

**SUTAPRO COMPANY (T) LIMITED
P.O. BOX 21141
DAR ES SALAAM, TANZANIA**

**PROPOSED:
PROJECT TO PROCESS AND REFINE GOLD
AT KAHAMA SHINYANGA**

BUSINESS PLAN.

PREPARED FOR:
SUTAPRO COMPANY (T) LIMITED,
P.O. Box 21141,
DAR ES SALAAM.

SUTAPRO COMPANY (T) LIMITED

Table of Contents

| | |
|---|----|
| 1. EXECUTIVE SUMMARY | 4 |
| 1.1 The Project Concept..... | 4 |
| 1.2 Project Location..... | 4 |
| 1.3 Organization and Management..... | 4 |
| 1.4 The Technical Aspect of the Project..... | 4 |
| 1.5 Marketing..... | 5 |
| 1.6 Financial Analysis..... | 5 |
| 1.7 Social Economic Aspect of the Project..... | 5 |
| 1.8 Conclusion and Recommendations..... | 5 |
| 1.9 Implementation Programme | 5 |
| 2. PROJECT/BUSINESS PROPOSAL | 5 |
| 2.1 Background..... | 5 |
| 2.2 Vision and Mission..... | 6 |
| 2.3 Company Ownership..... | 6 |
| 2.4 Project Location and Reserves..... | 6 |
| 3. ORGANIZATION AND MANAGEMENT | 7 |
| 3.1 Project Promoters Profile..... | 7 |
| 3.2 Company Organization..... | 7 |
| 3.3 Employment..... | 7 |
| 4. THE TECHNICAL ASPECT OF THE PROJECT | 7 |
| 4.1 Land and Buildings..... | 7 |
| 4.2 Plant, Machinery and Equipment..... | 8 |
| 4.3 Workshop Equipment and Tools..... | 8 |
| 4.4 Safety, Security and Communication Equipment..... | 9 |
| 4.5 Motor Vehicles..... | 9 |
| 4.6 Processing Consumables..... | 9 |
| 4.7 Furniture and Fittings..... | 10 |

| | |
|---|-----------|
| 5. MARKET ANALYSIS AND PLAN..... | 11 |
| 5.1 An Overview of gold processing and marketing in Tanzania..... | 11 |
| 5.2 Production Export Performance and marketing..... | 13 |
| 5.3 Competition..... | 14 |
| 6. FINANCIAL ANALYSIS AND PLAN..... | 14 |
| 6.1 Projected Investment cost..... | 14 |
| 6.2 Financial Plan..... | 15 |
| 6.3 Projected Income..... | 15 |
| 6.4 Projected Operating Costs..... | 17 |
| 6.5 Projected Capital Charges..... | 18 |
| 6.6 Projected Profit and Loss Accounts..... | 18 |
| 6.7 Projected Cash Flows..... | 18 |
| 6.8 Projected Balance sheets..... | 18 |
| 7. SOCIAL – ECONOMIC ASPECT OF THE PROJECT..... | 18 |
| 7.1 Social – Economic Aspects..... | 18 |
| 7.2 Environmental Impact assessment..... | 19 |
| 8. CONCLUSIONS AND RECOMMENDATIONS..... | 20 |
| 8.1 Conclusions..... | 20 |
| 8.2 Recommendations..... | 20 |
| 9. IMPLEMENTATION PROGRAMME | 20 |
| APPENDIX 1..... | 21 |
| APPENDIX 2..... | 22 |
| APPENDIX 3..... | 23 |
| APPENDIX 4..... | 24 |
| APPENDIX 5..... | 25 |
| APPENDIX 6..... | 26 |
| APPENDIX 7..... | 27 |
| APPENDIX 8..... | 29 |
| ANNEXURES..... | 30 |

1. EXECUTIVE SUMMARY

1.1 The Project Concept

SUTAPRO COMPANY (T) LIMITED is locally registered company with a Certificate Incorporation No. 142809419 dated 27th August, 2020. It was created to undertake business in the mineral processing, majoring in processing new gold. The company's office is at Amani Place Garden/ Ohio of Dar es Salaam, Tanzania.

