

**BUSINESS PLAN FOR THE PROPOSED
PROJECT FOR GOLD MINING AND
PROCESSING AT MISIGIRI VILLAGE
KIOMBOI DISTRICT, SINGIDA REGION**

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1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

1.1.1 Background Information

This report represents an objective analysis of the overall viability of engaging in gold mining and processing using crushed gold ore and tailings as the basic raw materials; and provision of technical support services to small scale miners in Singida region. The project is being promoted by Messrs. Pinnacle Mining & Processing Limited, a newly incorporated company under Certificate No: 141598309 dated the 2nd day of May 2020 formed for the main objective of establishing facilities for gold mining and processing activities in the country.

The project facilitators are located in Mwanza Nyakato P. o. Box number 788 Mwanza.

1.1.2 The Project Concept

The proposed project entails design, finance, development, construction and engagement in direct gold shaft mining activities to obtain gold ore to be crushed and processed to produce gold a cyanidation gold processing plant, applying Carbon-In-Pulp gold extraction technique. Maximum processing capacity of the plant is estimated at 13,440 metric tons per annum in three (3) eight (8)-hour shifts. Recovery rate has been estimated at four (4) grams per ton.

1.1.3 Objectives of the Study

The objectives of this study are three fold. The first is to work out and determine technical, commercial and financial viability and operational feasibility of the project of the proposed medium gold mining and processing project. The second to facilitate the promoters secure funds in form of long term facility at the tune of US\$ 371,450- from a local development/commercial bank in order to facilitate development of the mining and processing facilities; as well as financing initial capital requirements. The third objective is to facilitate the application for Tanzania Investment Centre (TIC) Certificate of Incentives to access fiscal and non fiscal incentives as statutorily provided for under Tanzania Investment Act (1997) for the proposed project.

1.1.4 Scope of Assignment

The scope of the assignment includes standard requirements of a techno-economic feasibility study to facilitate appropriate investment decision. Hence such a study carried out professionally for this study must include, among others:

- ◆ Review of location and proposed site;
- ◆ Construction costs: mining and processing sites, buildings, structures and civil works;
- ◆ Capital and deemed capital requirements, including machinery, tools, equipment
- ◆ Gold processing requirements (main raw material, processing chemicals, processing costs etc.)
- ◆ Labour requirement and costs
- ◆ Maintenance requirements and provisions made in the major capital items;
- ◆ Financial and economic analysis
- ◆ Developmental Values/Economic Benefits
- ◆ Risk Analysis
- ◆ Review of Environmental Aspects;
- ◆ Project management and implementation schedule.

Most of the data has been compiled by the promoters' own research and study and therefore is first-hand information. On the other hand, Environmental Management Plan and all environmental aspects referred to under this study were provided at our request Consultants from their experience on similar Environmental Impact Assessment (EIA) carried out elsewhere..

The financials have also been carried out on the basis of market and cost information provided by the promoters of the project.

1.2 LAYOUT OF THE STUDY.

This report presents the Techno – economic and financial feasibility for setting up/operating a medium scale gold mining and processing project with operations based at Misigiri Village Kiomboi District , Singida Region.

The report is organised in 12 chapters. The Executive Summary is dealt with in this Chapter 1, followed by the mining Business Environment in Tanzania in Chapter 2. Chapter 3 deals with the project details (project concept, location and infrastructure, ownership, investment costs and financing plan). Chapter 4 provides technical aspects of the project (gold production process, logistics and supply of raw materials and inputs, raw materials requirement and availability, production costs and revenue estimates, environmental aspects and project implementation schedule).

Chapter 5 highlights the relevant Policy and Legal Framework for the plant operations and Chapter 6 deals with relevant standards for industrial operations while Chapter 7 outlines the Environmental Management Plan (environmental protection commitments, control strategies and performance etc.).

A brief account on the manpower requirements and organization structure is as dealt with in chapter 8. Chapter 9 deals with project Financial Analysis (estimated capital cost and basic operating assumptions, and analysis of financial results). Chapter 10 covers Threats to Profitability and Running of the Project (risk analysis looked from the strengths and weaknesses of the project environment). Chapter 11 deliberates on the Development Values/Economic Benefits (social and local economic benefits emanating from the project). The report ends with conclusion and recommendations in Chapter 12.

1.3 PROJECT PROMOTERS

The proposed gold mining and processing project is being promoted by M/s Pinnacle Mining & Processing Limited, a private company incorporated in the United Republic of Tanzania for the sole purpose of implementing the envisaged gold mining and processing project in Tanzania. The shareholders of M/s Pinnacle Mining & Processing Limited are as shown in Table 1 below.

NAME	NATIONALITY	NO. OF SHARES	% SHARE HOLDING
1. NOEL CHOWALLOR SUNNY	INDIAN	50,000	10%
2. SHAJI PAUL EDUTHAN	INDIAN	162,500	32.5%
3. JOSHY PAUL EDUTHAN	INDIAN	87,500	17.5%
4. JOSEPH GEORGE KUTTIKATT	INDIAN	125,000	25%
5. PAUL JOSHI	INDIAN	75,000	15%

1.4 LOCATION AND INFRASTRUCTURE

The project is located at Misigiri Village Kiomboi District in Singida Region and the site is directly accessed from Singida Centre. The plant obtains its water from its own borehole. The main source of energy for the plant facility is electricity generated from power generators. The facility however is not connected to sewage system, the site uses its own septic tanks as temporary storage system which, when full will be taken to municipal council waste stabilization ponds for final disposal.

1.5 PRODUCTION PROCESS (TECHNOLOGY)

Pinnacle Mining & Processing Limited plans to employ state-of-the-art gold mining and processing small scale facilities. The proposed processing technology to be used under this project is Carbon-In-Pulp (CIP) gold extraction technique for recovery of gold liberated into a cyanide solution as part of gold cyanidation process. The technology behind this plant is superior to current leaching plants in Tanzania. The company will import its mining and processing technology from China.

1.6 PLANT CAPACITY UTILISATION AND GOLD PRODUCTION

The company envisages development of shaft mining facilities and construction and installation of gold processing and recovery plant with an installed processing capacity of 280 metric tons of gold ore per week worked in 24 hours with 8-hour shifts per day. Plant Capacity Utilization is estimated at 55% in the first year, raising to 70% in the second year before stabilizing at 85% from year three onwards. Under these assumptions, gold ore mining and processing will be 8,640 tons per annum in year one, 9,360 tons in year two, and 10,080 tons per annum from year three onwards. At the assumed gold recovery rate of four (4) grams per ton, gold production is estimated at 34,560 grams in year one, 37,440 grams in year two, and 40,320 grams per annum from year three onwards.

1.7 RAW MATERIALS REQUIREMENT AND AVAILABILITY

The basis of revenue computations are on estimated gold recovery rate which has been projected at an average of 4 grams per ton of gold ore, translating into estimated recovery of 13,440 grams of gold per annum. Revenue per gram is estimated at US\$ 35-. Total revenue per annum is therefore estimated at a maximum of US\$ 1,881,600- when the plant is operating at 100% capacity utilization. Actual capacity utilization is assumed at 55% during the first year,

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70% during the second, before it stabilises at 85% from the third year onwards. Actual production is therefore estimated at

Processing chemicals required for the process are sodium cyanide, lime, silver nitrate, carbons, potassium iodide, POP, chloride oxide and hydrochloric acid.

1.8 PRODUCTION COSTS AND REVENUE ESTIMATES

Direct Costs

The major costs under this project are:

- Raw Materials (Gold Ore):** gold ore mining is estimated to cost US\$ 37 per metric ton.
- Gold Ore Crushing Costs:** this involves the cost of running the crusher. The crusher is estimated to consume 30 litres of fuel and oils per three-shift day, 6 days a week.
- Processing Costs:** the cost of running the processing plants are simply application of chemicals in the CIP leaching tanks.
- Elution Costs (Mwanza City):** the activated carbons will be processed in private elution plants where a processing fee will be paid to the plant owners.
- Repair and Maintenance:** It is projected to cost 5% of the cost of all major assets per annum.
- Labour Cost:** The project plans to recruit and employ regular employees (26) including crusher operators, processing plant operators, Plant Technicians and Security Guards on permanent and pensionable terms. It will also employ about 18 General Workers. Labour cost is estimated at 9.6% of gross sales revenue.
- Fuels & Oils:** Will be required in running power generators, mining equipment and motor vehicles. It is estimated that 18,000 litres will be required per annum which is computed at US\$ 18,000- per year.

1.9 ESTIMATED INVESTMENT COSTS AND PROPOSED FINANCING

S/N	Item	US\$
1.	Land & Buildings	235,000
2.	Plant Machinery and Equipment	494,000
3.	Utility Motor Vehicles	115,000
4.	Furniture, Fittings and Office Equipment	15,000
5.	Pre-operational Expenditures	38,000
6.	Contingencies	20,000
	<i>Total</i>	<i>917,000</i>
7.	Add: Initial Working Capital	100,000
	GRAND TOTAL	1,017,000

Revenue Estimates

Gold processing is projected at 8,640 tons per annum in the first year, 9,360 tons in the second and 10,080 tons from year three onwards. Gold production is estimated at an average of 4 grams per ton. Carbon-In-Pulp (CIP) gold extraction process. Revenue per gram is estimated at US\$ 35.00 before deducting royalty of 5%. This translates to a revenue of US\$ 1,209,600- in year one, US\$ 1,310,400 in year two, and US\$ 1,411,200- from year three onwards.

1.10 ORGANISATION AND MANAGEMENT

The project will be managed through the Board of Directors. The day to day management of the company will be vested in the management team to be headed by a Managing Director. The Managing Director will be directly assisted by two line managers who will further be assisted by four Senior Supervisors responsible for the plant, workshop, purchasing and administration. These will in turn be assisted by qualified and experienced personnel.

On implementation of the proposed project, the company plans to employment up to 44 people in the next three years.

1.11 PROJECT IMPLEMENTATION

Pinnacle Mining & Processing Limited plans to import mining equipment and expand its processing capacity to meet the project goals. The company plans to bring in the plants soon after being granted TIC accreditation. Assuming that all things run according to plan, the company should start mining operations by first of July 2019 at the latest.

1.12 FINANCIAL PROJECTIONS AND EVALUATIONS

Annex VI of the attached Financial Projections forms analyses the Total Production Costs, Annex XII analyses Income Statement Projections while Annex XIII deals with Break-even Analysis as summarised hereto below. The analysis is well elaborated in the attached projections and summarised as follows:

- Internal Rate of Return on investment 22.20%
- Internal Rate of Return on equity 24.29%
- The Normal Payback Period is 4.94 years at zero discount rate and 6.00 years when discounted at the assumed discount rate of 8%.

- Breakeven Point ranges between 65.95% and 2.95%

1.13 ENVIRONMENTAL CONSIDERATIONS

M/s Pinnacle Mining & Processing Ltd operations will have a minimal impact on the environment of the area. Processing water and chemicals wastes from mining operations can pose a threat to the environment and health of nearby communities. Not only can this waste be harmful if it leaches into ground water, but it can also mean losing minerals still contained in the residue. To prevent this, the project operations will use storage methods to contain the toxic elements. Storage ponds will be constructed at the project site to store slurry, the by-product of gold processing.

1.14 PROJECT DEVELOPMENT VALUES/BENEFITS

Implementation of this project will lead to realisation of the following development values/ social and economic benefits.

- Direct job creation in the region of 44 in the proposed processing and refinery sites. A high proportion of the investment will be spread widely to remote communities that are in desperate need of jobs and investment.
- The operations will significantly add value to current artisanal miners by replacing artisanal mining techniques to modern techniques as part of technical support by the company.
- The village in which the mining operations will be taking place will also see a number of benefits besides the creation of jobs in the form of social services from the company's Corporate Social Responsibility. When boreholes are sunk on site to allow extraction of water for the process, boreholes will also be provided for the village, increasing their access to fresh water.
- The project involves transfer of technology to Tanzania. Tanzanians will be trained on the job on how to extract gold using modern gold processing techniques.

