenure of the PMLs is seven (7) years. KIL will renew ownership of its PMLs in 2021/22. The details of the PMLs are as follows:

S/No	Primary Mining License Number	Date of Expiry
1	PML 011936EZ	7th April 2022
2	PML 011937EZ	7th April 2022
3	PML 011938EZ	7th April 2022
4	PML 011810EZ	7th April 2022
5	PML 0118DSM	20th January 2026
6	PML 012451EZ	30th August 2022
7	PML 012452EZ	30th August 2022
8	PML 012453EZ	30th August 2022

5. 1 Cubic Meter of Granite weighs 2.72 Tons.
6. The Project will seek TIC Investment Certificate. This certificate will enable the Project to receive tax related breaks in terms of waived/ reduced import duties and value added tax (VAT) and also accelerated capital allowances.
7. Corporate Tax Rate is 30% p.a. 75% of taxes are paid in the current year and 25% in the first quarter of the following year.
8. KIL's quarry set up and running of its operations shall meet the requirements of all applicable laws and regulations.
9. External Auditors for KIL will be appointed in accordance with the requirements of the Companies Act Cap 212. The current Auditors are Claritas International.
10. Viability of this business is assessed using NPV, Payback period, IRR and Profitability Index. The details are given in the KIL Viability Assessment Worksheet.
11. Comprehensive workings are given in the attached Ms. Excel file. The following important Projected Statements are derived from the attached workings:

    - Fixed Assets Movement Report
    - Cash & Bank Account
    - KIL Comprehensive Income Statements for 10 Years
    - KIL Financial Position for 10 years
    - KIL Cash Flow Statement for 10 years
    - KIL Viability Assessment based on various methods

Specific Assumptions – Capital Expenditure (CAPEX)

12. All expenses incurred since 2016 up-to end of July 2019 and the inauguration expenses (i.e. TZS 1.5 Million) amounting to TZS 114,733,400.00 have been capitalized as Pre-operational expenses and amortized in two years.
13. Fees paid for Environmental Impact Assessment (EIA) to NEMC is estimated at TZS 10.00 Million and shall be paid in the first year

14. For the next ten years, this project will spend TZS 3,918,045,850.00 in Capital Expenditure to make the project viable. The details are given in the **CAPEX** worksheet.
15. Fixed assets are depreciated on straight line method at the following rates:

▪ Buildings	5% p.a.
▪ Plant & Machinery	25% p.a.
▪ Motor Vehicle	25% p.a.
▪ Furniture & Fittings	12.5% p.a.
▪ Equipment	12.5% p.a.
▪ IT Equipment	37.5% p.a.
▪ Intangible Assets	25% p.a.
▪ Pre-operating Expenses	50% p.a.

Details on Calculation of depreciation expenses are given in the **Fixed Assets Movement Worksheet.**

Specific Assumptions – Operational Expenses (OPEX)

16. Human Resources required at KIL are projected as follows:

Department/Section	Position	YEAR										Monthly Salary in TZS
		1	2	3	4	5	6	7	8	9	10	
CEO's Office	CEO	1	1	1	1	1	1	1	1	1	1	2,500,000.00
		1	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	
Quarry Operations	Operations Manager	1	1	1	1	1	1	1	1	1	1	2,000,000.00
	Quarry Supervisor	1	1	1	1	1	1	1	1	1	1	1,500,000.00
	Drilling Machine Operator	1	1	1	1	1	1	1	1	1	1	1,500,000.00
	Blasting Foreman	1	1	1	1	1	1	1	1	1	1	1,500,000.00
	Loader Operator	1	1	2	2	2	2	2	2	2	2	1,000,000.00
	Excavator Operator	1	1	2	2	2	2	2	2	2	2	1,000,000.00
	Excavator Operator Assistant	1	1	1	1	1	1	1	1	1	1	600,000.00
	Dump Truck Driver	1	1	2	2	2	2	2	2	2	2	1,000,000.00
	Pick Up Driver	1	1	1	1	1	1	1	1	1	1	500,000.00
	Delivery Truck Driver	0	0	4	4	6	6	6	6	6	6	600,000.00
	Casual Labourer	6	6	6	6	6	6	6	6	6	6	270,000.00
	Guard	5	5	5	5	5	5	5	5	5	5	350,000.00
		20	***20***	***27***	***27***	***29***	***29***	***29***	***29***	***29***	***29***	
Assurance	Internal Auditor	0	1	1	1	1	1	1	1	1	1	1,000,000.00
		-	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	
Administration	Accountant and Administration Officer	1	1	1	1	1	1	1	1	1	1	2,000,000.00
		1	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	

Department/Section	Position	YEAR										Monthly Salary in TZS
		1	2	3	4	5	6	7	8	9	10	
	TOTAL	22	23	30	30	32	32	32	32	32	32	

17. Remuneration for personnel in CEO's office have been apportioned 80% to Direct Labour (Cost of Production, hence part of OPEX) and 20% to Indirect Labour (i.e. General and Admin. Expenses). Basic salary will increase by 10% from the fourth year and for another 10% from the seventh year.
18. One blast costs US $1,000 (i.e. TZS 2,300,000.00) and produces 1,000 cubic meters of boulders. There will be four blasts per month.
19. Working time will be 8 hours a day, five and half days a week, at an efficiency uptime of 85% and given available equipment; 4,000 Cubic Meters of boulders will be produced per month (i.e. Approximately 29.41 Cubic Meters per Hour assuming 100% efficiency).
20. From the third year, there will be two shifts for production of Boulders. This will double HR expenses related to staff working at the quarry, electricity, fuel etc.
21. Proportion of Crushable and/Saleable Boulders will increase from 70% in year 1 & 2, 79% in the third year and 87% in the remaining seven years.
22. KIL will buy a Crusher with capacity of 100 tons/Hour (i.e. 36.76 Cubic Meters/Hour) at an efficiency rate of 85%. It will therefore need approximately 91,338 cubic meter of Boulder per year
23. The Tenure of each of the eight (8) PML is seven (7) years. KIL will however renew the same during the time of this Business Plan. Besides renewal fees, there will not be any additional costs.
24. PML renewal fee is TZS 100,000.00 per PML.
25. Royalty of 3% of Gross Value (i.e. Total revenue) is paid to the government on every sold consignment.
26. Annual rent for PML for all minerals other than gold, kimberlitic diamonds and gemstones having less than 2 hectares shall be TZS 10,000/-
27. Tires for Trucks will be changed once every three months (i.e. 4 times p.a.). Each truck has 10 tires. Cost of each tire is TZS 700,000.00
28. Repair, Maintenance and servicing of equipment, Motor vehicles and machinery will be 3% of their Net Book Value (NBV)
29. Motor vehicle license fee for MVs with more than 2500cc is paid once during registration at TZS 300,000/=
30. Village road toll is charged at TZS 20,000/- for delivery of aggregates
31. One litre of diesel is sold at TZS 2,300 (US $1.05)
32. Fuel (Diesel) consumption for 8 hours/day, at TZS 2,300/Litre for the various KIL equipment will be as follows:

S/No	Equipment	Litres/Day	Cost in TZS/Day
1	Quarry hammer and excavator	165	379,500,.00
2	Quarry loaders (i.e. Dump Truck).	130	299,000.00
3	Crusher Generator	300	690,000.00
4	Crusher loader	100	230,000.00
5	Drilling Machine	165	379,500.00
6	Pick Up Truck	55	126,500.00
7	Aggregate Delivery Lorry (20 CM) (per Trip)	75	172,500.00

33. Price of meal per person is TZS 2,300/- in the first years and TZS 3000/- in subsequent years and breakfast costs TZS 1,000/- (i.e. Meals per person per day costs TZS 7,000/-)
34. Electricity expense is estimated at TZS 700,000/- per month.
35. Water supply system has been constructed from River Wami to the Project Site at a cost of TZS 20.0 Million (US $8,696.00). This cost is part of the CAPEX.
36. KIL Bank Balance as at 1 August 2019 was TZS 23,477,912

37. KIL will pay royalty of TZS 500,000/= per month to Pongwe Msungura Village
38. Drinking water is projected at TZS 1,500/Day/Personnel
39. Employees at the site will be given 2.0 litres of milk per week. A litre of milk is projected to cost TZS 1,500/-
40. Safety wear will be bought at TZS 2,000,000 p.a. and will be replaced annually.

Specific Assumptions – General & Administration Expenses

41. Marketing expenses charged at 2% of revenue. This is commission to be paid to *'Madalali'* for sale made to every customer they bring.
42. Office rent will be TZS 150,000 per month
43. Fee for Business License is TZS 600,000.00 p.a. in the first year and TZS 700,000/- subsequently.
44. KIL shall provide medical insurance of TZS 300,000/- annual premium per employee.
45. Board Expenses: Board Chairperson will be paid TZS 700,000/= per sitting. Every other board member will be paid board fee of TZS 500,000.00 (US $217.39) per sitting and other board expenses are estimated at TZS 1,000,000/= (US $434.78) per sitting. There will be 4 ordinary board meetings. Per annum and two (2) extra-ordinary meetings p.a. Board will be attended by seven (7) board members, board secretary and CEO (ex-officio member)
46. There will be an Annual General Meeting (AGM) attended by 75 people. TZS 500,000/- will be paid to each. AGM expenses are estimated at TZS 2,500,000.00.
47. Bank charges are estimated to be between TZS 300,000.00 – TZS 700,000.00 during the ten years of this Business Plan
48. Electricity for office will be used from the second year at TZS 150,000.00 per month
49. Insurance of equipment, Motor vehicles and machinery are 5% of the Net Book Value (NBV)