SUTAPRO COMPANY (T) LIMITED has taken the challenge to invest in Tanzania's mining sector since it learnt that the country has over 800,000 square kilometers of various geological terrains with potential mineral resources: some among these terrains include

- 1) Gold in Archean greenstone belts south and east of Lake Victoria
- 2) Gold and base metals in Proterozoic rocks in Southwestern, Southern and eastern parts of the country.
- 3) Gemstones such as Tanzanite, Ruby, Sapphire, Spinel, Tourmaline, topaz, scapolite, emeralds, garnets in Proterozoic rocks east west and south of Archean Craton.
- 4) Etc.

This document therefore, provides a business plan for the intended investment in processing of raw gold that will be extracted at Kahama and Geita region.

1.2 Project Location

Section 2 of this Business Plan provides a brief account of company vision, mission, ownership, and also covers an account of the project's location at Kahama.

1.3 Organization and Management

Section 3 discusses the project's organization and management structure as detailed in Appendix 7 of this plan. The section defines the chain of command from the Board of Directors downwards to the Project Managers, Sectional Heads and Supporting Staff.

1.4 The Technical Aspect of the Project.

Section 4 deals with the technical aspects of the project forecasting upon the principal items which will constitute the whole project. The section elaborate on the kind of buildings that will be constructed at the project site plant, machinery and equipment to be deployed 'at the site motor vehicles that will be used for haulage and all sort of equipment that will be require for the operations. The section provides a brief account of gold processing activities and plants.

1.5 Marketing

Section 5: tackles the issues of gold markets and marketing and gives an overview of this market. The section discusses the product in brief, pricing locally, and at world markets and projects its expected production levels and processing of raw gold that will be made available to the markets

1.6 Financial Analysis

Section 6 concentrates on the projects financial performance projecting profits, cash flows and Balance Sheets for a planning period of five years. The section proves the project's profitability and viability.

1.7 Social Economic Aspect of the Project

Section 7 gives a brief account of the project's social-economic benefits that are going to be realized if this project is going to be implemented. The section shows that the project is going to create employment in line with the present policy guidelines. The section further outlines the projects contributions to the industrial development and to creation of revenue to the government in the form of taxes, duties, levies, etc.

1.8 Conclusion and Recommendations

Section 8 draws conclusions on whether the project is worth per suing it or not; and recommends to relevant authorities to implement the project so as to realize its set objectives.

1.9 Implementation Programme

Section 9 briefly outlines the project's major activities that .have to be implemented to realize the full benefits of this project.

2. PROJECT/ BUSINESS PROPOSAL

2.1 Background

SUTAPRO COMPANY (T) LIMITED is a newly established and privately owned company. The company was incorporated on 27th August, 2020 and possesses a Certificate of Incorporation **No. 142809419**

The objective with which the company was established was to conduct business in minerals processing and gold refining, marketing and selling of minerals of any kind and description obtained in the United Republic of Tanzania. Other company's objectives include those of carrying on the business of mining consultants,

The company will therefore, purchase equipment, machinery, plants, motor vehic es and tools to enable it carry out effectively and efficiently its business of dealing in mineral (gold) processing and refining at Kahama.

2.2 Vision and Mission

The vision and mission of the **SUTAPRO COMPANY (T) LIMITED** is to become one of the best medium size company dealing and conducting business in developing, producing and processing quality gold mining reserves in a safe, profitable and socially responsible manner.

2.3 Company Ownership

As a private company the ownership is limited to what appears in the Company's Memorandum and Articles of Association. The following are the present shareholders of the company.

| | Name and Address | Nationality | % of shareholding |
|----|---|--------------------|--------------------------|
| 1. | MOHAMED YOUSIF SULIMAN BAGOUSH AL RAWDA BLOCK OM DURMAN – KHARTOUM SUDAN | SUDANESE | 40 |
| 2. | HUSAM ELDIN YOUSIF SULIMAN BAGOSH AL RAWDA BLOCK, OMDURMAN SUDAN | SUDANESE | 35 |
| 3. | JOSEPH BONIFASE NTIRUGELEGWA LION DTREET, PLOT NO. 811, BLOCK “E” SINZA – UBUNGO, DAR ES SALAAM – TANZANIA | TANZANIAN | 25 |

2.4 Project Location and Reserves

The company will have its Head office in Dar es Salaam. However, its gold processing site will be located at KAHAMA District, 20 Kilometres from Kahama town where the company has acquired in the Appendix 8, appended to-this business plan. The leasing validity is seven (7) years and are subject for renewal.