1.15 CONCLUSION AND RECOMMENDATIONS

The project is:

- technically feasible

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- financially viable
- economically viable
- socially desirable
- environmentally sound, sustainable and manageable

In view of the global growing demand for gold and the benefits associated with this project as indicated in this report, the project is therefore strongly recommended for financing and subsequently implemented without unnecessary delays.

2.0 BUSINESS ENVIRONMENT AND BACKGROUND

Tanzania has a unique geological environment that hosts a variety of economic minerals. The most famous deposit is the Lake Victoria Greenstone belt in the central and north-central part of the country. Gold discovery and exploitation by German colonialists started towards the end of the 19th century and lasted until the First World War. During the British colonial era (1918-1961) mineral production and revenue were mainly from gold, diamonds, lead, mica, salt and tin. Gold was at a peak level in 1940 when it contributed to about 90% of the value of the mineral production. Following independence in 1961, many industrial sectors including the mining industry, were nationalised by the government.

In 1986 Tanzania agreed to a structural adjustment programme designed by the World Bank. Internal and external trade was liberalised, and the government opened up for foreign investment in the country. The liberalisation of mining,

accompanied by the legalisation of the buying and selling of gold and gemstones through banks and designated dealers, had immediate effects.

Now Tanzania has become one of the fastest-emerging gold producers in Africa, and is the continent's third-largest gold-producing country after South Africa and Ghana. A number of large international mining companies (Barrick Gold Corporation, AngloGold, Ashanti Mining, Resolute Limited) are now involved in operations in the country.

However the sector most relevant to operations conducted by Pinnacle Mining & Processing Limited will be the small scale. Estimates for the number of small scale miners operating in the country are usually taken to be around 500,000 people. There are approximately 6000 small scale claim holders for gold in Tanzania. Assuming the number of people employed on each site is between 30 and 60. This leads to an estimate of 270,000 people working on government sanctioned claims. There are also a large number of miners working on non-government sanctioned claims. Currently in Tanzania there is a dichotomy between the large multinational mining companies and the artisanal miners. Pinnacle Mining & Processing Limited will seek to exploit this dichotomy. It will operate in a way that will add value to artisanal miners.

The small to medium scale gold leaching market in Tanzania is still clearly in its infancy. Most of the companies operating started as small scale mining operations that sought to employ leaching as a method of improving yield from the mined ore.

3.0 THE PROJECT

3.1 The Project Concept

3.1.1 The Business Activities

The proposed project entails design, finance, development, construction, establish and operate a cyanidation gold processing plant using gold tailings as the raw material by applying Carbon-In-Pulp gold extraction technique. Maximum processing capacity of the plant is estimated at 280 metric tons per week in three (3) eight (8)-hour day-shifts. Recovery rate has been conservatively estimated at four (4) gram per ton.

Other major capital expenditure will involve procurement of dump trucks for transportation of the raw materials, laboratory equipment for metal testing, environmental protection plant, workshop tools and equipment, power generators; purchase of utility motor vehicles, furniture and fittings, and fencing of the project sites.

3.1.2 Responsibilities of a ML Lessor

The project involves a joint venture agreement with a local investor who undertakes to provide the mining and processing site in the form of Primary Mining Licence No. ML 313 located at Misigiri Village Kiomboi District , in Singida District The local partner will further be responsible for the management of this ML.

3.1.3 Responsibilities of M/s Pinnacle Mining

M/s Pinnacle Mining & Processing Ltd shall be solely responsible for the designing, financing and implementation of the mining and cyanidation gold processing plant on the land.Pinnacle Mining & Processing Ltd will further be responsible for the development of the gold processing camp, importation ore processing equipment, technology and skilled personnel, machines and plant processing equipment, as well as engineering works for construction and installation of the cyanidation gold processing plant and establishing a laboratory for metal testing. Other major capital expenditure will involve procurement of workshop tools and equipment, power generators; purchase of utility motor vehicles, furniture and fittings, and fencing of theproject sites.

3.1.4 Processing Licence

The company intends to obtain a gold processing licence from the Mineral Office in Singida which will allow them to process gold and eventually semi-refine the gold so obtained into bars/bullions.

3.1.5 Project Implementation Activities

Implementation of the proposed project will involve the following major activities:

- Site preparation and development including sinking of a borehole, construction water reserve dam and tailings slurry storage ponds;

- Development of civil works, structures and buildings, including construction of residential camps and facilities for key staff, office building, staff canteen and facilities for workers, and storage facilities for materials and equipment;
- Importation and installation of gold processing plants, including ball mill plant, CIP plant, laboratory for metal testing etc.;
- Establishing a workshop and acquisition of workshop machines, tools and equipment;
- Acquisition and installation of ancillary infrastructure including heavy duty power generators, installation of security system etc.;
- Procurement and installation of environmental protection plant equipment
- Procurement of heavy duty trucks fleet for transportation of gold tailings from the small scale mining centres to the processing. Other utility vehicles will include pickups, 4-WD station wagon and motorcycles to facilitate movement.
- Purchase of furniture and office equipment;
- Fencing of the site compound and storage yard.

3.2 Location and Infrastructure

As stated elsewhere, the project is located at Misigiri Village Kiomboi District , Singida District in Singida Region. The plant will obtain its water requirements from its own borehole. The facility will have water storage tank (underground reservoir) with a holding capacity of 150,000 litres of water and one underground concrete tank with 20,000 litres capacity. The average water consumption for both production process and domestic use in the plant is approximately 80 cubic metres per month.

The main source of energy for the plant facility is electricity generated from own power generators. Likewise, the facility is not connected to sewage system, the site use its own septic tanks as temporary storage system which, when full will be taken to municipal council waste stabilization ponds for final disposal.

3.3 Ownership

The project is promoted by Pinnacle Mining & Processing Limited, a locally registered private company incorporated in the United Republic of Tanzania for the sole purpose of engaging in gold processing and refinery in Tanzania. The company is registered with authorized capital of 2000,000,000/= (Two Billion) divided into 500,000 shares of TShs 4,000/= each.

THE SHAREHOLDERS

NAME	NATIONALITY	NO. OF SHARES	% SHARE HOLDING
2. NOEL CHOWALLOR SUNNY	INDIAN	50,000	10%
2. SHAJI PAUL EDUTHAN	INDIAN	162,500	32.5%
3. JOSHY PAUL EDUTHAN	INDIAN	87,500	17.5%
4. JOSEPH GEORGE KUTTIKATT	INDIAN	125,000	25%
5. PAUL JOSHI	INDIAN	75,000	15%

The directors and shareholders of the company are experienced business people in mining and mineral processing.

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3.4 Estimated Investment Cost and Financing Plan

S/N	Capital Item	US\$
1.	Land & Buildings	
	Site Preparation and Development	15,000
	Construction of Mining Camp and Processing Buildings, Storage Facilities, and Workshop Building	60,000
	Construction of Office Buildings	35,000
	Construction of Staff Quarters, Security Shed and Generator House	70,000
	Development of Infrastructure (boreholes, underground reservoir, overhead tanks, waste water disposal/septic tanks etc) and Civil Works Structures	55,000
	<i>Sub total</i>	<i>235,000</i>
2	Plant Machinery and Equipment	
	Back Hoe and other Mining Equipment	124,000
	Gold Ore Crushers	92,000
	CIP Gold Extraction Plant	95,000

	Power Generators (7.5 kW)	80,000
	Air Compressors	27,000
	Workshop Machines, Tools and Equipment	25,000
	Laboratory Kits for Metals Testing	15,000
	Environmental Protection	26,000
	Security System	10,000
	<i>Sub total</i>	<i>494,000</i>
3.	Utility Motor Vehicles (dump trucks, pickups, station wagons etc.)	115,000
4.	Furniture, Fittings and Office Equipment	15,000
5.	Pre-operational Expenditures	38,000
	Contingencies	20,000
	<i>Total</i>	<i>917,000</i>
6.	Add: Initial Working Capital	100,000
	GRAND TOTAL	1,017,000

4.0 TECHNICAL ASPECTS

4.1 Cyanidation Gold Processing Technology

4.1.1 Introduction

Various methods such as gravity concentration, flotation, panning, pyrometallurgy, cyanidation etc. are available for the extraction of gold metal from its ores. Amongst these methods, cyanidation is the most common method used in the leaching of gold from the ore. This process involves the dissolution of gold containing ores in dilute cyanide solution in the presence of lime and oxygen.

The common processes for recovery of gold solution include:

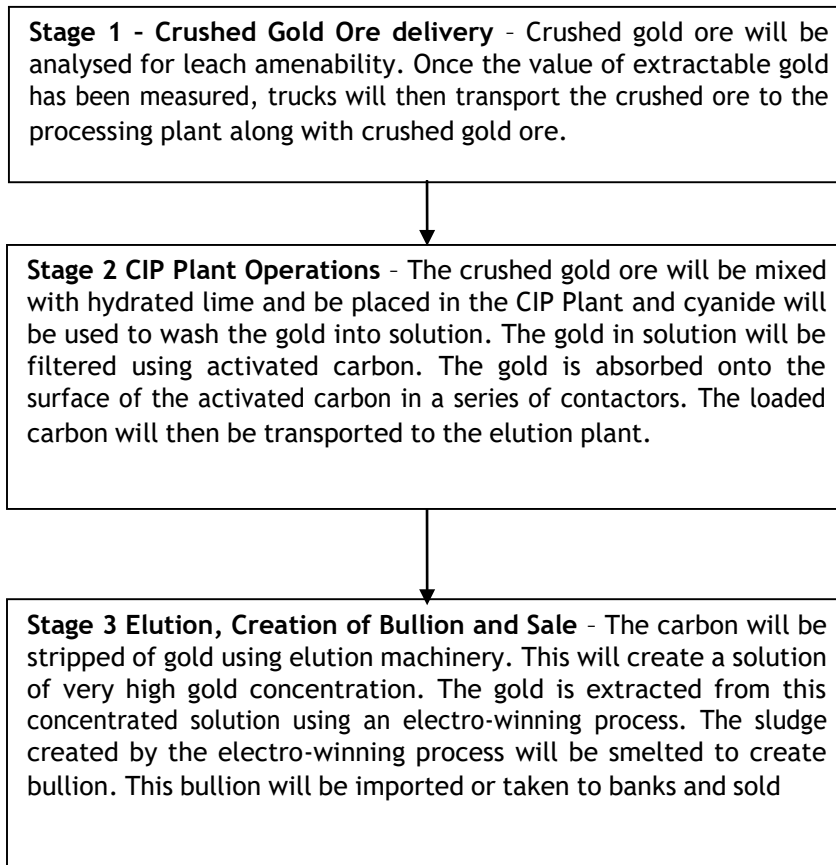
- (i) Carbon adsorption,
- (ii) Merrill-Crowe process,
- (iii) Electro-winning and
- (iv) Ion-exchange / solvent extraction.

4.1.2 Carbon-In-Pulp (CIP) Technique

Carbon in Pulp (CIP) is an extraction technique for recovery of gold which has been liberated into a cyanide solution as part of the gold cyanidation process. The CIP method involves creating ore slurry and directly contacting the activated carbon with the gold containing slurry in an agitated environment.

4.1.3 The Process

The business will be broken down into three stages or “gold flows”. The first stage will be that of the delivery of gold ore to the leach plant. The second stage will be the leaching process that will take place at the CIP plant. The third stage will be the elution of gold and creation of the bullion that will be sold to local buyers or exported.