Specific Assumptions – Revenue Determination

50. For any quantity of crushed boulders, the outputs are:
    - i) 70%: ¼", ½" and/or ¾" aggregate
    - ii) 20%: Dust
    - iii) 10%: Chipping
51. For the first two years of operation, KIL will sell only boulders. Production of aggregates will start in the third year after acquiring a Crusher.
52. KIL will start providing Aggregate Delivery Services from the third year. There will be two delivery trucks each making three trips per day. A third truck will be added in the fifth year.
53. One (1) Cubic Meter of boulders sales at TZS 27,000/= (i.e. US $11.80) now and will sell at TZS 30,000 (US $13.04) from the third year of operation
54. One (1) Cubic Meter of ½" or ¾" aggregate sales at TZS 38,000/= (i.e. US $16.62) now and will sell at TZS 40,000/= (US $17.39) from the third year onwards.
55. Percentage of sold boulders will be 70% in the first year and 85% in the second year. The second-year closing stock of boulders will be the opening stock for production of aggregates in the third year. No boulder will be sold from the third year onwards.
56. Percentage of Aggregates sold aggregates will increase from 85% in the third year to 90% in the tenth year
57. Percentage of produced aggregates delivered by KIL's own trucks to customers will increase from 70% in the third year to 88% in the tenth year.
58. Dust and Chippings are considered by-products and are not accounted for in this document.
59. Income from aggregate delivery lorry/trip is TZS 800,000/- (US $347.83.) and will be TZS 850,000/- in the second year. This price is expected to increase up to TZS 900,000/- (US $391.30) from year 3 to year 5 and to TZS 950,000/trip from year 6 onwards. See Worksheet for **Revenue Determination** for details.
60. Aggregate Delivery Trucks will make three trips daily, six days a week.

61. Cost of closing and opening stock is calculated based on determined cost of cubic meter of boulders/aggregates based on the determined OPEX. See OPEX worksheet for details.

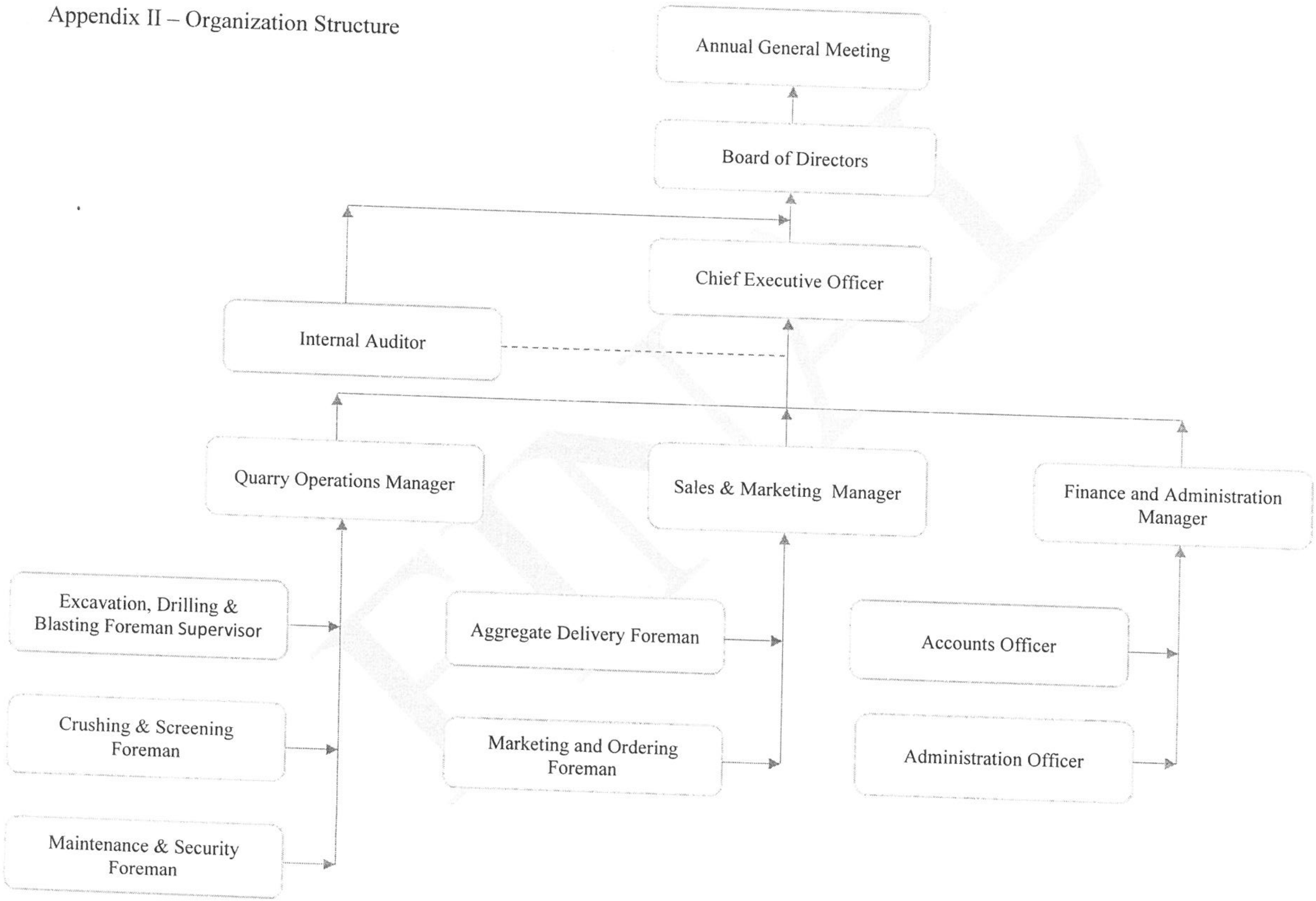
Specific Assumptions – KIL Capitalization

62. For this Project to be viable and liquid; KIL will need a Total investment of TZS1.5 Billion as follows: First Year TZS 400.00 Million, Second Year: TZS 500.00 Million and Sixth Year 600.00 Million. To enable continuation of operations while plans for capital injection are done, KIL should request for an Overdraft (O/D) of TZS 150 Million for working capital. If this is done, KIL will be able to make capital investment amounting to about TZS3.20 Billion, **(See CAPEX)**, pay back TZS 751.00 Million borrowed from KRC **(See Projected Cashflow Statement)** and built a net worth of TZS 7.3 Billion **(See Project Statement of Affairs – Balance Sheet)** in ten years of operation.
63. As at 1 January 2019, KIL's eight (8) Lugoba Ward Mining Licenses had a total cost of TZS 372,100,000.00. Source of this money being interest-free loan from KRC.
64. By 31 December 2018; KRC had injected a total of TZS 113,233,400.00 in the operations of KIL.
65. Total interest-free Loan from KRC amounted to TZS 751,011,312 as at 1st August 2019 and shall be repaid from the sixth to the tenth year as follows:

    Sixth Year: TZS 100.00 Million, Seventh Year: TZS 150.00 Million, Eighth Year: TZS 200.00 Million, Ninth Year: TZS 250.00 Million, Tenth Year: TZS 51,011,312.00.

67 As an alternative KIL can, besides injecting share capital of TZS 1.1 Billion in the first three years (i.e. TZS take term of TZS 400 Million in the first year, TZS 400 Million in the second year and TZS 300 Million in the third year), take term loan of TZS 450 Million (i.e. TZS 300 Million in the second year and TZS 150 Million in the third year) at an interest of 18% p.a. payable semi-annually. Each Term loan shall have a five-year tenure.

Appendix II – Organization Structure



Appendix III – Projected Revenue

KRC INVESTMENT LIMITED
PROJECT REVENUE DETERMINATION
(AMOUNTS IN TZS)