Geological study carried out in the area around using pits and trenches proved possible and probable reserves of more than 514,000 tons of ore and the systematic sampling carried out showed that the average grade ore was 8.0 gram per tone proving further a probable total gold reserve of not less than 4,112,000 grams(or 132,200 ounces of gold) as given in Appendix 8 of this plan.

3. ORGANIZATION AND MANAGEMENT

3.1 Project Promoters Profile The project's promoters are seasoned mineral dealers and long time businessmen some operating locally in Tanzania and others conducting business in Sudan, Dubai, Egypt and Middle East. Having secured reliable market for gold in Mid-East and Egypt the three promoters of this project resolved to venture into this gold processing project by establishing the **SUTAPRO COMPANY (T) LIMITED**

3.2 Company Organization

The company has a Board of Directors consisting of three directors. The Board of Directors has appointed a Managing Director among them to manage the day to day affairs of the company, The Managing Director is assisted by the Project Manager and three senior staff each responsible for a particular area of responsibility in order to ensure effective and efficient management of company operations.

Below each of the senior officers there are functional and operational staffs and personnel responsible for quipment and machinery maintenance, processing, quality control, marketing and sales. Other areas relate to safety and security, storekeeping and financial accounting. Refer to Appendix 7.

3.3 Employment .

The project will employ at least 40 employees to work on permanent and seasonal terms. The number may gradually rise or fell depending on the raw gold availability and gold processing activities. The largeforce will be those who will operate the project's earthmoving equipment, plant and trucks. All are expected to have a strong background in processing operations. Few staff will be employed to undertake accounting, Storekeeping, administrative and security duties and tasks.

4. THE TECHNICAL ASPECT OF THE PROJECT

4.1 Land and Buildings

The project has entered into a Lease Agreement with the owner of the land.

The company intends to construct the following structures at the area:

- a) An Office
- b) A warehouse
- c) A workshop

- d) A strong room
- e) A store house
- f) A Changing room
- g) 40 units of operational staff and labourers quarters and
- h) Appropriate fencing of the mining area.

The Project management will ensure availability of adequate clean water and generators to provide adequate supply of electricity.

4.2 Plant, Machinery and Equipment

The company will order plant, machinery and equipment befitting a medium size gold processing operations. Notable among the plant, machinery and equipment will be.-

- a) a medium capacity crushing plant
- b) a gold ore mobile processing machinery
- c) CAT D6 Dozer (to be hired)
- d) Excavator
- e) Wheel loader
- f) a Compressor
- g) a Drilling machine (T AMROCK)
- h) Electric Generator
- i) Water pumps
- j) Water Reservoirs and Tanks
- k) Wheel Chains

4.3 Workshop Equipment and Tools

The company will also order workshop equipment and tools as given below:

- a) Welding Machine
- b) Lathe Machine
- c) Battery Chargers
- d) Mobile Crane
- e) Forklift
- f) Lifting Chains
- g) Washing Machine
- h) Drilling Units/Bits
- i) Water pipes/hoses
- j) Tool Boxes

4.4 Safety, Security and Communication Equipment

The Company will also purchase Safety, Security and Communication equipment as listed below:

- a) Fire Extinguishers
- b) Fire Hoses
- c) Fire Buckets
- d) Safety Ladders
- e) CCTV's and Cameras
- f) First Aid kits
- g) Protective Gears and outfits
- h) Radio Communication Equipment
- i) Mobile Phones
- j) Radio Calls and Base Station

4.5 Motor Vehicles

Besides the acquisition of equipment the company will purchase its own fleet of motor Vehicles to serve the ~ processing operations at site such as:-

- a) Dump trucks
- b) Haulage Trucks
- c) Pick-up Trucks
- d) Four (4WD) vehicles for field works, surveys' and security activities

4.6 Processing Consumables

The Company will further order consumable to enable operations smoothly conducted. These include the following:-

- a) Tyres and Tubes
- b) Fuels and oils
- c) Cables
- d) Stationery and
- e) Office and Camp site supplies
- f) Cyanide Solution
- g) Carbon granules
- h) Other Chemicals for refining gold.

4.7 Furniture and Fittings

Furniture and fittings will be purchased for use at the mining site. The project expects to order the following items:-

- a) Field desks and Benches
- b) Tables and Chairs
- c) Safe and Cash Boxes
- d) Refrigerators and Freezers for camp site
- e) Cookers and Kitchenware for Camp site
- f) Air Conditioners
- g) Camping Tents, Beds and Beddings.