4.1.4 Logistics and Crushed Ore supply

The first stage in the process of creating the bullion will be the sourcing of the gold ore to be processed. Scouting will be carried out and samples taken from piles in various areas around the mining site. These samples will be analysed to measure their leach amenability and their effective value to the company. Once this has been done, the trucks will be organised to collect the gold ore and take them to the processing plant site. Gold ore will then be crushed by company crushers at the processing site. During the start up phase, only a few trucks will be required to fill the small number of tanks available. Once the plant is operating at full capacity, two 25 Tipper Trucks should be sufficient for supplying the plant with the required amount of gold ore.

One important factor will be to build up and maintain an on-site gold ore stock pile. This will ensure a steady and reliable flow of crushed ore to the plant. There will always be occasions when roads are made impassable by bad weather, or

when trucks are being serviced or repaired. It would be wise to maintain a pile of at least 500T of gold ore at the processing site. During the wet seasons it may be reasonable to increase this stock pile to 1000T.

4.1.5 Leaching and the Cyanidation process

4.1.5.1 The Cyanidation Process

The solubility of gold in cyanide solutions was recognised as early as 1783 by Scheele (Sweden) but wasn't implemented for commercial purposes until 1888 in the USA. At this time a zinc cementation process was used to extract the gold from the gold bearing solution. At a later time, following significant advances in this method, this process was named the Merrill-Crowe process.

The absorption of gold from aqueous solutions onto activated carbon was first noted in the early 19th century. However, at this time the only known way of extracting the gold from the carbon was by combustion of the carbon and smelting of the resulting ash. This was costly and given the advances made in the zinc cementation process, was not used. It wasn't until the 1950s when the Zadra process was developed to strip gold from activated carbon that the use of activated carbon became widespread. However the low gold price during this era restricted developments. It wasn't until the gold price boom of the 1980s that saw the development of the two major processes that are used widely today.

4.1.5.2 The Carbon-In-Pulp (CIP) Process

The project plans to use Carbon-In-Pulp (CIP) gold processing technology. Carbon in Pulp (CIP) is an extraction technique for recovery of gold which has been liberated into a cyanide solution as part of the gold cyanidation process. Introduced in the early 1980s, Carbon in Pulp is regarded as a simple and cheap process. The gold cyanide complex is adsorbed onto the carbon until it comes to an equilibrium with the gold in solution. Because the carbon particles are much larger than the ore particles, the coarse carbon can then be separated from the slurry by screening using a wire mesh.

Modern gold-recovery techniques depend on the fact that gold (and silver) dissolves in dilute solutions of cyanide. The broken ore from the mine (or tailings for this particular project) is first ground to a fine powder in large rotary mills, and the slurry of fine ore and water (the 'pulp') is treated with cyanide in large tanks that are stirred mechanically or by air-agitation. In the conventional process, the gold that is dissolved (leached) into the solution is precipitated by adding zinc dust. However, before this can be done, the pregnant gold-bearing

solution must be filtered to remove the fine particulate matter, then rendered sparkling clear. De-aeration may also be required. After the zinc dust is added, the solution has to be filtered again to remove the zinc-gold precipitate.

The carbon-in-pulp (CIP) process, which was developed to its present form in South Africa during the 1970s, is considered to be the most significant advance in gold recovery technology in recent years. Using CIP, the minute (but economically important) quantity of gold that remained in the barren solutions and solid residues from conventional processing can be recovered. Although the amount of gold extracted is high, the equipment is expensive and complicated to maintain and operate

In the CIP process, activated carbon is used to adsorb the gold directly from the cyanided pulp in a series of large adsorption tanks. Activated carbon acts like a sponge to aurocyanide and other complex ions in solution. Hard carbon particles (much larger than the ore particle sizes) can be mixed with the ore and cyanide solution mixture. Pulp flows continually from the first vessel to the last in the series, and the carbon is transferred intermittently by pumping in the opposite (counter current flow) direction between a series of tanks. Interstage screens between the tanks prevent the carbon from moving downstream. The gold value of the pulp decreases downstream, and the gold loading on the carbon increases upstream, with the highest value in the first tank.

Gold is washed (eluted) from the loaded carbon with a solution of cyanide and caustic soda, and then recovered by electrolysis or by precipitation with zinc dust. This method makes it unnecessary to filter the pulp and subsequently treat large volumes of dilute gold-bearing solution.

4.1.5.3 The Leaching Plant Process

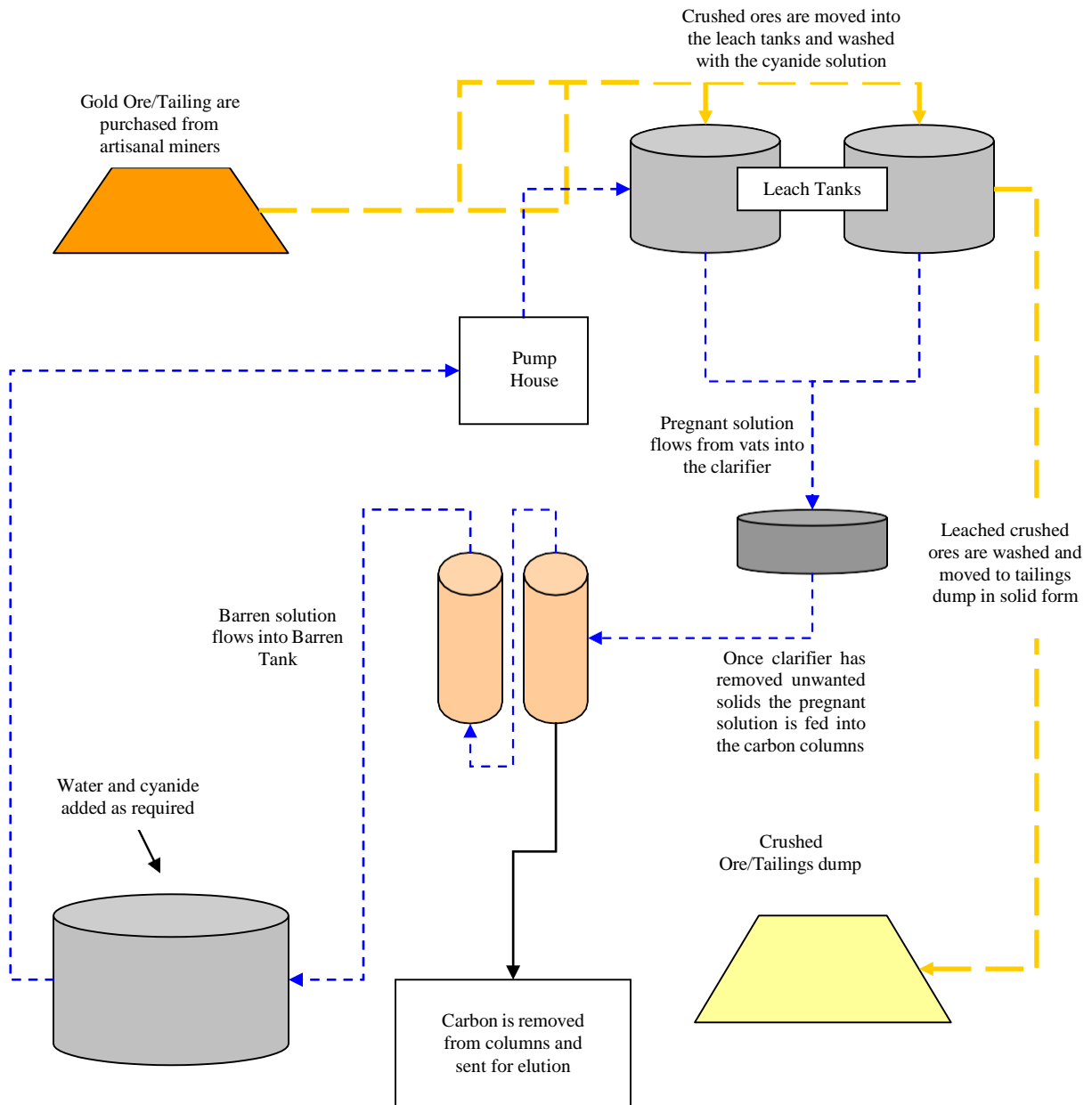
The crushed gold ore is brought to the plant in trucks and offloaded adjacent to the leaching plant. The leach steel tanks will have a capacity of approximately 20 tons. The ores are ground into fine powder in the ball mill plant before being mixed with hydrated lime and placed into the leaching tanks. The hydrated lime optimises the conditions for gold extraction and reduces the loss of cyanide by hydrolysis. The tap at the bottom of the tank is closed and a cyanide solution of approximately 250ppm is run into the top of the tank at a slow rate so as to achieve a plug flow through the tank and avoid channelling. This improves gold extraction. Once the tailings have been soaked, the tap is opened and solution is allowed to percolate through the fine powder of tailings, dissolving the gold in its path. The solution flows through a filter at the base of the tank that keeps the tailings in the tank.

The gold bearing (pregnant) solution flows out of the tank and into the clarifier. This removes any unwanted solid particles in the clear solution. This solution is then pumped through a series of carbon columns or contactors. The carbon adsorbs the gold from the pregnant solution. Barren solution then flows out of the columns and into the barren tank. Water and cyanide are added here to maintain the balance in the closed system. Oxygen, a key reactant in the process is added in the barren tank by using a pump to aerate the solution. The barren solution containing the cyanide is then pumped into the newly filled tank and the solution cycle starts again.

After 3-5 days of solution flowing through the tailings the gold will have been extracted. The exhausted ores in the tank are now washed with water and drained. The tank is then emptied and the gold ores are moved to the slurry storage pond.

Once the gold has been absorbed by the carbon, the carbon is removed and replaced with fresh carbon. The loaded carbon is then sent to the elution plant for extraction/stripping.

4.1.5.4 Leach Plant Schematics



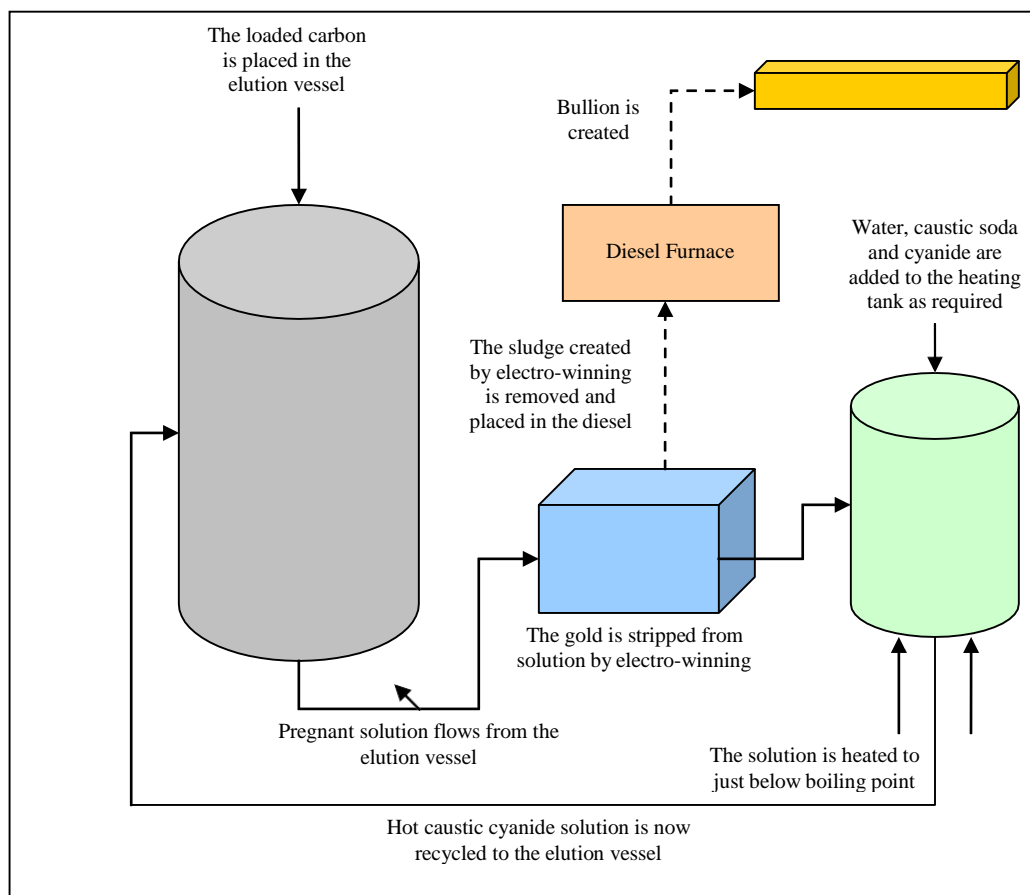
4.1.5.5 Elution, Extraction and Smelting

Once the loaded carbon has been transported from the leach plant to the elution plant the stripping of the gold can commence. This is done by taking the carbon

and placing it in an elution vessel. Here the process of loading the gold onto the carbon is reversed and the gold is stripped. This is done by passing hot caustic solution past the carbon. Once the gold has entered the solution, it is pumped to an electro-winning cell. Here the gold is removed using electrolysis and it accumulates at the steel cathode. The now barren solution is then pumped to a heating tank where more cyanide and caustic soda can be added to recharge the stripping solution. The solution is now fed back to the elution vessel for another stripping cycle.