S/No.	Details	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Revenue from Boulders & Aggregates	**Number 8-hour shift/Day, 5 Days a Week**	1	1	2	2	2	2	2	2	2	2
	Working Manhours p.a	2,112	2,112	4,224	4,224	4,224	4,224	4,224	4,224	4,224	4,224
	Volume of Blasted Boulders at 29.41 Cubic Meters/hr	62,114	62,114	124,228	124,228	124,228	124,228	124,228	124,228	124,228	124,228
	Efficiency Uptime	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
	Volume of Boulders Produced	52,797	52,797	105,594	105,594	105,594	105,594	105,594	105,594	105,594	105,594
	Percentage of Saleable/Crushable Boulders	75%	80%	79%	87%	87%	87%	87%	87%	87%	87%
	Amount of Boulders Stockpile for Sale and/or Crushing (in Cubic Meters)	*39,598*	*42,237*	*83,419*	*91,866*	*91,866*	*91,866*	*91,866*	*91,866*	*91,866*	*91,866*
	Opening Stockpile of Boulders	-	***11,879***	***8,118***							
	Volume of Available Boulders	*39,598*	*54,117*	*91,537*	*91,866*	*91,866*	*91,866*	*91,866*	*91,866*	*91,866*	*91,866*
	Percentage of Boulders Stockpile Sold p.a.	*70%*	*85%*								
	Volume of Boulder Stockpile Sold	*27,718*	*45,999*	-	-	-	-	-	-	-	-
	Closing Stockpile of Boulder	***11,879***	***8,118***	***91,537***	***91,866***	***91,866***	***91,866***	***91,866***	***91,866***	***91,866***	***91,866***
	Percentage of Boulder Crushed to 1/4", 1/2" and 3/4" Aggregate	-	-	*70%*	*70%*	*70%*	*70%*	*70%*	*70%*	*70%*	*70%*
	Percentage of Boulder Crushed into Dust	-	-	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*
	Percentage of Boulder Crushed into Chippings	-	-	*10%*	*19%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*
	Volume of 1/4", 1/2" and 3/4" Aggregate (85%)			*54,464*	*54,661*	*54,661*	*54,661*	*54,661*	*54,661*	*54,661*	*54,661*
	Opening Stockpile of 1/4", 1/2" and 3/4" Aggregates				8,170	9,425	9,613	8,998	8,912	7,629	6,229
	Volume of Available Aggregates			54,464	62,830	64,085	64,273	63,659	63,573	62,289	60,889
	Percentage of Agregates sold p.a			85%	85%	85%	86%	86%	88%	90%	90%
	Volume of Aggregates Sold			*46,295*	*53,406*	*54,472*	*55,275*	*54,747*	*55,944*	*56,060*	*54,801*
	Closing Stockpile of Aggregates (in Cubic Meters)			***8,170***	***9,425***	***9,613***	***8,998***	***8,912***	***7,629***	***6,229***	***6,089***
	Revenue from Boulders at a Price of TZS 27,000/Cubic Meter	*748,395,094*	*1,241,979,477*	-	-	-	-	-	-	-	-
	Revenue from Aggregates at a Price TZS 40,000/Cubic Meter	-	-	*1,851,783,546*	*2,136,226,578*	*2,178,893,032*	*2,211,002,330*	*2,189,863,596*	*2,237,762,410*	*2,242,414,644*	*2,192,021,630*
	Revenue from Sale of Boulders & Aggregates	748,395,094	1,241,979,477	1,851,783,546	2,136,226,578	2,178,893,032	2,211,002,330	2,189,863,596	2,237,762,410	2,242,414,644	2,192,021,630
Revenue from Delivery of Aggregates	Volume of Aggregates Available for Delivery	-	-	46,295	53,406	54,472	55,275	54,747	55,944	56,060	54,801
	Number of Trips for 20 CM Delivery Truck	-	-	2,315	2,670	2,724	2,764	2,737	2,797	2,803	2,740
	Deliveries per Day (Six days per Week)	-	-	8	9	9	10	10	10	10	10
	Delivery done by KIL (By 3 Trips @ Truck/Day)	-	-	6	6	9	9	9	9	9	9
	Percentage of sales delivered by KIL	-	-	75%	65%	95%	94%	95%	93%	92%	95%
	Number of Trips doen by KIL Trucks	-	-	*1,728*	*1,728*	*2,592*	*2,592*	*2,592*	*2,592*	*2,592*	*2,592*
	Rate per Trip	800,000	850,000	900,000	900,000	900,000	950,000	950,000	950,000	950,000	950,000
	Revenue from Delivery of Aggregates	-	-	1,555,200,000	1,555,200,000	2,332,800,000	2,462,400,000	2,462,400,000	2,462,400,000	2,462,400,000	2,462,400,000
	Total Revenue	748,395,094	1,241,979,477	3,406,983,546	3,691,426,578	4,511,693,032	4,673,402,330	4,652,263,596	4,700,162,410	4,704,814,644	4,654,421,630

Appendix IV – Staff Remuneration Plan

KRC INVESTMENT LIMITED
HUMAN RESOURCES EXPENSES
(AMOUNTS IN TZS)

Department/Section	Position	YEAR 1	2	3	4	5	6	7	8	9	10	Monthly Salary in TZS	ANNUAL WAGE BILL IN TZS Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	TOTAL
CEO's Office	CEO	1	1	1	1	1	1	1	1	1	1	2,500,000.00	34,650,000.00	34,650,000.00	34,650,000.00	38,115,000.00	38,115,000.00	38,115,000.00	41,926,500.00	41,926,500.00	41,926,500.00	41,926,500.00	386,001,000.00
		1	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*		*34,650,000.00*	*34,650,000.00*	*34,650,000.00*	*38,115,000.00*	*38,115,000.00*	*38,115,000.00*	*41,926,500.00*	*41,926,500.00*	*41,926,500.00*	*41,926,500.00*	*386,001,000.00*
Quarry Operations	Operations Manager	1	1	1	1	1	1	1	1	1	1	2,000,000.00	27,720,000.00	27,720,000.00	27,720,000.00	30,492,000.00	30,492,000.00	30,492,000.00	33,541,200.00	33,541,200.00	33,541,200.00	33,541,200.00	308,800,800.00
	Quarry Supervisor	1	1	1	1	1	1	1	1	1	1	1,500,000.00	20,790,000.00	20,790,000.00	20,790,000.00	22,869,000.00	22,869,000.00	22,869,000.00	25,155,900.00	25,155,900.00	25,155,900.00	25,155,900.00	231,600,600.00
	Drilling Machine Operator	1	1	1	1	1	1	1	1	1	1	1,500,000.00	20,790,000.00	20,790,000.00	20,790,000.00	22,869,000.00	22,869,000.00	22,869,000.00	25,155,900.00	25,155,900.00	25,155,900.00	25,155,900.00	231,600,600.00
	Blasting Foreman	1	1	1	1	1	1	1	1	1	1	1,500,000.00	20,790,000.00	20,790,000.00	20,790,000.00	22,869,000.00	22,869,000.00	22,869,000.00	25,155,900.00	25,155,900.00	25,155,900.00	25,155,900.00	231,600,600.00
	Loader Operator	1	1	2	2	2	2	2	2	2	2	1,000,000.00	13,860,000.00	13,860,000.00	27,720,000.00	30,492,000.00	30,492,000.00	30,492,000.00	33,541,200.00	33,541,200.00	33,541,200.00	33,541,200.00	281,080,800.00
	Excavator Operator	1	1	2	2	2	2	2	2	2	2	1,000,000.00	13,860,000.00	13,860,000.00	27,720,000.00	30,492,000.00	30,492,000.00	30,492,000.00	33,541,200.00	33,541,200.00	33,541,200.00	33,541,200.00	281,080,800.00
	Excavator Operator Assistant	1	1	1	1	1	1	1	1	1	1	600,000.00	8,316,000.00	8,316,000.00	8,316,000.00	9,147,600.00	9,147,600.00	9,147,600.00	10,062,360.00	10,062,360.00	10,062,360.00	10,062,360.00	92,640,240.00
	Dump Truck Driver	1	1	2	2	2	2	2	2	2	2	1,000,000.00	13,860,000.00	13,860,000.00	27,720,000.00	30,492,000.00	30,492,000.00	30,492,000.00	33,541,200.00	33,541,200.00	33,541,200.00	33,541,200.00	281,080,800.00
	Pick Up Driver	1	1	1	1	1	1	1	1	1	1	500,000.00	6,930,000.00	6,930,000.00	6,930,000.00	7,623,000.00	7,623,000.00	7,623,000.00	8,385,300.00	8,385,300.00	8,385,300.00	8,385,300.00	77,200,200.00
	Delivery Truck Driver	0	0	4	4	6	6	6	6	6	6	600,000.00	-	-	33,264,000.00	36,590,400.00	54,885,600.00	54,885,600.00	60,374,160.00	60,374,160.00	60,374,160.00	60,374,160.00	421,122,240.00
	Casual Labourer	6	6	6	6	6	6	6	6	6	6	270,000.00	22,453,200.00	22,453,200.00	22,453,200.00	24,698,520.00	24,698,520.00	24,698,520.00	27,168,372.00	27,168,372.00	27,168,372.00	27,168,372.00	250,128,648.00
	Guard	5	5	5	5	5	5	5	5	5	5	350,000.00	24,255,000.00	24,255,000.00	24,255,000.00	26,680,500.00	26,680,500.00	26,680,500.00	29,348,550.00	29,348,550.00	29,348,550.00	29,348,550.00	270,200,700.00
		20	*20*	*27*	*27*	*29*	*29*	*29*	*29*	*29*	*29*		*193,624,200.00*	*193,624,200.00*	*268,468,200.00*	*295,315,020.00*	*313,610,220.00*	*313,610,220.00*	*344,971,242.00*	*344,971,242.00*	*344,971,242.00*	*344,971,242.00*	2,958,137,028.00
	TOTAL	**21**	**21**	**28**	**28**	**30**	**30**	**30**	**30**	**30**	**30**		**228,274,200.00**	**228,274,200.00**	**303,118,200.00**	**333,430,020.00**	**351,725,220.00**	**351,725,220.00**	**386,897,742.00**	**386,897,742.00**	**386,897,742.00**	**386,897,742.00**	**3,344,138,028.00**
DIRECT LABOUR EXPENSE													255,994,200.00	255,994,200.00	330,838,200.00	363,922,020.00	382,217,220.00	382,217,220.00	420,438,942.00	420,438,942.00	420,438,942.00	420,438,942.00	3,652,938,828.00
Assurance	Internal Auditor	0	1	1	1	1	1	1	1	1	1	1,000,000.00	-	13,860,000.00	13,860,000.00	15,246,000.00	15,246,000.00	15,246,000.00	16,770,600.00	16,770,600.00	16,770,600.00	16,770,600.00	140,540,400.00
		-	1	1	1	1	1	1	1	1	1		-	*13,860,000.00*	*13,860,000.00*	*15,246,000.00*	*15,246,000.00*	*15,246,000.00*	*16,770,600.00*	*16,770,600.00*	*16,770,600.00*	*16,770,600.00*	*140,540,400.00*
Administration	Accountant and Administration Officer	1	1	1	1	1	1	1	1	1	1	2,000,000.00	27,720,000.00	27,720,000.00	27,720,000.00	30,492,000.00	30,492,000.00	30,492,000.00	33,541,200.00	33,541,200.00	33,541,200.00	33,541,200.00	308,800,800.00
		1	1	1	1	1	1	1	1	1	1		**27,720,000.00**	**27,720,000.00**	**27,720,000.00**	**30,492,000.00**	**30,492,000.00**	**30,492,000.00**	**33,541,200.00**	**33,541,200.00**	**33,541,200.00**	**33,541,200.00**	**308,800,800.00**
	TOTAL	**1**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**		**27,720,000.00**	**41,580,000.00**	**41,580,000.00**	**45,738,000.00**	**45,738,000.00**	**45,738,000.00**	**50,311,800.00**	**50,311,800.00**	**50,311,800.00**	**50,311,800.00**	**449,341,200.00**
INDIRECT LABOUR EXPENSE													34,650,000.00	48,510,000.00	48,510,000.00	53,361,000.00	53,361,000.00	53,361,000.00	58,697,100.00	58,697,100.00	58,697,100.00	58,697,100.00	526,541,400.00
GRAND TOTAL		22	23	30	30	32	32	32	32	32	32		290,644,200.00	304,504,200.00	379,348,200.00	417,283,020.00	435,578,220.00	435,578,220.00	479,136,042.00	479,136,042.00	479,136,042.00	479,136,042.00	4,179,480,228.00