4.8 Gold Ore Processing

1. Crusher

Gold ore processing activities commence soon after rocks containing gold ore are transported from the artisanal mining open pit and or from underground extracting area to the crusher. The crusher normally is located near open pits mine sites They break the large rocks down to a size suitable for transport on the conveyor belt.

2. Ball Mill

A rubber belted conveyor transport the ore and waste rock from the collection centre to the mill and waste rock embankments. Large electromagnets remove, any, steel debris excavated from the mine workings.

Ore from the open pits or the underground locations stockpiled separately at the mill before being feed into the mill with lime water and steel balls. The large particles from the mill are grounded and the finer particles receive more grinding in a ball mill and ore size classified to give a final product of sag 80% microns.

3. Leaching and Absorption

Slurry of ground ore water and weak cyanide solution is fed into large steel leach tanks where the gold and silver are dissolved. Following this leaching process the slurry passes through six absorption tanks containing carbon granules which absorb the gold and silver. This process removes 93% of the gold and 70% of the silver.

4. Elution and Electro wining

The loaded carbon is fed into an elution column where the bullion is washed off and the barren carbon is recycled. The wash solution-pregnant electrolyte is passed through electro wining cells where gold and silver is won onto stair less steel carthodes.

5. Bullion Production

The loaded carthodes are raised to yield gold and silver bearing sludge which is dried mixed with fluxes and put into the furnace. After several hours the molten material is powered into a cascade of moulds producing bars of dore bullion.

6. Water Treatment and Decantation

Some water from dewatering the slurry from the embankment under drains and decant water from the tailings pond is recycled for use in the grinding circuit. Excess water is pumped to water treatment plant and treated to the required standards before discharge into pond/dam or river. On the other hand the embarkments retain the tailings slurry in a pond where solids settle and compact. Water is decanted off and used in the process plant or treated before it is discharged.

5. MARKET ANALYSIS AND PLAN.

5.1 An Overview of gold mining, processing and marketing in Tanzania.

Mining and processing of metallic and non-metallic minerals in the country is regulated through the Mining Act No. 15 of 2010: Dealing in raw gold, gemstones "and other minerals is regulated in PART IV and V of the Mining Act No. 15 of 20 1 0 and the Mining (Mineral Trading) Regulations made thereafter.

Gold market

- If we look back over the past decade gold's performance has been quite exceptional. Virtually no other asset class can drain such a remarkable record and as such we have seen gold reassert itself as an increasingly important asset for global investors.
- While daily trading activities and unforeseen political and economic factors will undoubtedly cause short-term swings in the gold market, the fundamental trend is relatively predictable. This is because in both of the two most likely economic scenarios a' steady universal recovery or a sluggish and deteriorating global economy- the fundamental reasons to buy gold remain valid. In

the first case, concerns about inflation will likely emerge spurring gold buying to higher levels; in the second, concerns about currencies will increasingly encourage more purchasing of gold.

- Gold like any other commodity depends on supply as well as demand. And the supply side of the equation also encourages an optimistic outlook. In contrast to growing investment demand, gold supply from mines peaked in early 2000s and has since experienced a declining trend. This reflects the increasing difficulty of finding permitting and building mines. Moreover, the same financial market upheaval that is driving gold prices higher is also making it more difficult to finance new mine developments especially considering the substantially higher costs of new projects today.

- After decades of selling gold central banks became net purchasers, which has helped to reinforce gold's role as a diversifying asset within investment portfolios. This was further supported by increasing investment demand and accumulation of gold in global exchange traded funds. These factors drove gold price through the \$1000 per ounces level setting a new record just above \$1,225 per ounce. Many of the conditions that have supported rising gold prices remain.

Continued concern about the status of the world's economies global currency imbalances and the growth of US Dollar reserves as well as government monetary and fiscal policies have increase gold attractiveness as an investment. In addition the gold mining industry has struggled to replace and: grow production levels.

The trend of falling mine supply over the last decade is likely to continue into foreseeable future. Combined all of these factors should help ensure a firmly supportive environment for gold prices.