Once all the gold has been stripped from the carbon, the carbon is removed and replaced with more loaded carbon. The stripped carbon is then acid washed and sent back to the leach plant for reloading. The gold sludge is now removed from the electro-winning cell, placed into a kiln and smelted to create bullion.

4.1.5.6 Elution Plant Schematics



4.2 Raw Materials Requirements and Availability

Pinnacle Mining & Processing Limited will be operating a gold processing plant using crushed gold ore to be obtained from own mining site as the source of raw materials. Processing chemicals required for the process are sodium cyanide, lime, silver nitrate, carbons, potassium iodide, POP, chloride oxide and hydrochloric acid.

At the processing rate of 180 metric tons per week in year one, 195 metric tons in year two and 210 metric tons per week from year three onwards, the facility will require 8,640 metric tons of gold ore/tailings per annum in the first year of production, 9,360 tons in the second year and 10,080 metric tons from year three onwards.

Chemicals Requirements per annum

TYPE OF CHEMICAL	YEAR 1	YEAR 2	YEAR 3 ONWARDS
Sodium Cyanide (6,000 kgs)	7,200 kgs	7,800 kgs	8,400 kgs
Lime (54,000 kgs)	64,800	69,840	75,600kgs
Silver Nitrate (6 litres)	7.2 litres	7.8 litres	8.4 litres
Carbons (12,000 kgs)	14,400	15,600	16,800
Potassium Iodide (3 litres)	3.6 litres	3.9 litres	4.2 litres
POP	7.2 litres	7.8 litres	8.4 litres
Chloride Oxide	14.4 litres	15.6 litres	16.8 litres
Hydrochloric Acid	216 litres	234 litres	252 litres

These chemicals will be originated from China,

4.3 Production Costs and Revenue Estimates

Direct Costs

The major costs under this project are:

□ **Raw Materials (Gold Ore/Tailings):** is estimated to cost US\$ 37 per metric ton. This involves digging the ore (US\$ 12 per ton), loading (US\$ 7) and transportation from mining pit to processing site (US\$ 20 per ton). At the rate of 10,080- per annum at full production, the main raw material is expected to cost 372,960 per year – which translates to about 25% of sales revenue;

□ **Gold Ore Crushing Costs:** this involves the cost of running the crusher. The crusher is estimated to consume 30 litres of fuel and oils per three-shift day, 6 days a week. At the current price of diesel and oils, this translates to the cost of US\$ 30 per day @ US\$ 1 x 6 days per week x 4 weeks x 12 months = US\$ 8,640 plus 10% thereof being cost of oils total US\$ 9,504;

□ **Processing Costs:** the cost of running the processing plants are simply application of chemicals in the leaching tanks. The major chemicals are: sodium cyanide, lime, silver nitrate, carbons, potassium iodide, POP, chloride oxide and hydrochloric acid.. This is estimated to cost 12% of gross revenue, i.e. US\$ 145,152- in year one, 157,248- in year two, and US\$ 169,344- from year three onwards;

□ **Elution Costs:** the activated carbons will be processed in private elution plants. The charges payable to the elution plant owners for the service are estimated at 8% of gross revenue. Hence, year one US\$ 96,768-, year two US\$ 104,832- and US\$ 112,896- from year three onwards.

□ **Repair and Maintenance:** It is projected to cost 5% of the cost of all major assets per annum. These include plant machinery & equipment (US\$ 519,000-) and utility motor vehicles (US\$ 125,000-) totaling US\$ 634,000- x 5% thereof =US\$ 31,700-;

□ **Labour Cost:** The project plans to recruit and employ regular employees (26) including crusher operators, processing plant operators, Plant Technicians and Security Guards on permanent and pensionable terms. In addition to the Managing Director, the project will hire three line managers, i.e. Technical Manager, Production Manager and Finance & Administrative Manager. It will also employ about 18 General Workers.

Labour cost is estimated at 9.6% of gross sales revenue, hence a budget of US\$ 116,120- has been set aside for salaries, wages and labour overhead costs (including social security and medical insurance) in the first year of operation, US\$ 126,277- in the second and US\$ 135,475- from year three onwards.

□ **Fuels & Oils:** Will be required in running power generators, mining equipment and motor vehicles. It is estimated that 18,000 litres will be required per annum which is computed at US\$ 18,000- per year.

Revenue Estimates

Gold processing is projected at 8,640 tons per annum in the first year, 9,360 tons in the second and 10,080 tons from year three onwards.. From tests conducted at materials from the sites and experience from almost one year of operation, gold production is estimated at an average of 4 grams per ton of ore/tailings at the recovery rate of 75% to 80% using cyanide leaching process. Revenue per gram is estimated at US\$ 35.00 before deducting royalty of 5%. At this rate therefore, revenue is computed as per table below:

YEAR	PROCESSED RAW MATERIALS (TONS)	GOLD RECOVERY PER TON (GRAMS)	PRICE PER GRAM (US\$)	ESTIMATED REVENUE (US\$)
1	8,640	4	35	1,209,600
2	9,360	4	35	1,310,400
3 onwards	10,080	4	35	1,411,200

4.4 Environmental Aspects

Emission Controls

Pinnacle Mining & Processing Limited operations will have a minimal impact on the environment of the area. A benefit of using vat leaching as a method of gold extraction is that the crushed gold ore/tailings can be washed and drained before moving to the dump site. This means that the tailings/crushed and extracted ore will be inert and relatively free of chemicals. The last charge to the vats will be a fresh water wash. This will ensure that all salts, soluble material and cyanide are washed from the crushed and extracted gold ore rendering the ore chemically inert. A good quantity of Ferro-Sulphate will be stored at site. Should any cyanide spillages occur, this can be used to neutralise the chemical safely

Expansion of the company into chemical retailing will also help artisanal/small scale miners to obtain the chemicals required in gold processing at a lower cost, given the current chemical costs which are prohibitive.

Wastes and by-products

As for waste and by products, the main types of wastes are solid waste and liquid waste. Solid wastes that are currently generated during production include pieces of paper resulting from office use, plastic drums from chemicals

used, and used tailings. Yard wastes are handled through existing waste collection point within the facility of which are burnt, while empty plastic drums are kept for destruction within the designated area.

Waste water generated including grey and black water (kitchen and toilets respectively) are temporarily stored in septic tanks on-site of which, when full, will be collected by septic emptier to municipal waste water stabilization pond for final disposal. Waste waters generated from the different stages of processes are collected within a separate reservoir outside the facility fence. The amount of waste water generated at Pinnacle Mining & Processing Limited is approximately 80 cubic metres per month from washrooms, kitchen and processing. The company has installed a number of septic tanks used for temporary storage of the effluents section wise before being taken to municipal waste water stabilization ponds when are full.

4.5 Implementation Schedule

Pinnacle Mining & Processing Limited plans to import mining equipment and develop processing capacity to meet the project goals. The company plans to bring in the plants soon after being granted TIC accreditation. Assuming that all things run according to plan, the company should start mining operations by first of September 2020 at the latest.

7.0 ENVIRONMENTAL MANAGEMENT

The following sections describe the environmental protection commitments, control strategies and performance objectives for the operation of the Pinnacle Mining & Processing Ltd plant. Each section provides an outline of the environmental values and potential impacts associated with the project and how these will be controlled.

7.1 Air

Description of Environmental values

The air Quality environmental values to be enhanced or protected are:

- Human health and wellbeing and
- The aesthetic of the environment, including the appearance of buildings structures and other property.

Potential Adverse or Beneficial impacts

Key Pinnacle Mining & Processing Ltd plant components that emit air pollutants include:

Vehicular movement

Other activities due to the operation of the plant occur intermittently for a short duration and are Mobile or are transient in nature. These activities are likely to be intermittent sources of air pollutants. Emission sources in this category include:

- Variable emissions from normal operating equipment during start up and shut down.

Point source Air Emissions: Generator usage while in action

Environmental protection commitments: Pinnacle Mining & Processing Ltd plants commits that it will:

- Ensure emissions of air pollutants (including odour, dust and light) to the atmosphere are minimized and air quality objectives are met during operation.
- The objectives, standards and control strategies to be employed during operation have been identified and will strictly be adhered to.

Environmental Protection Commitments: Pinnacle Mining & Processing Ltd

Proposed Project for Gold Mining and Processing at Misigiri Village Kiomboi District , Singida Region: A Feasibility Study Report

plant commits that it will develop and implement procedures and monitoring program to identify,investigate and conduct necessary remediation for potential site contamination.

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7.2 Noise

Description of Environmental Values:

The environmental values to be enhanced or protected for noise are:

- Human health and wellbeing, including by ensuring a suitable acoustic environment for workers involved in the plant's operation activities. The workers for the plant are the sensitive receptors.

Potential Adverse or Beneficial Impacts

The plant operate at 100% capacity, 24 hours per day with shift system. The measured noise levels pf below 85DBA at all receivers around the plant comply with the criteria noise levels.

Environmental Protection Commitments

To manage potential impacts of noise during operation, Pinnacle Mining & Processing Ltd plant will develop and implement noise management plan that addresses potential impacts including the schedule of high noise activities during normal working hours, where practicable.

7.3 Health , safety and environment

Description of environmental values:

The environmental values to be protected and enhanced are life, health and wellbeing of people. Potential impacts on health and safety associated with the operation of the plant are:

- Contamination of ground and surface water or land
- Destruction / impairment of the plant
- Exposure of plant personnel or the community to harmful substances
- Injury or death to members of the community from unauthorized access to the plant site
- Workers training contributes beneficially to community health and well being.

Environmental protection Commitments: Pinnacle Mining & Processing Limited will:

- Continuing hazard and risk studies through the plant life

- Communicate plant health and safety practice results of relevant monitoring through consultation sessions and meetings.
- Developing a safety report to cover major hazard facility requirements during operations
- Routine health checkups for the plant operators

7.4 Waste

Activities: The types of waste generated from the plant's operating activities include:

- Atmospheric emissions
- Wastewater discharges
- General and regulated solid and semi- solid waste.

The following sub- sections provide information about the waste streams, as well as associated management options to minimize disposal of wastes and potential environmental or human harm.

Atmospheric Emissions

Wastes associated with plant's processing are primarily generated as atmospheric emissions, primarily from the mixing of raw materials and cluching. During normal operation, the majority of these are produced from the following stationary sources:

- Generator and smelting operations
Non- routine operations are those outside of the general operating parameter for the facility, which occur intermittent. For a short duration. Emissions from these events are variable and intermittent.
These emission sources include vvariable emissions (start up and shut down).