KIL 36

Appendix V – Operational Expenses (OPEX) Plan

KRC INVESTMENT LIMITED
OPERATIONAL EXPENSES (OPEX) DETAILS
(AMOUNTS IN TZS)

Details	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	Total
Drilling, Blasting, Sorting, Loading and Hauling											
Royalty (3% of Sold Boulders & Aggregates)	22,451,853	37,259,384	55,553,506	64,086,797	65,366,791	66,330,070	65,695,908	67,132,872	67,272,439	65,760,649	**576,910,270**
Royalty to the Village TZS 500,000/month (CSR)	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	**60,000,000**
Direct Labour	255,994,200	255,994,200	525,848,400	578,433,240	578,433,240	578,433,240	636,276,564	636,276,564	636,276,564	636,276,564	**5,318,242,776**
Fuel Expense	284,280,000	284,280,000	789,360,000	789,360,000	789,360,000	789,360,000	789,360,000	789,360,000	789,360,000	789,360,000	**6,883,440,000**
Electricity	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	**84,000,000**
Annual PML Rent	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	**800,000**
Tyres Cost	84,000,000	84,000,000	156,000,000	156,000,000	116,000,000	144,000,000	100,000,000	100,000,000	56,000,000	28,000,000	**1,024,000,000**
Repair, Maintenance and Servicing	21,811,002	27,829,752	71,148,987	81,767,052	99,723,311	99,723,311	117,241,376	117,241,376	117,241,376	117,241,376	**870,968,916**
Drill & Blast	110,400,000	110,400,000	220,800,000	220,800,000	220,800,000	220,800,000	220,800,000	220,800,000	220,800,000	220,800,000	**1,987,200,000**
PML Renewal fee	-	-	800,000	-	-	-	-	-	800,000	-	**1,600,000**
Insurance	35,876,670	27,890,478	15,300,536	67,842,660	61,521,140	55,850,669	28,878,100	37,144,981	23,297,138	14,074,819	**367,677,189**
	829,293,725	*842,133,814*	*1,849,291,429*	*1,972,769,749*	*1,945,684,482*	*1,968,977,289*	*1,972,731,947*	*1,982,435,792*	*1,925,527,516*	*1,885,993,407*	*17,174,839,151*
Health and Safety Expenses (HSE)											
Safety Gears	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	**20,000,000**
OSHA Registration, Training and Inspection	2,500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	**7,000,000**
First Aid Box & Contents	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	**2,000,000**
	4,700,000	*2,700,000*	*2,700,000*	*2,700,000*	*2,700,000*	*2,700,000*	*2,700,000*	*2,700,000*	*2,700,000*	*2,700,000*	*29,000,000*
Quarry Site Services											
Environmental and Social Impact Assessment	10,000,000	-	-	-	-	-	-	-	-	-	***10,000,000***
Rent	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	***18,000,000***
Electricity (Office)	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	*1,800,000*	***18,000,000***
Meals at TZS 7,000/person/day	*39,513,600*	*49,392,000*	*65,856,000*	*65,856,000*	*70,560,000*	*70,560,000*	*70,560,000*	*70,560,000*	*70,560,000*	*70,560,000*	***643,977,600***
Drinking Water at TZS 1,500/1.5 litres	*21,168,000*	*21,168,000*	*28,224,000*	*28,224,000*	*30,240,000*	*30,240,000*	*30,240,000*	*30,240,000*	*30,240,000*	*30,240,000*	***280,224,000***
Milk at TZS 2000/litre	*3,024,000*	*3,024,000*	*4,032,000*	*4,032,000*	*4,320,000*	*4,320,000*	*4,320,000*	*4,320,000*	*4,320,000*	*4,320,000*	***40,032,000***
	77,305,600	*77,184,000*	*101,712,000*	*101,712,000*	*108,720,000*	*108,720,000*	*108,720,000*	*108,720,000*	*108,720,000*	*108,720,000*	*1,010,233,600*
Total Production Cost	**911,299,325**	**922,017,814**	**1,953,703,429**	**2,077,181,749**	**2,057,104,482**	**2,080,397,289**	**2,084,151,947**	**2,093,855,792**	**2,036,947,516**	**1,997,413,407**	**18,214,072,751**
Aggregate Delivery Expenses											
Direct Labour	-	-	33,264,000	36,590,400	54,885,600	54,885,600	60,374,160	60,374,160	60,374,160	60,374,160	**421,122,240**
Village Road Toll Expenses	-	-	34,560,000	34,560,000	51,840,000	51,840,000	51,840,000	51,840,000	51,840,000	51,840,000	**380,160,000**
Fuel Expenses for Delivery Vehicles	-	-	317,952,000	317,952,000	476,928,000	476,928,000	476,928,000	476,928,000	476,928,000	476,928,000	**3,497,472,000**
Tyre Cost	-	-	*12,000,000*	*12,000,000*	*24,000,000*	*24,000,000*	*12,000,000*	*12,000,000*	-	-	**96,000,000**
Repair, Maintenance and Servicing	-	-	*13,800,000*	*10,350,000*	*6,900,000*	*10,350,000*	*5,175,000*	*3,450,000*	*1,725,000*	-	**51,750,000**
Insurance	-	-	13,800,000	*10,350,000*	*6,900,000*	*10,350,000*	*5,175,000*	*3,450,000*	*1,725,000*	-	**51,750,000**
Total Aggregate Delivery Expenses	-	-	*425,376,000*	*421,802,400*	*621,453,600*	*628,353,600*	*611,492,160*	*608,042,160*	*592,592,160*	*589,142,160*	*4,498,254,240*
Total Operational Expenses (OPEX)	**911,299,325**	**922,017,814**	**2,379,079,429**	**2,498,984,149**	**2,678,558,082**	**2,708,750,889**	**2,695,644,107**	**2,701,897,952**	**2,629,539,676**	**2,586,555,567**	**22,712,326,991**
Volume of Boulders/Aggregates produced	39,598	54,117	54,464	62,830	64,085	64,273	63,659	63,573	62,289	60,889	
Cost per Cubic Meter	*23,014*	*17,038*	*35,871*	*33,060*	*32,100*	*32,368*	*32,739*	*32,936*	*32,701*	*32,804*	

Appendix VI – Plan for Investment in Fixed Assets (CAPEX)

KRC INVESTMENT LIMITED
CAPITAL EXPENDITURE (CAPEX) DETAILS
(AMOUNTS IN TZS)

S/No.	Fixed Asset	Specification	Investments During 1 - 10 Cost in US $	Cost in TZS	Transportation to Site	Installation	Total Cost	Investment Period Opening Balance	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 7
Project Face Profiling														
1	Purchase of Eight (8) PML							372,100,000						
2	Boundary Setting & Fencing		87,500	201,250,000			201,250,000			100,625,000	100,625,000			
	Sub - Total						*201,250,000*							
Excavating, Drilling, Blasting, Loading and Hauling														
4	Truck Excavator	28 Tons, Fiat Allis FE28 with 0.8 cbm rock bucket	150,000	345,000,000	8,935,500		707,871,000	130,000,000				353,935,500		353,935,500
5	Crawler Driller	Atlas Copco With 750 cfm Compressor	50,000	115,000,000	2,978,500		117,978,500						117,978,500	
6	Wheel Loader	FR 20, Fiat Allis (Cat 966 Class)	60,000	138,000,000	3,574,200		141,574,200						141,574,200	
7	Air Compressor	Radaeli with Jack and Drill Hammer	25,000	57,500,000	1,489,250		58,989,250	1,200,000					58,989,250	
8	Dump Truck	25 Tons	100,000	230,000,000			230,000,000	70,000,000						230,000,000
	Sub - Total						*1,256,412,950*							
Crushing and Sorting														
9	Stone Crusher Plant	100 Tons/hr	300,000	690,000,000	17,871,000	57,500,000	765,371,000				765,371,000			
10	Stone Sorter		50,000	115,000,000	2,978,500		117,978,500				117,978,500			
	Sub - Total						*883,349,500*							
Delivery of Aggregates														
11	Delivery Truck	Three (3) 20 Cubic Meter Truck		690,000,000			690,000,000				460,000,000		230,000,000	
	Sub - Total						*690,000,000*							
Quarry Site														
12	Office Buildings			8,000,000				8,000,000						
13	Workshop/Garage			100,000,000			100,000,000			100,000,000				
	Sub - Total						*100,000,000*							
Administration														
13	Office Equipment		2,174	5,000,000			5,000,000		5,000,000					
14	Office Furniture		1,304	3,000,000			3,000,000		3,000,000					
15	Motor Vehicle	Pick up Truck	21,739	50,000,000			50,000,000	23,000,000					50,000,000	
	Sub - Total						*58,000,000*							
Pre-operational Expenses														
16	Environmental Impact Assessment (EIA)			-				-						
17	Expenses incurred in 2016, 2017 & 2018							113,233,400						
18	Inauguration Ceremony						1,500,000		1,500,000					
	Sub - Total						*1,500,000*							
	Total			2,747,750,000	20,849,500	57,500,000	3,190,512,450	717,533,400	9,500,000	200,625,000	1,443,974,500	353,935,500	598,541,950	583,935,500

KIL 40

Appendix VII – Projected Financial Statements

Appendix VIIA (1) – Projected Income Statement (without Debt)