- The government policy is to encourage investors to invest the country's mineral sector. The reason for this encouragement is that:
- The country has over 800,000 square kilometers of varied geological terrains with potential mineral resources.
- Ongoing exploration works resulted in discovery of resources in excess of 45 million ounces of gold, 1.5 million tons of nickel and 50 million carats of Tanzanite.
- The country's Archean shield environment with a number of classical Canadian and Australian type greenstone gold lode deposits many capped by tropically weathered enrichment zones.
- The country's extensive Proterozoic terrain containing lode and near surface gold deposit types, now attracting exploration attention in South America, West Africa and elsewhere.

- The country's potential for epithermal gold deposit in the faulted younger rocks on the coastal plain and
- Several other potential mineral resources that may take pages to mention them.

Since early 1980's Tanzania has implemented macroeconomic and sectoral policies to accelerate economic growth which was seen to stagnate during the pre-reform period. The effects of these policies have been felt in the mining sector.

For over the last 15 years since year 2000 total gold produced by large gold mining companies grew from 421620 ounces to 1,266,354 in year 2012.

The figure given above exclude production figures from Artisanal and small scale miners. The 1,266,354 ounces of gold brought in the country USD 2.16 Billion for the last 12 years.

The government has therefore, embarked on:

- 1) Improving the issuance and improved supervision of Mining Licences.
- 2) Develop Artisanal and small scale miners
- 3) Create employment through Artisanal Mining
- 4) Strengthen and improve efficient methods of collecting Royalties.
- 5) Encourage and invite large investment in mining activities.
- 6) Motivate value addition in the country mining activities
- 7) Improve supervision in marketing and sales of minerals.
- 8) Proper monitoring and supervision of explosive in the mining industry.
- 9) Etc, etc.

5.2 Production, Export Performance and marketing

The country has realized substantial increase of revenue' accruing from domestic and international sales of gold. The expansion of small-scale miners and liberalization of the mineral sector, the country's gold production as well as export volume has been increasing. Gold continue to be the leading minerals in contributing to the country's GDPA. (94% of the total mineral exports). Gold production currently stands at between 1.2 million to 1.4 million ounces of gold (37,324,000 - 43,545,000 grams).

The world market price of gold began to rise in the early 1970' s following a decline in US gold stocks which caused loss of confidence in the US dollar. However, a surge of speculation on the free gold market is also said to have led to ,an upward trend in the world market gold price. The present market price of gold is USD 34.42 per one gram or USD 1070.58 per troy ounce of gold (As quoted in www.goldpriceoz.com).

The marketing structure of artisanal miner and small scale miners of gold is such that the miners i.e. claim holders and mining workers sell their products to brokers and or dealers and to a lesser extent direct to jewelers and goldsmith in township of the mining areas. Sometimes miners avoid selling direct to the mineral dealers and jewelers because that involves travelling longer distances with valuable stones. Thus they are forced to dispose of their minerals to unregistered brokers who flock to the mining village in large numbers. These brokers normally take advantage of the market conditions to reap huge profit by paying very low prices to the primary sellers who are desperately looking for reliable markets.

SUTAPRO COMPANY (T) LIMITED intends to acquire dealers licence in order also to assist, artisanal miners who may be looking for a reliable buyer of their produce. Sutapro shall substitute the unfaithfully brokers by tapping the gold ore from artisanal miners pits all over the region.

Gold production and export performance in Tanzania is dominated by large multinational companies like:

- 1) Bulyanhulu Gold Mine - (Acacia)
- 2) Buzwagi Gold Mine - (Acacia)
- 3) Geita Gold Mine
- 4) Golden Pride Mine
- 5) New Luika Gold Mine
- 6) Northmaru Gold Mine - (Acacia)
- 7) Tulawaka Gold Mine - (STAMICO)

5.3 Competition

SUTAPRO COMPANY (T) LIMITED does not expect stiff competition in this business of gold processing within the country.

Gold commands a wider market in the world and is still, a scarce commodity although its price in the world market is fragile and experiences frequent fall and rise.

The company expects to create its own stable market within the country and at international markets. It will search for reputable world buyers of the product.