Wastewater Discharges

The plant operations generate the following wastewater disposal streams:

- Storm water from the plant site
- Sewage effluent
- Potentially contaminated wastewater from the facilities process areas:

Solid and semisolid wastes

The solid and semi- and semi- solid wastes generated through the operation of the plant are:

- General wastes including domestic waste garbage and recyclables from onsite workers, office wastes, paper and cardboard, as well as box / bags from packaging.
- Medical and first aid station waste.
- Regulated waste and / or hazardous wastes including waste lubricating oils and sewage.

Waste materials generated during the plant operation that be re- used on- site are collected in mobile garbage units and water management facility.

Potential Adverse or beneficial impacts

Environmental impacts from waste occur as a result of poor management. The potential impacts include the following:

- Land and water contamination from inappropriate storage, handling and disposal of solid and liquid waste.
- Land and water contamination from spills and releases during handling and transportation.
- Odors due to inappropriate storage and handling of waste.
- Water contamination from discharges of contaminated storm water, sewage effluent.
- Inefficient use of resources.

Environmental protection commitments

Pinnacle Mining & Processing Ltd Mines plant commits to the following waste management and minimization actions:

- Implement a waste management plan consistent with the Environmental management Act, 2004 for the plant to reduce the risk of contamination of land or water.
- Ensure removal, transport and disposal of all general waste and regulated wastes by an appropriately licensed waste management contractor and facilities.
-

7.5 Water

Potential Adverse or Beneficial Impacts

The potential impacts on water have been divided into four categories:

- Water supply
- Storm water
- Surface water
- Wastewater.

In addition, water supply requirements have the potential to generate impacts through extraction to address water supply requirements during operations. Each of these issue and the impacts identified are addressed below:

(1) Water supply

The estimated water demand for the plant for daily operational activities is 5m³ daily for both domestic and industrial activities.

(2) Storm

Storm water runoff has the potential to generate the following impacts:

- Increase runoff scouring sediment from site causing increase sedimentation in water courses
- Uncontrolled release of contaminants and volumes of waters of variable quality resulting in short or long- term environmental impacts, personal injury

(3) Surface water

The plant is utilizing the surface water (tap) as a source of supply for the plant during operations. Therefore, the plant is expected to have an impact on surface water quality or quantity under normal operating circumstances. Accidental spills or leaks have the potential to seep to surface water. Appropriate control strategies will be implemented to minimize or avoid the anticipated pollution.

(4)Wastewater

The plant operations generate the following wastewater disposal streams:

- Sewage effluent.
- Potentially contaminated wastewater from the plant process areas.
All processed wastewater from the plans are managed and discharged in accordance with discharge criteria established in the relevant

environmental permits sewage effluent will be disposed to sewage system existing in the area.

The potential impacts associated with these discharges include:

- Degradation of the aquatic habitat and surface water contamination spills
- Increased volumes of contaminated storm water.
- Land and water (surface water and groundwater) contamination from inappropriate storage, handling and disposal of solid and liquid wastes.

Environmental protection commitments

Pinnacle Mining & Processing Ltd Mines plants will prepare a storm water management plan to ensure that the quality of storm water discharged from the plant is monitored

7.5 Environmental Monitoring Program

Environmental monitoring requirements have been identified. They will be undertaken during the operation of the plants. These monitoring requirements will be updated as required to reflect approval conditions. In addition the monitoring requirements identified here will be an ongoing review in accordance with the following:

- Annual basis
- Incident or emergency
- Identification of noncompliance with environmental authority conditions
- Legislative changes (including standards and guidelines)
- New or changed in process (including addition or removal of mitigation measures)
- When further risk studies are undertaken

The Pinnacle Mining & Processing Ltd plant environmental manager to provide semi-annual reports to the plant general manager on routine monitoring and auditing activities and results

7.7 Summary and Recommendations over Environmental Protection Issues

From the study conducted it can be concluded that; the current environmental management system is well managed in terms of sound level, air quality, wastewater discharge, proper raw materials management, staff awareness, water management and economy of use and solid waste generation. To ensure the proper environmental management of the plant, the following recommendations should be adhered to:

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- Within Pinnacle Mining & Processing Ltd Mines plant there should be a proper raw materials management, staff awareness, participation and training in environmental issues, water management and economy of use, solid waste generation, management and disposal and environmental emergency prevention and preparedness.
- Wastewater generated from the plant.
- Air quality shall be managed in such a way that the emitted gases/ particulate matters should be within the permissible range.
- The plant management shall provide protective gears to the workers; enforcement on the use shall be done.
- The Pinnacle Mining & Processing Ltd plant shall employ the environmental officer/ manager responsible for the plant's environmental issues.
- There should be regular maintenance and repair of plant's equipment to maintain their functionality.

8.0 ORGANISATION AND MANAGEMENT

8.1 Board of Directors

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The project will be managed through the Board of Directors. The Board will formulate policy, offer strategic business guidance to management and regularly monitor and evaluate performance of the company. The Board of Directors will comprise of the company directors and possibly a representative from the lending institution in this project. Only the shareholders will have the right to vote.

8.2 Management and Organizational Structure

The day to day management of the company will be vested in the management team to be headed by a Managing Director. The Managing Director will be directly assisted by three line managers who will further be assisted by four Managers responsible for the plant, workshop, purchasing and administration. These will in turn be assisted by qualified and experienced personnel.

There will be three line managers:

- The Logistics and Procurement Manager who will be in-charge of procurement, and transportation activities, including raw materials
- Production Manager who will be in-charge of plant operations and production while the
- Finance and Administration Manager will look after all financial matters including personnel and up keep of proper records of company accounts and assets.

Below the three line managers, there will be four supervisors to assist the line managers. They will be responsible for the plant, workshop, purchasing and administration. These will in turn be assisted by qualified and experienced personnel.

On implementation of the proposed project, the company plans to employ up to 44 people in the next three years.

9.0 FINANCIAL ANALYSIS

9.1 Financial Assumptions

The estimated capital cost and basic operating assumptions are summarised in the financial projections as shown in Appendices I to XIV. In the financial analysis the following major assumptions have been taken into considerations:

- By taking into consideration repayment period of the term loan and gradual increase in plant production capacity, the financial projections are for 10 years.
- For convenience and stability, all financial figures have been quoted in United States Dollar at US\$ 1 = 2,300/=TShs.
- Total capital investment cost is estimated at US\$ 1,017,000
- It is proposed to finance the Fixed Investment costs of this project through a combination of equity contribution and bank loan in the following pattern:
 - Pinnacle Mining & Processing Limited will engage in direct shat mining production and ensure adequate raw materials at all times. It will also establish gold processing facilities employing Carbon-In-Pulp technique.
 - Production is estimated to grow at 20% per annum in the first year of production, increasing by 30% during the second and by 40% during the third year and stabilizing at this production level for the rest of economic life of the project.
- The price of recovered gold is assumed to be US\$ 35.00 per gram at fob price. This price has been based on the prevailing rate in the Tanzanian gold market. The price has been conservatively maintained constant over the projected period, although it is obvious it will be rising from time to time.
- Direct production costs shown in Annex VI are based on current rates.
 - Salaries and Wages have been based on the prevailing scales in the private sector. There is provision of 20% to cover company contribution to Social Security Fund (10%), medical insurance and other social welfare (10%). Salaries, wages and salary overheads are estimated at 9.6% of gross revenue.
 - Processing Costs are estimated at 12% of gross sales revenue
 - Elution charges are estimated at 8% of gross sales revenue

➤ **Overhead Costs**

- Production overhead costs are estimated at 7.5% of sales while
- Administrative/Overhead costs are based on the prevailing rates in the market and needs of the proposed project. They have been projected at 6.5% of total sales.

The following will be the major production cost items per annum:

OPERATING COSTS

These will include:

- Pay roll expenses
 - Cost of raw materials (gold ore and tailings) estimated at US\$ 37- per tonne
 - Processing costs: include cost of cyanide, hydrated lime, carbon and other chemicals
 - Fuel Expenses
 -
 - Staff meals
- Corporate Tax is fixed at 30% of taxable profits.

9.2 Analysis of Financial Results

Following are highlights of the financial projections and analysis:

Appendix XII - Projected Profit and Loss Statement

Operations of the project are profitable from year 2 when the company posts a net profit of US\$ 44,205-. The profitability position improves significantly during the subsequent years to US\$ 57,305- in year three , US\$ 86,710- in year 6 before reaching US\$ 99,424- in year 8 and 157,371- in year 10 when the project has completed loan repayment (and therefore no financial costs involved) and also after most of the capital assets have been fully depreciated.

Appendix XIII - Cash flow Projections

The projected Cash flow for Financial Planning indicates that the project will generate enough cash to service the loan and meet other financial obligations. Net cash/surplus balance increases from US\$ 4,192- in year one to US\$ 199,679-by the 5th year of operation. The cumulative cash balances during the same period increases from US\$ 4,192- to US\$ 431,530, before reaching US\$ 1,646,406-

at the end of economic life of the project. This is a positive indication that the project is liquid enough to meet its cash requirements to support its trading operations.

Appendix XIV - Projected Balance Sheets

The balance sheets indicate a favourable state of affairs of the project throughout the projected period. The net fixed assets as reflected in the security cover adequately cover the term loan. The security cover is above the normal rate of 1.25 required by the Bank of Tanzania. The ratio ranges between 1.43 and 2.86. Similarly current liabilities are well covered by the current assets, the ratio ranging from 1.86 to 14.23.

The company net-worth increases from US\$ 540,892- at the end of construction period to US\$ 1,090,728- by end of the 10th year, a significant growth in the value and profitability of the company.

Appendix X - Discounted Cash flow

The Discounted Cash flow yields an Internal Rate of Return (IRR) of 22.20%, which is well above the assumed cost of capital at 8%. This confirms the financial viability of the proposed project. NPV Ratio is positive at 0.65.

Key Financial Ratios

- Debt Service Coverage Ratio- ranges between 1.43 and 2.86. This is well above 1.0, another indicator that the project will comfortably service interest and principal repayments as and when they fall due.
- Return on Investment (ROI) is 24.29% during the first year. It increases over the years as the loan liability is reduced

Payback Period

The entire investment of US\$ 917,000- is estimated to be recovered in about 5 years at zero discount rate, and 6 years when discounted at the cost of capital at 8%. This is a clear demonstration that the project has a reasonable return on investment.

Appendix XIII - Breakeven Analysis

Highest breakeven capacity is estimated at 65.95% during the first year of operation and the lowest breakeven capacity is 2.97% during the 10th. The breakeven point declines as the loan is reduced over the years and major capital assets have been fully depreciated.

The management will strive to achieve higher capacity than the breakeven point at 84.15% and 57.22%.

Sensitivity Analysis

From the analysis carried out on changes of some key factors to show their effect on profitability and IRR, the project shows to be more sensitive to changes in selling price than changes in decline in capacity utilisation and increase in direct production costs.

10.0 THREATS TO PROFITABILITY AND RUNNING OF THE PROJECT

Risk analysis can be looked from the strengths and weaknesses of the project as follows:

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10.1 Refractory Ores

It will always be the case that there are some gold ores that are more amenable to the leaching process than others. Ore bodies can have certain characteristics that make gold extraction difficult. This can be due to sulphides ores that consume reagents, carbonaceous ores that reabsorb the gold once it is liberated or telluride ores that dissolve poorly in cyanide solutions. Although such ores have been yetto be found following the initial study, if they are found, Pinnacle Mining & Processing Limited will not treat them as the preparation of such ores for leaching will be prohibitively expensive and complicated. All such refractory ores will be identified during sampling. In the case of sulphide ores it is usually possible to identify the crushed ore by its appearance and odour.

10.2 Copper Rich Ores

Another problem that similar operations have experienced has been high concentrations of copper in the gold ores. This copper has the effect of displacing the gold in the extraction process, thereby reducing gold produced. All copper levels in the samples taken have been well below acceptable levels. Ores that are high in copper can still be treated, but it must be ensured that only a small proportion of the vats should contain such an ore to keep the copper concentrations below a certain threshold. The copper content of all the tailings will be measured during sampling.