KRC INVESTMENT LTD
PROJECT INCOME STATEMENT FOR THE YEAR ENDED 31 JULY 2020 - 2030
(AMOUNTS IN TZS)

Details	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	Total
Income in TZS											
Revenue (Boulders & Aggregates)	748,395,094	1,241,979,477	1,851,783,546	2,136,226,578	2,178,893,032	2,211,002,330	2,189,863,596	2,237,762,410	2,242,414,644	2,192,021,630	**19,230,342,337**
Less: Cost of Prodcution:											
Opening Stock	-	273,389,797	138,302,672	293,055,514	311,577,262	308,565,672	291,255,620	291,781,273	251,262,695	203,694,752	**2,362,885,258**
Produced Boulders and/Aggregates	911,299,325	922,017,814	1,953,703,429	2,077,181,749	2,057,104,482	2,080,397,289	2,084,151,947	2,093,855,792	2,036,947,516	1,997,413,407	**18,214,072,751**
Closing Stock	273,389,797	138,302,672	293,055,514	311,577,262	308,565,672	291,255,620	291,781,273	251,262,695	203,694,752	199,741,341	**2,562,626,599**
	637,909,527	*1,057,104,939*	*1,798,950,587*	*2,058,660,001*	*2,060,116,072*	*2,097,707,341*	*2,083,626,295*	*2,134,374,370*	*2,084,515,460*	*2,001,366,818*	*18,014,331,410*
Gross Profit (Boulders & Aggregates)	**110,485,566**	**184,874,537**	**52,832,959**	77,566,577	**118,776,961**	**113,294,989**	**106,237,301**	**103,388,040**	**157,899,184**	**190,654,812**	**1,216,010,927**
Other Income											
Revenue from Aggregate Delivery	-	-	1,555,200,000	1,555,200,000	2,332,800,000	2,462,400,000	2,462,400,000	2,462,400,000	2,462,400,000	2,462,400,000	**17,755,200,000**
Cost of Delivery	-	-	425,376,000	421,802,400	621,453,600	628,353,600	611,492,160	608,042,160	592,592,160	589,142,160	**4,498,254,240**
Gross Profit (Aggregate Delivery)	-	-	*1,129,824,000*	*1,133,397,600*	*1,711,346,400*	*1,834,046,400*	*1,850,907,840*	*1,854,357,840*	*1,869,807,840*	*1,873,257,840*	*13,256,945,760*
Total Gross Profit	***110,485,566***	***184,874,537***	***1,182,656,959***	***1,210,964,177***	***1,830,123,361***	***1,947,341,389***	***1,957,145,141***	***1,957,745,880***	***2,027,707,024***	***2,063,912,652***	*14,472,956,687*
Expense											
General & Administrative Costs	169,047,902	193,179,590	239,679,671	249,319,532	266,924,861	269,859,047	274,772,372	275,430,348	275,523,393	274,515,533	**2,488,252,247**
Depreciation Expense	169,223,843	176,423,843	462,132,018	549,365,893	642,951,380	642,951,380	453,097,880	311,456,863	218,946,375	103,946,375	**3,730,495,850**
	338,271,745	*369,603,432*	*701,811,689*	*798,685,424*	*909,876,241*	*912,810,427*	*727,870,252*	*586,887,211*	*494,469,768*	*378,461,908*	***6,218,748,097***
Net Profit Before Interest and Tax	*(227,786,178)*	*(184,728,895)*	*480,845,271*	*412,278,752*	*920,247,120*	*1,034,530,962*	*1,229,274,889*	*1,370,858,669*	*1,533,237,256*	*1,685,450,745*	*8,254,208,590*
Financial Expenses											
Interest on O/D	*27,000,000*										***27,000,000***
Interest on Term Loan											-
Net Income/(Loss)After Interest and Before Taxes	*(254,786,178)*	*(184,728,895)*	*480,845,271*	*412,278,752*	*920,247,120*	*1,034,530,962*	*1,229,274,889*	*1,370,858,669*	*1,533,237,256*	*1,685,450,745*	*8,227,208,590*
Tax (30%)	-	-	144,253,581	123,683,626	276,074,136	310,359,289	368,782,467	411,257,601	459,971,177	505,635,223	**2,600,017,099**
Net Income/(Loss) After Taxes	**(254,786,178)**	**(184,728,895)**	**336,591,689**	**288,595,127**	**644,172,984**	**724,171,674**	**860,492,422**	**959,601,068**	**1,073,266,079**	**1,179,815,521**	**5,627,191,491**
Retained Earnings	**(254,786,178)**	**(439,515,074)**	**(102,923,384)**	**185,671,742**	**829,844,726**	**1,554,016,400**	**2,414,508,822**	**3,374,109,890**	**4,447,375,970**	**5,627,191,491**	

KIL 42

Appendix VIIA (2) – Projected Income Statement (with Debt)

KRC INVESTMENT LTD

PROJECT INCOME STATEMENT FOR THE PERIOD OF 1 AUGUST 2019/20 - 31 JULY 2029/30

(AMOUNTS IN TZS)

Details	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10	Total
Income in TZS											
Revenue (Boulders & Aggregates)	748,395,094	1,241,979,477	1,851,783,546	2,136,226,578	2,178,893,032	2,211,002,330	2,189,863,596	2,237,762,410	2,242,414,644	2,192,021,630	19,230,342,337
Less: Cost of Production:											
Opening Stock	-	273,389,797	138,302,672	293,055,514	311,577,262	308,565,672	291,255,620	291,781,273	251,262,695	203,694,752	2,362,885,258
Produced Boulders and/Aggregates	911,299,325	922,017,814	1,953,703,429	2,077,181,749	2,057,104,482	2,080,397,289	2,084,151,947	2,093,855,792	2,036,947,516	1,997,413,407	18,214,072,751
Closing Stock	273,389,797	138,302,672	293,055,514	311,577,262	308,565,672	291,255,620	291,781,273	251,262,695	203,694,752	199,741,341	2,562,626,599
	637,909,527	*1,057,104,939*	*1,798,950,587*	*2,058,660,001*	*2,060,116,072*	*2,097,707,341*	*2,083,626,295*	*2,134,374,370*	*2,084,515,460*	*2,001,366,818*	*18,014,331,410*
Gross Profit (Boulders & Aggregates)	110,485,566	184,874,537	52,832,959	77,566,577	118,776,961	113,294,989	106,237,301	103,388,040	157,899,184	190,654,812	1,216,010,927
Other Income											
Revenue from Aggregate Delivery	-	-	1,555,200,000	1,555,200,000	2,332,800,000	2,462,400,000	2,462,400,000	2,462,400,000	2,462,400,000	2,462,400,000	17,755,200,000
Cost of Delivery	-	-	425,376,000	421,802,400	621,453,600	628,353,600	611,492,160	608,042,160	592,592,160	589,142,160	4,498,254,240
Gross Profit (Aggregate Delivery)	-	-	*1,129,824,000*	*1,133,397,600*	*1,711,346,400*	*1,834,046,400*	*1,850,907,840*	*1,854,357,840*	*1,869,807,840*	*1,873,257,840*	*13,256,945,760*
Total Gross Profit	*110,485,566*	*184,874,537*	***1,182,656,959***	***1,210,964,177***	***1,830,123,361***	***1,947,341,389***	***1,957,145,141***	***1,957,745,880***	***2,027,707,024***	***2,063,912,652***	*14,472,956,687*
Expense											
General & Administrative Costs	169,047,902	193,179,590	239,679,671	249,319,532	266,924,861	269,859,047	274,772,372	275,430,348	275,523,393	274,515,533	2,488,252,247
Depreciation Expense	169,223,843	176,423,843	462,132,018	549,365,893	642,951,380	642,951,380	453,097,880	311,456,863	218,946,375	103,946,375	3,730,495,850
	338,271,745	*369,603,432*	*701,811,689*	*798,685,424*	*909,876,241*	*912,810,427*	*727,870,252*	*586,887,211*	494,469,768	*378,461,908*	6,218,748,097
Net Profit Before Interest and Tax	*(227,786,178)*	*(184,728,895)*	*480,845,271*	*412,278,752*	*920,247,120*	*1,034,530,962*	*1,229,274,889*	*1,370,858,669*	*1,533,237,256*	*1,685,450,745*	*8,254,208,590*
Financial Expenses											
Interest on O/D	*27,000,000*										27,000,000
Interest on Term Loan		52,222,858	70,571,551	57,467,276	41,898,088	23,400,335	5,630,298	-	-	-	251,190,405
Net Income/(Loss) After Interest and Before Taxes	*(254,786,178)*	*(236,951,753)*	*410,273,720*	*354,811,476*	*878,349,032*	*1,011,130,627*	*1,223,644,591*	*1,370,858,669*	*1,533,237,256*	*1,685,450,745*	*7,976,018,185*
Tax (30%)	-	-	123,082,116	106,443,443	263,504,710	303,339,188	367,093,377	411,257,601	459,971,177	505,635,223	2,540,326,835
Net Income/(Loss) After Taxes	(254,786,178)	(236,951,753)	287,191,604	248,368,033	614,844,322	707,791,439	856,551,214	959,601,068	1,073,266,079	1,179,815,521	5,435,691,350
Retained Earnings	(254,786,178)	(491,737,931)	(204,546,327)	43,821,706	658,666,028	1,366,457,467	2,223,008,681	3,182,609,750	4,255,875,829	5,435,691,350	

Appendix VIIB (1) – Projected Balance Sheet Statement (Without Debt)

KRC INVESTMENT LTD
PROJECT BALANCES SHEET AS AT 31 JULY 2020 - 2030
(AMOUNTS IN TZS)