6. FINANCIAL ANALYSIS AND PLAN

6.1 Projected Investment cost

The projected investment cost required for establishing this business is estimated at USD 2,500,000. This amount will be comprised of the following items:-

| | Item | Cost in USD |
|----|-------------------|--------------------|
| 1. | Land and Building | 750,000 |

| | | |
|----|------------------------------|----------------------|
| 2. | Plant, Machinery & Equipment | 1,080,000 |
| 3. | 3 Motor Vehicles | 350,000 |
| 4. | Furniture and Fittings | 20,000 |
| 5. | Pre operational Expenses | 50,000 |
| 6. | Initial working Capital, etc | 250,000 |
| | Total | USD 2,500,000 |

6.2 Financing Plan

a) Equity

The project promoters are expected to raise a total of USD 1,500,000 from paid up share capital and their own funds. This financing element is expected to contribute 60% of the required investment capital.

b) Loan Finance

In order to be able to raise the required investment amount of **USD 2,500,000** the company will have to seek for a long term or medium term loan amounting to USD 1,000,000 from banks. Other efforts will be to obtain the loan from the shareholders business partners who will be willing to extend the loan at an agreeable terms and tenure of not less than 5 years.

6.3 Projected Income

As reported elsewhere in this Business Plan that the company will be able to 13 5778Q process from the areas 4,112,000 grams of gold (Say 132,200 grams of gold). Before depletion of the ore. Assuming a financial planning period of 5 years the annual production plan may be as given below

(Assuming further a linear relationship):

| Year | Production in grams | Production in ounces | Planned Capacity | Planned Prod. Ounces |
|------|---------------------|----------------------|------------------|----------------------|
| 1 | 822,400 | 26440 | 70% | 18508 |
| 2 | 822,400 | 26440 | 80% | 21152 |
| 3 | 822,400 | 26440 | 80% | 21152 |
| 4 | 822,400 | 6440 | 75% | 19830 |
| 5 | 822,400 | 6440 | 70% | 18508 |

If gold price is projected at USD 1000 per ounces, (at very minimal price) the company will realize income as given below:-

| Year | Production in Ounces | Amount inUSD |
|------|----------------------|--------------|
| 1 | 18508 | 18,508,000 |
| 2 | 21152 | 21,152,000 |
| 3 | 21152 | 21,152,000 |

| | | |
|---|-------|------------|
| 4 | 19830 | 19,830,000 |
| 5 | 18508 | 18,505,000 |

6.4 Projected Operating Costs

For the operational phase of the project the cost for carrying out various operating and commercial activities is estimatable. Operating cost is recurring in nature and in this case consists of different items, each of which will be realistically estimated on monthly basis and on annual basis in order to prepare projected financial statement and computation of financial returns in an objective manner.

A Table below provides the estimated cost of each item on monthly basis and in the first year of the company's operations:

| S/N | Item | Cost Element | Amount in USD per month | Amount in USD per Annum |
|-----|-----------------------------------|--------------|-------------------------|-------------------------|
| 1. | Royalties, Mineral Rights Charge | M | 92,540 | 111,0480 |
| 2. | Explosives and Detonators | M | 18,508 | 222,096 |
| 3. | Fuels | P | 185,080 | 2,220,960 |
| 4. | Oils | P | 74,032 | 888,384 |
| 5. | Tyres and Tubes | P | 92,540 | 1,110,480 |
| 6. | Insurance and Licences | O | 92,540 | 1,110,480 |
| 7. | Maintenance, -Spare parts | P | 231,350 | 2,776,200 |
| 8. | Salaries and Wages | L | 46,270 | 555,240 |
| 9. | Rent, Rates and Duties | O | 9,254 | 111,048 |
| 10. | Utilities, Water, Electricity | O | 27,762 | 333,144 |
| 11. | Site Expenses, Others + chemicals | O | 9,254 | 111,048 |
| | Total Operating Costs | O | 925,400 | 11,104,800 |

Summary of operating expenditure on monthly and annual basis for first year of operations:-

| | Item/Cost Element | Monthly Expenditure in USD | Annual Expenditure in USD |
|-------|----------------------------|----------------------------|---------------------------|
| (i) | Materials | 111,048 | 1,332,576 |
| (ii) | Plant, Machine & Equipment | 397,922 | 4,775,064 |
| (iii) | Labour | 231,350 | 2,776,200 |
| (iv) | Overheads | 185,080 | 2,220,960 |
| | Total Expenditure | 925,400 | 11,104,800 |