10.3 Gold Price

The price of gold can be very volatile. With current gold prices the prediction is for a very profitable company but if the gold price recedes to the kind of levels seen 10 years ago, such operations will struggle to remain profitable.

10.4 Political and Social Instability

Like all other gold mining sites in the country, the proposed location in Bukombe District, Singida Region for the processing activities are likely to experience civil unrest as the people surrounding the areas feel that the mining lands are their properties which have been confiscated by the government and given to foreign miners. After independence the government made an attempt to unify the country and reduce the negative aspects of tribalism in Tanzania. However, there has been worrying levels of civil unrest in nearby Kenya that has been attributed in some degree to tribalism. This has spilled over the border and Barrick has had significant trouble with their North Mara mine. The trouble is thought to be caused by the way the government enforced a very meagre compensation

package to the local miners that were displaced during setup. The levels of civil unrest in the area where Pinnacle Mining & Processing Limited plans to set up its leaching operations are thought to be significantly less risky than in North Mara. However, it is hoped that as the plants presence in the area will significantly benefit the local miners and population and will not harm any local interests, the company will be popular and will experience little strife.

Likewise, Bukombe District, Singida Region the proposed location of the mining and processing site is known for periodical raids of armed bandits in the past who are believed to come from neighbouring countries, and especially Burundi where they have been experiencing social unrest from time to time.

10.5 Security

There are certain traits of Pinnacle Mining & Processing Limited that make security issues much less significant than with most other gold producing companies. Usually gold is found in remote places where security is difficult. However, Pinnacle Mining & Processing Limited will transport activated carbons for elution by using box body trucks as per specification of ministry of Energy and Minerals, which in any case the transported activated carbons in the enclosed truck are not more than 1,000 kgsat any one time. The activated carbons will be processed in elution plant outside the processing area to produce accessible gold where security is much more stringent. The gold solution produced in the field will be of very low concentration and hence not readily extractible. It is also very difficult to extract gold from activated carbon so there will be little risk of gold being stolen this way. The only real security threat for the leach plant will be theft of machinery (trucks, generators, pumps etc.), consumables (cyanide, quicklime, and other processing chemicals) and petty theft.

There will be two layers of security for the leach plant. There will be an outer perimeter that encompasses the entire plant and an inner secure compound where all valuable items will be stored. Both will have their own security.

A basic level of security will be maintained at the elution plant. On days when gold is being produced, extra security will be arranged. The gold produced will be taken to the bank immediately and sold or stored. Pinnacle Mining & Processing Limited will not store gold in own premises or speculate on gold price.

11.0 DEVELOPMENT VALUES/BENEFITS

Implementation of this project will lead to realisation of the following development values/economic benefits.

In the region of 44 jobs will be created directly in the proposed mining and processing facilities.

The operations will significantly add value to current artisanal miners by replacing artisanal mining techniques to modern techniques as part of technical support to the miners.

A high proportion of the investment will be spread widely to remote communities that are in desperate need of jobs and investment.

The village in which the mining operations will be taking place will also see a number of benefits besides the creation of jobs. When boreholes are sunk on site to allow extraction of water for the process, boreholes will also be provided for the village, improving their access to fresh water. It will also be useful for the plant to be connected to mains electricity.

The Tanzanian government has been striving to rationalise and organise the artisanal mining sector. Companies like Pinnacle Mining & Processing Limited can play a key role in such a process. Although the company will not get directly involved with the artisanal mining activities, it will be in the interests of the company to assist current miners with this process to ensure a good supply of gold ore and tailings which in turn may also sell gold extracted to Pinnacle Mining & Processing Limited.

For this reason if the company is forward thinking it will try and work with the artisanal miners and find ways of significantly increasing gold ore and tailings production. This shared interest will play a key role in improving technologies and processes used by the artisanal sector.

The project involves transfer of technology to Tanzania. Tanzanians will be trained on the job on how to extract gold using modern gold processing techniques.

12.0 CONCLUSION AND RECOMMENDATIONS

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Analysis of the project confirms that the project is:

- Technically feasible,
- Financially and Economically viable,
- Socially desirable
- Environmentally sound, manageable and sustainable.

A timely financing and implementation of the project is therefore highly recommended in order to realise the anticipated benefits outlined in this study/report. Provided all other economic factors remain substantially the same, it is strongly recommended that the project be implemented with immediate effect

				ANNEX 1
PROJECT SUMMARY SHEET				
PROJECT TITLE	PINNACLE			
Project Description:	Setting up gold mining and processing facilities at Rwangasa Village, Geita District			
	Geita Region			
	Total project cost estimated at US\$ 917,000- and working capital			
	100,000-. Processing capacity ia about 10,080 metric tons of gold			
	ore per annum with recovery rate of 4 grams per ton, translating			
	to 40,320 grams per annum. Gold price is set at US\$ 35 per gram.			
	Job creation is estimated at 44.			
Project Classification:	New Project			
Construction phase:	6/20 - 12/20			
Length:	6 months			
Production phase:	7/20 - 12/29			
Length:	10 years			
Accounting currency:	United States Dollar (US\$)			
Units:	Absolute			
Local currency:	Tanzania Shilling (TShs)			
Exchange rate:	1.0000 US\$ = 2,300.0000 TShs			
INVESTMENT COSTS				
	Total constructio	Total production	Total investment	
Total fixed investment costs	879,000.00	0.00	879,000.00	
Total pre-production expenditures	38,000.00	0.00	38,000.00	
Pre-production expenditures (net of interest)	38,000.00	0.00	38,000.00	
Increase in net working capital	0.00	97,460.46	97,460.46	
TOTAL INVESTMENT COSTS	917,000.00	97,460.46	1,014,460.46	
SOURCES OF FINANCE				
	Total constructio	Total production	Total inflow	
Total equity capital (foreign)	545,550.00	0	545,550.00	
Total long-term loans (local)	371,450.00	0.00	371,450.00	
Accounts payable	0	97,416.03	97,416.03	
TOTAL SOURCES OF FINANCE	917,000.00	97,416.03	1,014,416.03	
INCOME AND COSTS, OPERATIONS				
	First year 7/19-1	Reference year 7/19-12	Last year 28	
SALES REVENUE	604,800.00	604,800.00	1,411,200.00	
Mining and Processing Costs	425,007.00	425,007.00	1,040,284.00	
Administrative overhead costs	54,940.00	54,940.00	109,880.00	
OPERATING COSTS	479,947.00	479,947.00	1,150,164.00	
Depreciation	40,750.63	40,750.63	7,220.00	
Financial costs	29,716.00	29,716.00	0	
TOTAL PRODUCTION COSTS	550,413.63	550,413.63	1,157,384.00	
Marketing costs	18,000.00	18,000.00	18,000.00	
COSTS OF PRODUCTS	568,413.63	568,413.63	1,175,384.00	
GROSS PROFIT FROM OPERATIONS	36,386.38	36,386.38	235,816.00	
Depreciation allowances	41,044.00	41,044.00	11,000.00	
GROSS PROFIT	-4,657.63	-4,657.63	224,816.00	
Investment allowances	129,250.00	129,250.00	0	
TAXABLE PROFIT	0	0	224,816.00	
Income (corporate) tax	0	0	67,444.80	
NET PROFIT	-4,657.63	-4,657.63	157,371.20	
RATIOS				
Net Present Value of Total Capital Invested	at 8.00%	632,221.49		

Internal rate of return on investment (IRR)	22.20%					
Modified IRR on investment	22.20%					
Net Present Value of Total Equity Capital Inv	at 2.50%	1,055,106.33				
Internal rate of return on equity (IRRE)	24.29%					
Modified IRRE on equity	24.29%					

				ANNEX 1
PROJECT SUMMARY SHEET				
PROJECT TITLE	AZJ LIMITED			
Project Description:	Setting up gold mining and processing facilities at Rwamgasa Village, Geita District			
	Geita Region			
	Total project cost estimated at US\$ 917,000- and working capital 100,000-. Processing capacity ia about 10,080 metric tons of gold ore per annum with recovery rate of 4 grams per ton, translating to 40,320 grams per annum. Gold price is set at US\$ 35 per gram.			
	Job creation is estimated at 44.			
Project Classification:	New Project			
Construction phase:	6/20 - 12/20			
Length:	6 months			
Production phase:	7/20 - 12/29			
Length:	10 years			
Accounting currency:	United States Dollar (US\$)			
Units:	Absolute			
Local currency:	Tanzania Shilling (TShs)			
Exchange rate:	1.0000 US\$ = 2,300.0000 TShs			
INVESTMENT COSTS				
	Total construction	Total production	Total investment	
Total fixed investment costs	879,000.00	0.00	879,000.00	
Total pre-production expenditures	38,000.00	0.00	38,000.00	
Pre-production expenditures (net of interest)	38,000.00	0.00	38,000.00	
Increase in net working capital	0.00	97,460.46	97,460.46	
TOTAL INVESTMENT COSTS	917,000.00	97,460.46	1,014,460.46	
SOURCES OF FINANCE				
	Total construction	Total production	Total inflow	
Total equity capital (foreign)	545,550.00	0	545,550.00	
Total long-term loans (local)	371,450.00	0.00	371,450.00	
Accounts payable	0	97,416.03	97,416.03	
TOTAL SOURCES OF FINANCE	917,000.00	97,416.03	1,014,416.03	
INCOME AND COSTS, OPERATIONS				
	First year 7/19-12	Reference year 7/19-12	Last year 28	
SALES REVENUE	604,800.00	604,800.00	1,411,200.00	
Mining and Processing Costs	425,007.00	425,007.00	1,040,284.00	
Administrative overhead costs	54,940.00	54,940.00	109,880.00	
OPERATING COSTS	479,947.00	479,947.00	1,150,164.00	
Depreciation	40,750.63	40,750.63	7,220.00	
Financial costs	29,716.00	29,716.00	0	
TOTAL PRODUCTION COSTS	550,413.63	550,413.63	1,157,384.00	
Marketing costs	18,000.00	18,000.00	18,000.00	
COSTS OF PRODUCTS	568,413.63	568,413.63	1,175,384.00	
GROSS PROFIT FROM OPERATIONS	36,386.38	36,386.38	235,816.00	
Depreciation allowances	41,044.00	41,044.00	11,000.00	
GROSS PROFIT	-4,657.63	-4,657.63	224,816.00	
Investment allowances	129,250.00	129,250.00	0	
TAXABLE PROFIT	0	0	224,816.00	
Income (corporate) tax	0	0	67,444.80	
NET PROFIT	-4,657.63	-4,657.63	157,371.20	
RATIOS				
Net Present Value of Total Capital Invested	at 8.00%	632,221.49		
Internal rate of return on investment (IRR)	22.20%			
Modified IRR on investment	22.20%			
Net Present Value of Total Equity Capital Inv	at 2.50%	1,055,106.33		
Internal rate of return on equity (IRRE)	24.29%			
Modified IRRE on equity	24.29%			