Year	0	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Assets:											
Fixed Assets											
PML Lease Right	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000
Buildings	8,000,000	8,000,000	208,625,000	309,250,000	309,250,000	309,250,000	309,250,000	309,250,000	309,250,000	309,250,000	309,250,000
Plant & Machinery	131,200,000	131,200,000	131,200,000	1,014,549,500	1,368,485,000	1,687,026,950	1,687,026,950	2,040,962,450	2,040,962,450	2,040,962,450	2,040,962,450
Motor Vehicles	93,000,000	93,000,000	93,000,000	553,000,000	553,000,000	833,000,000	833,000,000	1,063,000,000	1,063,000,000	1,063,000,000	1,063,000,000
Furniture & Fittings		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Equipment		-	-	-	-	-	-	-	-	-	-
IT Equipment		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Intangible Asset		-	-	-	-	-	-	-	-		
Pre-operating Expenses	113,233,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400
Total	717,533,400	727,033,400	927,658,400	2,371,632,900	2,725,568,400	3,324,110,350	3,324,110,350	3,908,045,850	3,908,045,850	3,908,045,850	3,908,045,850
Less: Accumulated Depreciation/amortization		169,223,843	345,647,686	807,779,704	1,357,145,596	2,000,096,977	2,643,048,357	3,096,146,238	3,407,603,100	3,626,549,475	3,730,495,850
NBV Fixed Assets	717,533,400	557,809,557	582,010,714	1,563,853,196	1,368,422,804	1,324,013,373	681,061,993	811,899,613	500,442,750	281,496,375	177,550,000
Current Assets:											
Debtors	-	-	-	-	-	-	-	-	-	-	-
Stock		273,389,797	138,302,672	293,055,514	311,577,262	308,565,672	291,255,620	291,781,273	251,262,695	203,694,752	199,741,341
Cash & Bank Balances	23,477,912	55,025,779	481,182,852	317,242,612	777,603,895	1,507,295,527	2,800,299,921	3,394,034,866	4,516,230,158	5,618,188,949	6,876,308,956
Total Current Assets	23,477,912	328,415,576	619,485,524	610,298,127	1,089,181,157	1,815,861,199	3,091,555,541	3,685,816,138	4,767,492,853	5,821,883,701	7,076,050,297
LESS: Current Liabilities:											
Creditors											
Tax Payable	-	-	-	36,063,395	30,920,906	69,018,534	77,589,822	92,195,617	102,814,400	114,992,794	126,408,806
Total current liabilities	-	-	-	36,063,395	30,920,906	69,018,534	77,589,822	92,195,617	102,814,400	114,992,794	126,408,806
Total Net current Assets	23,477,912	328,415,576	619,485,524	574,234,731	1,058,260,251	1,746,842,665	3,013,965,719	3,593,620,521	4,664,678,452	5,706,890,907	6,949,641,491
Long Term Liabilities;											
Loans due after one year											
Other Long term liabilities	741,011,312	741,011,312	741,011,312	741,011,312	741,011,312	741,011,312	641,011,312	491,011,312	291,011,312	41,011,312	0
Total Long-term liabilities	741,011,312	741,011,312	741,011,312	741,011,312	741,011,312	741,011,312	641,011,312	491,011,312	291,011,312	41,011,312	0
Total Net Assets	-	145,213,822	460,484,926	1,397,076,616	1,685,671,742	2,329,844,726	3,054,016,400	3,914,508,822	4,874,109,890	5,947,375,970	7,127,191,491
Financed by:											
Share Capital	-	400,000,000	900,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Retained Earnings	-	(254,786,178)	(439,515,074)	(102,923,384)	185,671,742	829,844,726	1,554,016,400	2,414,508,822	3,374,109,890	4,447,375,970	5,627,191,491
Total Net worth	-	145,213,822	460,484,926	1,397,076,616	1,685,671,742	2,329,844,726	3,054,016,400	3,914,508,822	4,874,109,890	5,947,375,970	7,127,191,491

Appendix VIIB (2) – Projected Balance Sheet Statement (with Debt)

KRC INVESTMENT LTD
PROJECT BALANCES SHEET AS AT 31 JULY 2020 - 2030
(AMOUNTS IN TZS)

Year	0	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Assets:											
Fixed Assets											
PML Lease Right	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000	372,100,000
Buildings	8,000,000	8,000,000	208,625,000	309,250,000	309,250,000	309,250,000	309,250,000	309,250,000	309,250,000	309,250,000	309,250,000
Plant & Machinery	131,200,000	131,200,000	131,200,000	1,014,549,500	1,368,485,000	1,687,026,950	1,687,026,950	2,040,962,450	2,040,962,450	2,040,962,450	2,040,962,450
Motor Vehicles	93,000,000	93,000,000	93,000,000	553,000,000	553,000,000	833,000,000	833,000,000	1,063,000,000	1,063,000,000	1,063,000,000	1,063,000,000
Furniture & Fittings		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Equipment		-	-	-	-	-	-	-	-	-	-
IT Equipment		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Intangible Asset		-	-	-	-	-	-	-	-	-	-
Pre-operating Expenses	113,233,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400	114,733,400
Total	717,533,400	727,033,400	927,658,400	2,371,632,900	2,725,568,400	3,324,110,350	3,324,110,350	3,908,045,850	3,908,045,850	3,908,045,850	3,908,045,850
Less: Accumulated Depreciation/amortization		169,223,843	345,647,686	807,779,704	1,357,145,596	2,000,096,977	2,643,048,357	3,096,146,238	3,407,603,100	3,626,549,475	3,730,495,850
NBV Fixed Assets	717,533,400	557,809,557	582,010,714	1,563,853,196	1,368,422,804	1,324,013,373	681,061,993	811,899,613	500,442,750	281,496,375	177,550,000
Current Assets:											
Debtors	-		-	-	-	-	-	-	-		
Stock		273,389,797	138,302,672	293,055,514	311,577,262	308,565,672	291,255,620	291,781,273	251,262,695	203,694,752	199,741,341
Cash & Bank Balances	23,477,912	55,025,779	587,690,798	149,391,076	487,737,281	1,090,927,948	2,252,101,693	2,802,112,453	3,924,730,017	5,026,688,809	6,284,808,816
Total Current Assets	23,477,912	328,415,576	725,993,470	442,446,591	799,314,544	1,399,493,620	2,543,357,313	3,093,893,725	4,175,992,712	5,230,383,560	6,484,550,156
LESS: Current Liabilities:											
Creditors											
Tax Payable	-		-	30,770,529	26,610,861	65,876,177	75,834,797	91,773,344	102,814,400	114,992,794	126,408,806
Total current liabilities	-	-	-	30,770,529	26,610,861	65,876,177	75,834,797	91,773,344	102,814,400	114,992,794	126,408,806
Total Net current Assets	23,477,912	328,415,576	725,993,470	411,676,062	772,703,683	1,333,617,443	2,467,522,516	3,002,120,381	4,073,178,312	5,115,390,766	6,358,141,351
Long Term Liabilities;											
Loans due after one year	-	-	258,730,804	339,064,273	256,293,468	157,953,475	41,115,729	-	-	-	-
Other Long term liabilities	741,011,312	741,011,312	741,011,312	741,011,312	741,011,312	741,011,312	641,011,312	491,011,312	291,011,312	41,011,312	0
Total Long-term liabilities	741,011,312	741,011,312	999,742,116	1,080,075,585	997,304,781	898,964,787	682,127,042	491,011,312	291,011,312	41,011,312	0
Total Net Assets	-	145,213,822	308,262,069	895,453,673	1,143,821,706	1,758,666,028	2,466,457,467	3,323,008,681	4,282,609,750	5,355,875,829	6,535,691,350
Financed by:											
Share Capital	-	400,000,000	800,000,000	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Retained Earnings	-	(254,786,178)	(491,737,931)	(204,546,327)	43,821,706	658,666,028	1,366,457,467	2,223,008,681	3,182,609,750	4,255,875,829	5,435,691,350
Total Net worth	-	145,213,822	308,262,069	895,453,673	1,143,821,706	1,758,666,028	2,466,457,467	3,323,008,681	4,282,609,750	5,355,875,829	6,535,691,350

Appendix VIIC (1) – Projected Cashflow Statement (Without Debt)

KRC INVESTMENT LTD
PROJECT CASHFLOW STATEMENT AS AT 31 JULY 2020 - 2030
(AMOUNTS IN TZS)

Details	0	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Profit Before Tax		(254,786,178)	(184,728,895)	336,591,689	288,595,127	644,172,984	724,171,674	860,492,422	959,601,068	1,073,266,079	1,179,815,521
Adjustments:											
Depreciation & amortization		169,223,843	176,423,843	462,132,018	549,365,893	642,951,380	642,951,380	453,097,880	311,456,863	218,946,375	103,946,375
Interest expense		27,000,000	-	-	-	-	-	-	-		
Net change in Working Capital		(273,389,797)	135,087,125	(154,752,842)	(18,521,748)	3,011,590	17,310,052	(525,652)	40,518,577	47,567,943	3,953,411
Cash from operating Activities		**(331,952,133)**	**126,782,073**	**643,970,865**	**819,439,271**	**1,290,135,954**	**1,384,433,106**	**1,313,064,650**	**1,311,576,508**	**1,339,780,398**	**1,287,715,307**
Interest expense paid		27,000,000	-	-	-	-	-	-	-	-	-
Tax		-	-	(36,063,395)	5,142,489	(38,097,628)	(8,571,288)	(14,605,794)	(10,618,784)	(12,178,394)	(11,416,012)
Net Cash from Operating Activities		**(358,952,133)**	**126,782,073**	**680,034,260**	**814,296,782**	**1,328,233,582**	**1,393,004,394**	**1,327,670,445**	**1,322,195,292**	**1,351,958,792**	**1,299,131,319**
Investing:											
Fixed assets	(717,533,400)	(9,500,000)	(200,625,000)	(1,443,974,500)	(353,935,500)	(598,541,950)	-	(583,935,500)	-	-	-
Net Cash Flows	(717,533,400)	(368,452,133)	(73,842,927)	(763,940,240)	460,361,282	729,691,632	1,393,004,394	743,734,945	1,322,195,292	1,351,958,792	1,299,131,319
Financing:											
Share Capital	-	400,000,000	500,000,000	600,000,000							
Debt Received	741,011,312										
Debt Repaid (Principal)	-						100,000,000	150,000,000	200,000,000	250,000,000	41,011,312
Net Financing	741,011,312	400,000,000	500,000,000	600,000,000	-	-	(100,000,000)	(150,000,000)	(200,000,000)	(250,000,000)	(41,011,312)
Net Cash	23,477,912	31,547,867	426,157,073	(163,940,240)	460,361,282	729,691,632	1,293,004,394	593,734,945	1,122,195,292	1,101,958,792	1,258,120,007
Cash Balance B/f		23,477,912	55,025,779	481,182,852	317,242,612	777,603,895	1,507,295,527	2,800,299,921	3,394,034,866	4,516,230,158	5,618,188,949
Cash Balance C/f	**23,477,912**	**55,025,779**	**481,182,852**	**317,242,612**	**777,603,895**	**1,507,295,527**	**2,800,299,921**	**3,394,034,866**	**4,516,230,158**	**5,618,188,949**	**6,876,308,956**