			ANNEX 2
FIXED CAPITAL INVESTMENT			
	Total constructio	Total productio	19
LAND	15,000		15,000.00
Land purchase and registration costs	7,500.00	0	7,500.00
Site preparation and development	7,500.00	0	7,500.00
BUILDINGS, CIVIL WORKS AND STRUCTURES			
Civil works, structures and buildings	220,000.00	0	220,000.00
Mine plant	60,000.00	0	60,000.00
Surface buildings	105,000.00	0	105,000.00
Ancillary infrastructures	55,000.00	0	55,000.00
MACHINERY PLANT, TOOLS AND EQUIPMENT			
Air Compressors, Pumps, Air Hammers etc	27,000.00	0	27,000.00
Back Hoe & General Mining Equipment	124,000.00	0	124,000.00
Workshop Machines, Tools & Equipment	25,000.00	0	25,000.00
Gold Ore Crushers and related Accessories	92,000.00	0	92,000.00
VAT Leaching Tanks with related Accessories	95,000.00	0	95,000.00
Laboratory for Noble Metal Testing	15,000.00	0	15,000.00
Standby Power Generator - Refinery Plant	80,000.00	0	80,000.00
Security System	10,000.00	0	10,000.00
TRANSPORTATION FACILITIES			
Motor Vehicles Fleet	115,000.00	0	115,000.00
Dumping Trucks with bearing capacity up to 25 tons	60,000.00	0	60,000.00
Pik up	20,000.00	0	20,000.00
4-WDStation Wagon	35,000.00	0	35,000.00
ENVIRONMENTAL PROTECTION			
Restoration	8,000.00	0	8,000.00
Waste treatment	18,000.00	0	18,000.00
FURNITURE, FITTINGS AND OFFICE EQUIPMENT			
	15,000.00	0	15,000.00
CONTINGENCIES			
	20,000.00	0	20,000.00
TOTAL FIXED INVESTMENT COSTS	879,000.00	0	879,000.00

		ANNEX III	
	PRE-PRODUCTION EXPENDI (IN US\$)		
	Total construction	Total productio	19
Pre-investment studies	15,000.00	0	15,000.00
Key Staff Recruitment and Training	8,000.00	0	8,000.00
Pre-production supplies, marketing	10,000.00	0	10,000.00
Other capital (issues) expenditures	5,000.00	0	5,000.00
Pre-production expenditures (net of interest)	38,000.00	0	38,000.00
TOTAL PRE-PRODUCTION EXPENDITURES	38,000.00	0	38,000.00

										ANNEX IV
	WORKING CAPITAL REQUIREMENTS			(IN US\$)						
	20	21	22	23	24	25	26	27	28	29
Total inventory	95,577.00	106,111.96	114,028.89	115,974.10	115,974.10	115,974.10	115,974.10	115,974.10	115,974.10	115,974.10
Supplies	39,528.00	42,993.58	46,300.75	46,300.75	46,300.75	46,300.75	46,300.75	46,300.75	46,300.75	46,300.75
Utilities	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500	500
Energy	450.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Spare parts consumed	519.00	865.00	1,038.00	1,730.00	1,730.00	1,730.00	1,730.00	1,730.00	1,730.00	1,730.00
Work in progress	21,250.35	23,625.25	25,482.50	26,007.10	26,007.10	26,007.10	26,007.10	26,007.10	26,007.10	26,007.10
Finished product	33,329.65	36,628.13	39,207.64	39,936.25	39,936.25	39,936.25	39,936.25	39,936.25	39,936.25	39,936.25
Accounts receivable	58,093.82	62,585.25	66,918.83	68,142.90	68,142.90	68,142.90	68,142.90	68,142.90	68,142.90	68,142.90
Cash-in-hand	9,098.64	9,811.41	10,443.90	10,690.46	10,690.46	10,690.46	10,690.46	10,690.46	10,690.46	10,690.46
CURRENT ASSETS	162,769.46	178,508.62	191,391.63	194,807.46	194,807.46	194,807.46	194,807.46	194,807.46	194,807.46	194,807.46
Accounts payable	89,824.00	89,812.63	95,888.35	97,404.67	97,347.00	97,347.00	97,347.00	97,347.00	97,347.00	97,347.00
CURRENT LIABILITIES	89,824.00	89,812.63	95,888.35	97,404.67	97,347.00	97,347.00	97,347.00	97,347.00	97,347.00	97,347.00
TOTAL NET WORKING CAPITAL REQUIREMENTS	72,945.46	88,695.99	95,503.28	97,402.79	97,460.46	97,460.46	97,460.46	97,460.46	97,460.46	97,460.46
INCREASE IN NET WORKING CAPITAL	72,945.46	15,750.53	6,807.29	1,899.51	57.67	0.00	0.00	0.00	0	0

								ANNEX V
	TOTAL INVESTMENT COSTS		(IN US\$)					
	Total construction	Total production	20	21	22	23	24	25
Total fixed investment costs	879,000.00	0	879,000.00	0	0	0	0	0
Total pre-production expenditures	38,000.00	0	38,000.00	0	0	0	0	0
Increase in net working capital	0	97,460.46	72,945	15,750.53	6,807.29	1,899.51	57.67	0.00
TOTAL INVESTMENT COSTS	917,000.00	97,460.46	989,945.46	15,750.53	6,807.29	1,899.51	57.67	0.00

	ANNEX VI									
	TOTAL PRODUCTION COSTS									
	(IN US\$)									
	Production 20	Production 21	Production 22	Production 23	Production 24	Production 25	Production 26	Production 27	Production 28	Production 29
Supplies	237,168.00	515,923.00	555,609.00	555,609.00	555,609.00	555,609.00	555,609.00	555,609.00	555,609.00	555,609.00
Gold Ore and Tailings	159,840.00	346,320.00	372,960.00	372,960.00	372,960.00	372,960.00	372,960.00	372,960.00	372,960.00	372,960.00
Processing Chemicals	72,576.00	157,248.00	169,344.00	169,344.00	169,344.00	169,344.00	169,344.00	169,344.00	169,344.00	169,344.00
Diesel & Oils for running Crushers	4,752.00	12,355.00	13,305.00	13,305.00	13,305.00	13,305.00	13,305.00	13,305.00	13,305.00	13,305.00
Water Supply & Treatment	3,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Fuel Expenses & Generators Running Costs	2,700.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00
Spare parts consumed	3,114.00	10,380.00	12,456.00	20,760.00	20,760.00	20,760.00	20,760.00	20,760.00	20,760.00	20,760.00
Repairs and Maintenance (Plant Machinery & E	4,755.00	15,850.00	19,020.00	31,700.00	31,700.00	31,700.00	31,700.00	31,700.00	31,700.00	31,700.00
Royalties	30,240.00	65,520.00	70,560.00	70,560.00	70,560.00	70,560.00	70,560.00	70,560.00	70,560.00	70,560.00
Labour	48,383.50	104,832.00	112,896.00	112,896.00	112,896.00	112,896.00	112,896.00	112,896.00	112,896.00	112,896.00
Skilled labour	29,030.00	62,899.00	67,738.00	67,738.00	67,738.00	67,738.00	67,738.00	67,738.00	67,738.00	67,738.00
Unskilled labour	19,353.50	41,933.00	45,158.00	45,158.00	45,158.00	45,158.00	45,158.00	45,158.00	45,158.00	45,158.00
Labour overhead costs (taxes etc.)	9,676.50	21,445.00	22,579.00	22,579.00	22,579.00	22,579.00	22,579.00	22,579.00	22,579.00	22,579.00
Mine overhead costs	85,970.00	187,060.00	202,180.00	202,180.00	202,180.00	202,180.00	202,180.00	202,180.00	202,180.00	202,180.00
Materials and services	27,336.00	61,728.00	68,784.00	68,784.00	68,784.00	68,784.00	68,784.00	68,784.00	68,784.00	68,784.00
Rents, leasing costs	3,250.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00
Insurance	7,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00
Gold Elution Charges	48,384.00	104,832.00	112,896.00	112,896.00	112,896.00	112,896.00	112,896.00	112,896.00	112,896.00	112,896.00
FACTORY COSTS	425,007.00	945,010.00	1,019,300.00	1,040,284.00	1,040,284.00	1,040,284.00	1,040,284.00	1,040,284.00	1,040,284.00	1,040,284.00
Administrative costs	54,940.00	109,880.00	109,880.00	109,880.00	109,880.00	109,880.00	109,880.00	109,880.00	109,880.00	109,880.00
Salaries, wages	17,500.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00
Social costs etc. (on salaries)	12,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00
Materials and services	18,000.00	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00
Rents, leasing costs	2,250.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
Insurance	5,190.00	10,380.00	10,380.00	10,380.00	10,380.00	10,380.00	10,380.00	10,380.00	10,380.00	10,380.00
OPERATING COSTS	479,947.00	1,054,890.00	1,129,180.00	1,150,164.00	1,150,164.00	1,150,164.00	1,150,164.00	1,150,164.00	1,150,164.00	1,150,164.00
Depreciation	40,750.63	81,501.25	81,501.25	81,501.25	81,501.25	64,401.25	47,301.25	46,238.75	26,623.13	7,220.00
Financial costs (Interest)	29,716.00	29,716.00	20,562.48	10,676.67	0	0	0	0	0	0
TOTAL PRODUCTION COSTS	550,413.63	1,166,107.25	1,231,243.73	1,242,341.92	1,231,665.25	1,214,565.25	1,197,465.25	1,196,402.75	1,176,787.13	1,157,384.00
Direct marketing costs	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00
COSTS OF PRODUCTS	568,413.63	1,184,107.25	1,249,243.73	1,260,341.92	1,249,665.25	1,232,565.25	1,215,465.25	1,214,402.75	1,194,787.13	1,175,384.00

												ANNEX VII
SOURCES OF FINANCE - FINANCIAL FLOW (IN US\$)												
	Total inflow	20	21	22	23	24	25	26	27	28	29	Scrap
Total equity capital	545,550.00	545,550.00	0	0	0	0	0	0	0	0	0	0
Total long-term loans	371,450.00	371,450.00	-114,419.05	-123,572.57	-133,458.38	0.00	0.00	0	0	0	0	0
TOTAL LONG-TERM FINANCE	917,000.00	917,000.00	-114,419.05	-123,572.57	-133,458.38	0	0	0	0	0	0	0
Total short-term finance	97,416.03	89,824.00	-11.37	6,075.72	1,516.32	-57.66667	0	0	0	0	0	-97,347.00
TOTAL FINANCIAL FLOW	1,014,416.03	1,006,824.00	-114,430.42	-117,496.86	-131,942.06	-57.66667	0	0	0	0	0	-97,347.00

						ANNEX VIII
SOURCES OF FINANCE - DEBT SERVICE SCHEDULE					(IN US\$)	
	Total inflow	20	21	22	23	24
Total long-term loans						
Disbursement	371,450.00	371,450.00	0	0	0	0
Repayment	371,450.00	0	114,419.05	123,572.57	133,458.38	0.00
Debt balance	0	371,450.00	257,030.95	133,458.38	0.00	0.00
Exchange rate adjustment	0.00	0	0.00	0.00	0.00	0.00
Capitalized interest	0	0	0	0	0	0
Interest payable	90,671.15	29,716.00	29,716.00	20,562.48	10,676.67	0

												ANNEX IX
	CASH FLOW FOR FINANCIAL PLANNING (IN US\$)											
	20	21	22	23	24	25	26	27	28	29	Scrap	
TOTAL CASH INFLOW	1,611,624.00	1,310,400.00	1,417,275.72	1,412,716.32	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	553,267.46
Inflow funds	1,006,824.00	0.00	6,075.72	1,516.32	0.00	0	0	0	0	0	0	0
Total equity capital	545,550.00	0	0	0	0	0	0	0	0	0	0	0
Total long-term loans	371,450	0	0	0	0	0	0	0	0	0	0	0
Total short-term finance	89,824.00	0.00	6,075.72	1,516.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inflow operation (Sales Revenue)	604,800.00	1,310,400.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	0.00
TOTAL CASH OUTFLOW	1,607,432.46	1,232,775.58	1,326,761.55	1,353,195.12	1,211,520.69	1,235,674.65	1,244,994.15	1,245,573.21	1,280,114.02	1,290,688.72	97,347.00	
Increase in fixed assets	917,000.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed investments	879,000.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0
Pre-production expenditures (net of inter)	38,000.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0
Increase in current assets	162,769.46	15,739.16	12,883.00	3,415.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating costs	479,947.00	1,054,890.00	1,129,180.00	1,150,164.00	1,150,164.00	1,150,164.00	1,150,164.00	1,150,164.00	1,150,164.00	1,150,164.00	1,150,164.00	0.00
Marketing costs	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	0.00
Income (corporate) tax	0.00	0.00	22,563.49	20,631.32	23,834.33	37,161.83	42,291.83	42,610.58	61,623.86	67,444.80	0.00	0.00
Financial costs	29,716.00	29,716.00	20,562.48	10,676.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan repayment	0	114,430.42	123,572.57	133,458.38	57.666667	0	0	0	0	0	0	97,347.00
Dividends	0	0	0	16,848.91	19,464.70	30,348.82	34,538.32	34,798.64	50,326.15	55,079.92	0	0
SURPLUS (DEFICIT)	4,191.54	77,624.42	90,514.17	59,521.20	199,679.31	175,525.35	166,205.85	165,626.79	131,085.98	120,511.28	455,920.46	
CUMULATIVE CASH BALANC	4,191.54	81,815.96	172,330.13	231,851.33	431,530.64	607,055.99	773,261.84	938,888.63	1,069,974.61	1,190,485.89	1,646,406.35	
Net flow of funds	977,108.00	-144,146.42	-138,059.33	-159,467.64	-19,522.37	-30,348.82	-34,538.32	-34,798.64	-50,326.15	-55,079.92	-97,347.00	

	INCOME STATEMENT									ANNEX XII
	(IN US\$)									
	Production 20	Production 21	Production 22	Production 23	Production 24	Production 25	Production 26	Production 27	Production 28	Production 29
Sales revenue	604,800.00	1,310,400.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00
Less variable costs	497,947.00	1,072,890.00	1,147,180.00	1,168,164.00	1,168,164.00	1,168,164.00	1,168,164.00	1,168,164.00	1,168,164.00	1,168,164.00
Material	291,318.00	648,031.00	696,849.00	705,153.00	705,153.00	705,153.00	705,153.00	705,153.00	705,153.00	705,153.00
Personnel	87,560.00	185,277.00	194,475.00	194,475.00	194,475.00	194,475.00	194,475.00	194,475.00	194,475.00	194,475.00
Marketing (except personnel)	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00
Other variable costs	101,069.00	221,582.00	237,856.00	250,536.00	250,536.00	250,536.00	250,536.00	250,536.00	250,536.00	250,536.00
VARIABLE MARGIN	106,853.00	237,510.00	264,020.00	243,036.00	243,036.00	243,036.00	243,036.00	243,036.00	243,036.00	243,036.00
in % of sales revenue	17.67	18.13	18.71	17.22	17.22	17.22	17.22	17.22	17.22	17.22
Less fixed costs	40,750.63	81,501.25	81,501.25	81,501.25	81,501.25	64,401.25	47,301.25	46,238.75	26,623.13	7,220.00
Depreciation	40,750.63	81,501.25	81,501.25	81,501.25	81,501.25	64,401.25	47,301.25	46,238.75	26,623.13	7,220.00
OPERATIONAL MARGIN	66,102.38	156,008.75	182,518.75	161,534.75	161,534.75	178,634.75	195,734.75	196,797.25	216,412.88	235,816.00
in % of sales revenue	10.93	11.91	12.93	11.45	11.45	12.66	13.87	13.95	15.34	16.71
Financial costs	29,716.00	29,716.00	20,562.48	10,676.67	0.00	0.00	0.00	0.00	0.00	0.00
GROSS PROFIT FROM OPERATIC	36,386.38	126,292.75	161,956.27	150,858.08	161,534.75	178,634.75	195,734.75	196,797.25	216,412.88	235,816.00
in % of sales revenue	6.016266	9.64	11.48	10.69	11.45	12.66	13.87	13.95	15.34	16.71
Depreciation allowances	41,044.00	82,087.00	82,087.00	82,087.00	82,087.00	54,762.00	54,762.00	54,762.00	11,000.00	11,000.00
GROSS PROFIT	-4,657.63	44,205.75	79,869.27	68,771.08	79,447.75	123,872.75	140,972.75	142,035.25	205,412.88	224,816.00
Investment allowances	129,250.00	129,250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXABLE PROFIT	0	0	75,211.65	68,771.08	79,447.75	123,872.75	140,972.75	142,035.25	205,412.88	224,816.00
Income (corporate) tax	0	0	22,563.49	20,631.32	23,834.33	37,161.83	42,291.83	42,610.58	61,623.86	67,444.80
NET PROFIT	-4,657.63	44,205.75	57,305.78	48,139.76	55,613.43	86,710.93	98,680.93	99,424.68	143,789.01	157,371.20
in % of sales revenue	-0.77011	3.373455	4.060784	3.411264	3.940861	6.144482	6.992696	7.045399	10.189131	11.151587
Dividends	0	0	0	16,848.91	19,464.70	30,348.82	34,538.32	34,798.64	50,326.15	55,079.92
RETAINED PROFIT	-4,657.63	44,205.75	57,305.78	31,290.84	36,148.73	56,362.10	64,142.60	64,626.04	93,462.86	102,291.28
RATIOS										
Net profit to equity (%)	-0.853749	8.102969	10.504221	8.824078	10.194011	15.894221	18.088337	18.224668	26.356707	28.846339
Net profit to net worth (%)	-0.8611	7.555271	8.920522	7.145633	7.834604	11.316927	11.884283	11.109222	14.547108	14.428084
Net profit+interest to investment (%)	2.531288	7.350308	7.690667	5.798133	5.482069	8.547492	9.727429	9.800744	14.17394	15.512798

											ANNEX XIII
	BREAK-EVEN ANALYSIS		(IN US\$)								
	Production 21	Production 22	Production 23	Production 24	Production 25	Production 26	Production 27	Production 28	Production 29	Production 30	
Sales revenue	604,800.00	1,310,400.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00	1,411,200.00
Variable costs	497,947.00	1,072,890.00	1,147,180.00	1,168,164.00	1,168,164.00	1,168,164.00	1,168,164.00	1,168,164.00	1,168,164.00	1,168,164.00	1,168,164.00
Variable margin	106,853.00	237,510.00	264,020.00	243,036.00	243,036.00	243,036.00	243,036.00	243,036.00	243,036.00	243,036.00	243,036.00
Variable margin ratio (%)	17.667493	18.125	18.7089	17.221939	17.221939	17.221939	17.221939	17.221939	17.221939	17.221939	17.221939
Including cost of finance											
Fixed costs	40,750.63	81,501.25	81,501.25	81,501.25	81,501.25	64,401.25	47,301.25	46,238.75	26,623.13	7,220.00	
Financial costs	29,716.00	29,716.00	20,562.48	10,676.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Break-even sales value	398,849.02	613,612.41	545,535.68	535,235.44	473,240.85	373,948.90	274,656.94	268,487.48	154,588.43	41,923.27	
Break-even ratio (%)	65.95	46.83	38.66	37.93	33.53	26.50	19.46	19.03	10.95	2.97	
Fixed costs coverage ratio	1.52	2.14	2.59	2.64	2.98	3.77	5.14	5.26	9.13	33.66	
Excluding cost of finance											
Fixed costs	40,750.63	81,501.25	81,501.25	81,501.25	81,501.25	64,401.25	47,301.25	46,238.75	26,623.13	7,220.00	
Break-even sales value	230,653.12	449,662.07	435,628.23	473,240.85	473,240.85	373,948.90	274,656.94	268,487.48	154,588.43	41,923.27	
Break-even ratio (%)	38.14	34.31	30.87	33.53	33.53	26.50	19.46	19.03	10.95	2.97	
Fixed costs coverage ratio	2.62	2.91	3.24	2.98	2.98	3.77	5.14	5.26	9.13	33.66	
Break-even ratio (%)	38.83	38.66	30.42	30.42	30.12	16.14	16.01	15.75	0.67	0.67	
Fixed costs coverage ratio	2.58	2.59	3.29	3.29	3.32	6.20	6.25	6.35	149.99	149.99	

										ANNES XIV
	PROJECTED BALANCE SHEET									(IN US\$)
	20	21	22	23	24	25	26	27	28	29
TOTAL ASSETS	1,006,824.00	936,599.33	871,750.63	771,099.41	807,190.47	863,552.57	927,695.17	992,321.21	1,085,784.07	1,188,075.35
Total current assets	166,961.00	260,324.58	363,721.75	426,658.79	626,338.10	801,863.45	968,069.30	1,133,696.09	1,264,782.07	1,385,293.35
Inventory on materials & supplies	40,997.00	45,858.58	49,338.75	50,030.75	50,030.75	50,030.75	50,030.75	50,030.75	50,030.75	50,030.75
Work in progress	21,250.35	23,625.25	25,482.50	26,007.10	26,007.10	26,007.10	26,007.10	26,007.10	26,007.10	26,007.10
Finished product	33,329.65	36,628.13	39,207.64	39,936.25	39,936.25	39,936.25	39,936.25	39,936.25	39,936.25	39,936.25
Accounts receivable	58,093.82	62,585.25	66,918.83	68,142.90	68,142.90	68,142.90	68,142.90	68,142.90	68,142.90	68,142.90
Cash-in-hand	9,098.64	9,811.41	10,443.90	10,690.46	10,690.46	10,690.46	10,690.46	10,690.46	10,690.46	10,690.46
Cash surplus, finance available	4,191.54	81,815.96	172,330.13	231,851.33	431,530.64	607,055.99	773,261.84	938,888.63	1,069,974.61	1,190,485.89
Total fixed assets, net of depreciatio	835,205.38	671,617.13	508,028.88	344,440.63	180,852.38	61,689.13	-40,374.13	-141,374.88	-178,998.00	-197,218.00
Fixed investments	0.00	879,000.00	879,000.00	879,000.00	879,000.00	879,000.00	879,000.00	879,000.00	879,000.00	879,000.00
Construction in progress	879,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total pre-production expenditures	38,000.00	38,000.00	38,000.00	38,000.00	38,000.00	38,000.00	38,000.00	38,000.00	38,000.00	38,000.00
Less accumulated depreciation	40,750.63	122,251.88	203,753.13	285,254.38	366,755.63	431,156.88	478,458.13	524,696.88	551,320.00	558,540.00
Less depreciation allowance	41,044.00	123,131.00	205,218.00	287,305.00	369,392.00	424,154.00	478,916.00	533,678.00	544,678.00	555,678.00
Loss in current year	4,657.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	1,006,824.00	936,599.33	871,750.63	771,099.41	807,190.47	863,552.57	927,695.17	992,321.21	1,085,784.07	1,188,075.35
Total current liabilities (Accounts P	89,824	89,812.63	95,888.35	97,404.67	97,347.00	97,347.00	97,347.00	97,347.00	97,347.00	97,347.00
Total long-term debt	371,450.00	257,030.95	133,458.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total equity capital	545,550.00	545,550.00	545,550.00	545,550.00	545,550.00	545,550.00	545,550.00	545,550.00	545,550.00	545,550.00
Reserves, retained profit brought for	0.00	0.00	39,548.13	96,853.90	128,144.75	164,293.47	220,655.57	284,798.17	349,424.21	442,887.07
Retained profit	0	44,205.75	57,305.78	31,290.84	36,148.73	56,362.10	64,142.60	64,626.04	93,462.86	102,291.28
Net worth	540,892.38	585,098.13	642,403.90	673,694.75	709,843.47	766,205.57	830,348.17	894,974.21	988,437.07	1,090,728.35
RATIOS										
Equity to total liabilities (%)	54.18524	58.247959	62.58097	70.749632	67.586278	63.175077	58.807032	54.977158	50.244797	45.918805
Net worth to total liabilities (%)	53.722634	62.470483	73.691246	87.368079	87.940021	88.727148	89.506575	90.189971	91.034405	91.806328
Long-term debt to net worth	0.686736	0.439295	0.207748	0	0	0	0	0	0	0
Current assets to current liabilities	1.858757	2.89853	3.79318	4.38027	6.434077	8.237167	9.944521	11.645927	12.992512	14.230468