Appendix VIIC (2) – Projected Cashflow Statement (With Debt)

KRC INVESTMENT LTD
PROJECT CASHFLOW STATEMENT AS AT 31 JULY 2020 - 2030
(AMOUNTS IN TZS)

Details	0	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7	Year - 8	Year - 9	Year - 10
Profit Before Tax		(254,786,178)	(236,951,753)	287,191,604	248,368,033	614,844,322	707,791,439	856,551,214	959,601,068	1,073,266,079	1,179,815,521
Adjustments:											
Depreciation & amortization		169,223,843	176,423,843	462,132,018	549,365,893	642,951,380	642,951,380	453,097,880	311,456,863	218,946,375	103,946,375
Interest expense		27,000,000	52,222,858	70,571,551	57,467,276	41,898,088	23,400,335	5,630,298	-		
Net change in Working Capital		(273,389,797)	135,087,125	(154,752,842)	(18,521,748)	3,011,590	17,310,052	(525,652)	40,518,577	47,567,943	3,953,411
Cash from operating Activities		(331,952,133)	126,782,073	665,142,330	836,679,454	1,302,705,381	1,391,453,206	1,314,753,740	1,311,576,508	1,339,780,398	1,287,715,307
Interest expense paid		27,000,000	52,222,858	70,571,551	57,467,276	41,898,088	23,400,335	5,630,298	-	-	-
Tax		-	-	(30,770,529)	4,159,668	(39,265,317)	(9,958,620)	(15,938,547)	(11,041,056)	(12,178,394)	(11,416,012)
Net Cash from Operating Activities		(358,952,133)	74,559,215	625,341,309	775,052,510	1,300,072,609	1,378,011,491	1,325,061,990	1,322,617,564	1,351,958,792	1,299,131,319
Investing:											
Fixed assets	(717,533,400)	(9,500,000)	(200,625,000)	(1,443,974,500)	(353,935,500)	(598,541,950)	-	(583,935,500)	-	-	-
Net Cash Flows	(717,533,400)	(368,452,133)	(126,065,785)	(818,633,191)	421,117,010	701,530,659	1,378,011,491	741,126,490	1,322,617,564	1,351,958,792	1,299,131,319
Financing:											
Share Capital	-	400,000,000	400,000,000	300,000,000	-	-	-	-	-	-	-
Debt Received	741,011,312	-	300,000,000	150,000,000	-	-	-	-	-	-	-
Debt Repaid (Principal)	-	-	41,269,196	69,666,530	82,770,805	98,339,993	216,837,746	191,115,729	200,000,000	250,000,000	41,011,312
Net Financing	741,011,312	400,000,000	658,730,804	380,333,470	(82,770,805)	(98,339,993)	(216,837,746)	(191,115,729)	(200,000,000)	(250,000,000)	(41,011,312)
Net Cash	23,477,912	31,547,867	532,665,019	(438,299,722)	338,346,205	603,190,666	1,161,173,745	550,010,760	1,122,617,564	1,101,958,792	1,258,120,007
Cash Balance B/f		23,477,912	55,025,779	587,690,798	149,391,076	487,737,281	1,090,927,948	2,252,101,693	2,802,112,453	3,924,730,017	5,026,688,809
Cash Balance C/f	23,477,912	55,025,779	587,690,798	149,391,076	487,737,281	1,090,927,948	2,252,101,693	2,802,112,453	3,924,730,017	5,026,688,809	6,284,808,816

Appendix VIII – KIL Viability Assessment

Appendix VIIIA – KIL Viability Assessment (Without Debt)

KRC INVESTMENT LTD
VIABILITY ASSESSMENT
(AMOUNTS IN TZS)

Details		0	1	2	3	4	5	6	7	8	9	10
Operating Cash-flow:												
Profit After Tax			(254,786,178)	(184,728,895)	336,591,689	288,595,127	644,172,984	724,171,674	860,492,422	959,601,068	1,073,266,079	1,179,815,521
Add:												
Tax Savings on losses			76,435,854	55,418,669	-	-	-	-	-	-	-	-
Depreciation & Amortization			169,223,843	176,423,843	462,132,018	549,365,893	642,951,380	642,951,380	453,097,880	311,456,863	218,946,375	103,946,375
Interest on Loan (1- Tax Rate)			18,900,000	-	-	-	-	-	-	-	-	-
Net Working Capital			135,087,125	(154,752,842)	(18,521,748)		3,011,590	17,310,052	(525,652)	40,518,577	47,567,943	3,953,411
Capital Employed		(741,011,312)	(400,000,000)	(500,000,000)	(600,000,000)	-	-	100,000,000	150,000,000	200,000,000	250,000,000	41,011,312
Net Cash Flow		*(741,011,312)*	*(255,139,357)*	*(607,639,226)*	*180,201,959*	*837,961,019*	*1,290,135,954*	*1,484,433,106*	*1,463,064,650*	*1,511,576,508*	*1,589,780,398*	*1,328,726,619*
Discounting Factor (at cost of capital of 18.00%)	0.847457627	1.00000000	0.84745763	0.71818443	0.60863087	0.51578888	0.43710922	0.37043154	0.31392503	0.26603816	0.22545607	0.19106447
Discounted Value		*(741,011,312)*	*(216,219,794)*	*(436,397,031)*	*109,676,476*	*432,210,972*	*563,930,316*	*549,880,840*	*459,292,619*	*402,137,039*	*358,425,642*	*253,872,443*
PV of Cash Inflows	2,476,809,521											
Net Present Value (NPV)	1,735,798,209											
Internal Rate of Return (IRR)	36.64%											
Profitability Index (PI)	3.34											
PayBack Period	4.45											

Appendix VIII B – KIL Viability Assessment (With Debt)

KRC INVESTMENT LTD VIABILITY ASSESSMENT (AMOUNTS IN TZS)												
Details		0	1	2	3	4	5	6	7	8	9	10
Operating Cash-flow:												
Profit After Tax			(254,786,178)	(236,951,753)	287,191,604	248,368,033	614,844,322	707,791,439	856,551,214	959,601,068	1,073,266,079	1,179,815,521
Add:												
Tax Savings on losses			76,435,854	71,085,526	-	-	-	-	-	-	-	-
Depreciation & Amortization			169,223,843	176,423,843	462,132,018	549,365,893	642,951,380	642,951,380	453,097,880	311,456,863	218,946,375	103,946,375
Interest on Loan (1- Tax Rate)			18,900,000	36,556,000	49,400,085	40,227,093	29,328,661	16,380,235	3,941,208	-	-	-
Net Working Capital			135,087,125	(154,752,842)	(18,521,748)		3,011,590	17,310,052	(525,652)	40,518,577	47,567,943	3,953,411
Capital Employed		(741,011,312)	(400,000,000)	(658,730,804)	(380,333,470)	82,770,805	98,339,993	216,837,746	191,115,729	200,000,000	250,000,000	41,011,312
Net Cash Flow		*(741,011,312)*	*(255,139,357)*	*(766,370,030)*	*399,868,490*	*920,731,824*	*1,388,475,947*	*1,601,270,852*	*1,504,180,380*	*1,511,576,508*	*1,589,780,398*	*1,328,726,619*
Discounting Factor (at cost of capital of 18.00%)	*0.847457627*	*1.00000000*	*0.84745763*	*0.71818443*	*0.60863087*	*0.51578888*	*0.43710922*	*0.37043154*	*0.31392503*	*0.26603816*	*0.22545607*	*0.19106447*
Discounted Value		*(741,011,312)*	*(216,219,794)*	*(550,395,023)*	*243,372,308*	*474,903,232*	*606,915,633*	*593,161,226*	*472,199,876*	*402,137,039*	*358,425,642*	*253,872,443*
PV of Cash Inflows	2,638,372,582											
Net Present Value (NPV)	1,897,361,270											
Internal Rate of Return (IRR)	38.01%											
Profitability Index (PI)	3.56											
PayBack Period	4.32											

Appendix IX – Loan Repayment Schedule

KRC INVESTMENT LIMITED

LOAN REPAYMENT SCHEDULE

(AMOUNTS IN TZS)

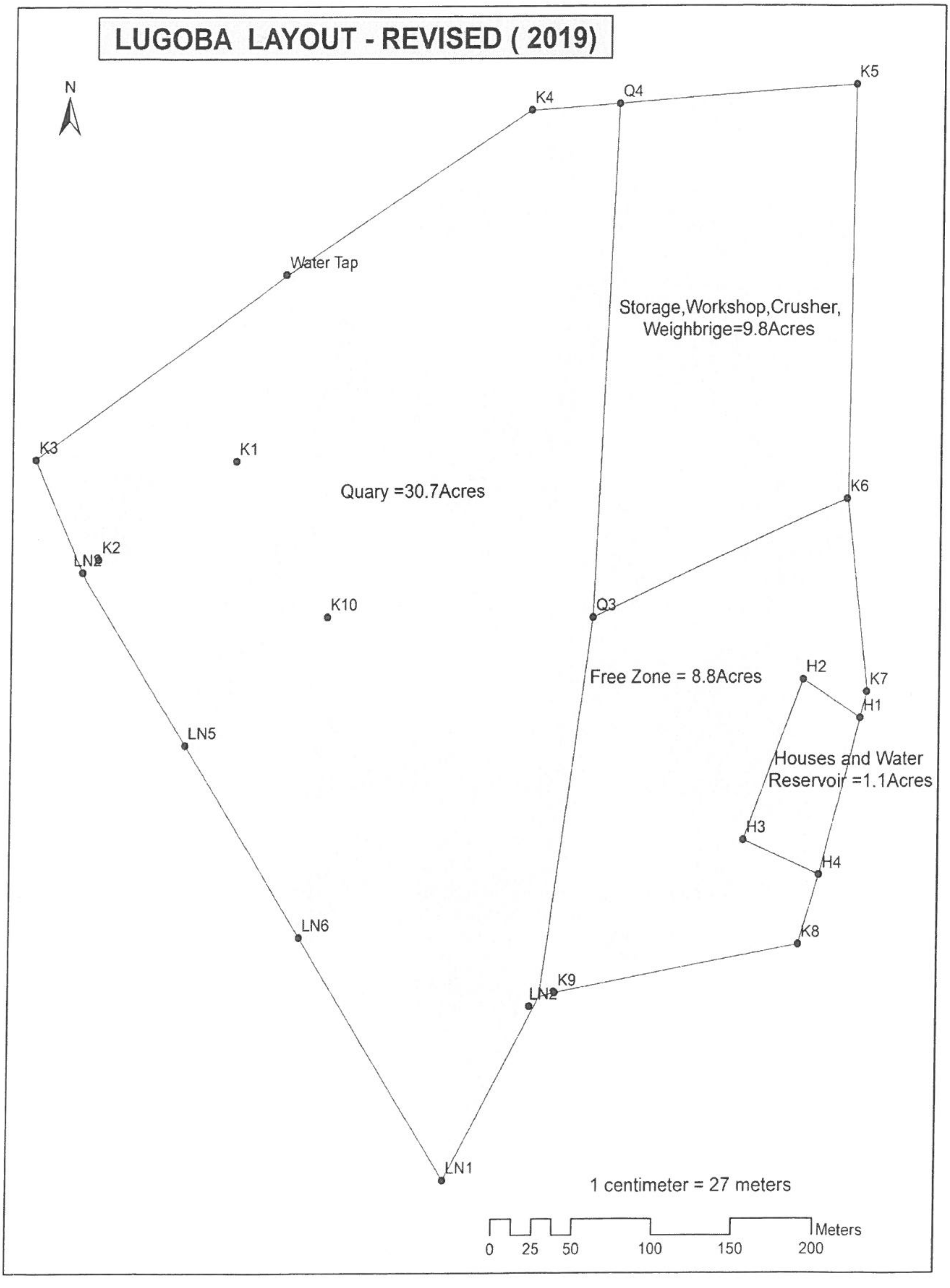
Terms & Conditions			
Loan Amount in T	300,000,000	Annual Interest R	18%
Loan Tenure (Years)	5	Payment instalments (Year)	2
Grace period (Year)	-	Average Semi-AnnualRate	9.00%
Effective Loan Tenure (Year)	5		

Terms & Conditions			
Loan Amount in TZ	150,000,000	Annual Interest	18%
Loan Tenure (Years)	5	Payment instalments (Year)	2
Grace period (Year)	-	Average Semi-Annual Rate	9.00%
Effective Loan Tenure (Year)	5		

N-Year	Half-Year	Opening Loan Balance	Principal	Interest	Total Payment	Closing Loan Balance	Opening Loan Balance	Principal	Interest	Total Payment	Closing Loan Balance	Principal Due and Paid	Interest charged and Paid	Total Amount Paid	Loan Outstanding
2	1	300,000,000	19,746,027	27,000,000	46,746,027	280,253,973									300,000,000
	2	280,253,973	21,523,169	25,222,858	46,746,027	258,730,804						41,269,196	52,222,858	93,492,054	258,730,804
3	3	258,730,804	23,460,255	23,285,772	46,746,027	235,270,549	150,000,000	9,873,013	13,500,000	23,373,013.49	140,126,987			-	
	4	235,270,549	25,571,678	21,174,349	46,746,027	209,698,871	140,126,987	10,761,585	12,611,429	23,373,013.49	129,365,402	69,666,530	70,571,551	140,238,081	339,064,273
4	5	209,698,871	27,873,129	18,872,898	46,746,027	181,825,743	129,365,402	11,730,127	11,642,886	23,373,013.49	117,635,274			-	
	6	181,825,743	30,381,710	16,364,317	46,746,027	151,444,033	117,635,274	12,785,839	10,587,175	23,373,013.49	104,849,436	82,770,805	57,467,276	140,238,081	256,293,468
5	7	151,444,033	33,116,064	13,629,963	46,746,027	118,327,969	104,849,436	13,936,564	9,436,449	23,373,013.49	90,912,871			-	
	8	118,327,969	36,096,510	10,649,517	46,746,027	82,231,459	90,912,871	15,190,855	8,182,158	23,373,013.49	75,722,016	98,339,993	41,898,088	140,238,081	157,953,475
6	9	82,231,459	39,345,196	7,400,831	46,746,027	42,886,263	75,722,016	16,558,032	6,814,981	23,373,013.49	59,163,984			-	
	10	42,886,263	42,886,263	3,859,764	46,746,027	0	59,163,984	18,048,255	5,324,759	23,373,013.49	41,115,729	116,837,746	23,400,335	140,238,081	41,115,729
7	11						41,115,729	19,672,598	3,700,416	23,373,013.49	21,443,132			-	
	12						21,443,132	21,443,132	1,929,882	23,373,013.49	0	41,115,729	5,630,298	46,746,027	0
			300,000,000	167,460,270	467,460,270			150,000,000	83,730,135	233,730,135		450,000,000	251,190,405	701,190,405	

KIL 5 5

Appendix X – Layout of KIL Granite Quarry Concessions



ACKNOWLEDGEMENT AND RECORDING IN THE CENTRAL REGISTER THE TRANSFER OF PRIMARY MINING LICENCE

I, the Zonal Mines Officer for Eastern Zone pursuant to Section 106(1) of the Mining Act, 2010 hereby confirm recording in the Central Register the transfer of Primary Mining Licences (PMLs) **011810EZ, 011936EZ, 011937EZ, 011938EZ, 012451EZ, 012452EZ and 012453EZ** from **M/S Madhubuti Export and Import Products Ltd** of **P.O. Box 9461, Dar es Salaam** to **M/S The Registered Trustees of Tanzania Assemblies of God** of **P.O. Box 1338, Dar es Salaam.**

The foregoing transfer has been duly recorded on terms and conditions contained in the above Primary Mining Licences.

IN WITNESS WHEREOF this transfer of Primary Mining Licences has been duly recorded

this 31st day of MAY 2016.

Eng. Hamisi M. Komba
ZONAL MINES OFFICER
EASTERN ZONE

Appendix XII - List of Meetings and People Consulted

S/No.	Name	Designation	Telephone No.	E-Mail	Date
1	Mr. Bernard Kalinga	KIL CEO	+255784403218/ 752 403218	bhckalinga@gmail.com	July 2019
2	Mr. Walter Muro	CEO, Madhubuti Export and Import Products	+255757594432/ 766 452701	waltezu@gmail.com	25/07/2019
3	Mr. Oscar Rutta	KIL Operations Manager	+255 713418443	oscarrutta@yahoo.com	July 2019
4	Mr. Wing Wang	Sales Manager Henan Hongxing Mining Machinery Co. Ltd, China	0086-18339209109	025@hxjq.com	12 August 2019
5	Eileen	Export Manager, Shibo Machinery Co. Ltd, China	0086-18530838053	eileen@shibochina.com	13 August 2019

Appendix XIII – List of Reviewed Documents

1. KIL Business Plan (Previous)
2. The Mining (Mineral Rights) Regulations 2018
3. Mining Act, Cap 123 of 2010.
4. The Mining (Mineral Rights) Regulations, 2018
5. The Mining (Environmental Protection for Small Scale Mining) Regulations, 2010
6. The Mining (Safe Working and Occupational Health), Regulations, 2010
7. KIL's Audited[16] Financial Statements for 2016 – 2018.
8. Budget Speech for Ministry of Minerals 2019/2020
9. The Explosives (fees) (Revocation of the Second Schedule) Regulations, 2018.
10. The Written Laws (Miscellaneous Amendments) Act, 2017.
11. The Occupational Safety and Health (General Administrative Rules), 2015
12. Budget Speech for Ministry of Works, Transportation and Communications, 2019/20
13. Housing Finance in Africa, 2018
14. Mortgage Finance Act 2008
15. Banking and Financial Institutions (Mortgage Finance Regulations), 2015
16. Tanzania Mortgage Market Updates 30 September 2018
17. The National Climate Change Strategy
18. United Nations World Population Prospects 2019

[16] KIL's auditor is Claritas International with offices at 4th Floor, 395 Ursino Building, Morocco, Dar Es Salaam. Tel. No. +255 22 2666670; E-mail: info@claritas.co.tz