Assumptions made during the estimation of operating costs:-

- Royalties and mineral rights charges have been estimated as 4% of gross value of mineral produced under the licences.
- Explosives and detonators were estimated 2% of total operating expenditure. This Item is included in our estimates for feeding the suppliers.
- Fuel for use in all equipment, motor vehicles and machinery has been estimated at 20% of total operating expenditure.
- Oils for use in plant machinery and equipment is estimated at 5% of the total operating expenditure bill.
- Tyres and tubes cost have been estimated at 8% of the total operating costs.
- Insurances and licences have been estimated at 10% of the total operating expenditure.
- Maintenance of plant equipment and motor vehicles cost is estimated at 10% of operating expenditure.
- Salaries and wages bill is estimated at 25% of total operating costs the bill will include employers' contributions on P.A.Y.E and Social Security Contributions.
- Rent, rates and local duties have been estimated at 5% of total operating expenditure.
- Utilities, inclusive of cost of providing water, electricity etc to site is estimated at 1 % of operating cost.
- Site expenses is estimated at 3% of total operating costs as it covers expense that do not fall in any other categories of expenses listed above.
- Bank/Financial charges is estimated at 1 % of the total operating expenditure and will cover all charges that relate to financial and bank withdrawals for project accounts. Refer to Appendix 1 for reference.

6.5 Projected Capital Charges

6.5 (a) Depreciation

Depreciation in this Business Plan has been allowed based on Tanzania's Tax Laws and Company policy.

Applicable rates and methods are as given below:-

| | | | |
|--------|--|---|-----------------------|
| (i) | Land and Buildings | - | Straight line – 5% |
| (ii) | Plant and Machinery | - | Reduced Balance – 20% |
| (iii) | Motor Vehicles | - | Reduced Balance – 20% |
| (iv) | Workshop Tools | - | Reduced Balance – 20% |
| (v) | Communication Equipment | - | Reduced Balance – 20% |
| (vi) | Security Equipment | - | Reduced Balance – 20% |
| (vii) | Furniture & Fittings | - | Straight line - 12% |
| (viii) | Preoperational and Initial Working Capital | - | Straight Line – 10% |

Refer to Appendix 5 for details

6.5 (b) Loan Interest

The amount of loan to be applied from banks and or Financial Institutions to Compliment Shareholders funds is estimated at usn 1,000,000. The loan is to be negotiated and be repaid in not less than 5 years period at terms that will he agreed upon. Appendix 4 provides details on how the loan will be amortized.

6.6 Projected Profit and Loss Accounts

Financial projections made for a period of five (5) years indicated that the project will be profitable as it make reasonable profits throughout the planning period. Expected profit before tax are estimated to grow from USD 6.9 million in the first year of the projects commercial operations to USD 7.2 million in year five. Cumulative profit after tax without considering dividends payout are estimated to grow from USD 4.9 million in the first year of the project's operation to USD 26.6million in year five of the planning period. Refer to Appendix 1 for details.

6.7 Projected Cash Flows

The Company is expected to operate with a good cash flow throughout the planning period. Cash flow projections detailed in Appendix 2 of this plan show that besides being able to pay for its cash obligations like payment for materials, plant and machinery cost, labour cost, Insurance and licences, fuel and oils, taxes and loan repayment the company will still end up with a cumulative cash balance of USD 5.0 million in year one and cash balance of USD 26.7 million in year five if no funds are paid out for dividends and for re-investment. Appendix 2 is relevant for reference here.

6.8 Projected Balance Sheets

Projected Balance Sheets for this project show that while the owners' equity has remained constant throughout the planning period reserves have grown to a very satisfactory level of USD 26.6 million in year five.

Net asset values has also been growing from USD 7.3 million in year one to USD 28.3 in year five. Details on the projected balance sheets can be extracted from Appendix 3 of this plan. Generally the financial plan and analysis presented above shows that this project is profitable and provide adequate return on investments.

7. SOCIAL-ECONOMIC ASPECT OF THE PROJECT

7.1 Social-Economic Aspects

1) Positive Aspects

i) Creation of Employment

The project will employ several categories of personnel on permanent and seasonal terms. While mining activities pick up at the mining areas, other auxiliary activities also mushroom thus creating employment opportunities in the mining community.

ii) Development of the Mining Industry .

Establishment of the processing plant at Kahama District will contribute to the development of mining industry at the area since the company will be able to turn on idle land into income generating resources , through suppling from artisanal diggers.

iii) Contribution to the Treasury

The government will benefit from the operations of the project by way of taxes, levies, duties, royalties, licences etc. The government will receive P.A.Y.E,

Withholding Tax, Skills Development Levy, and VAT, Import duty, Stamp duty, Excise Duty and other local related taxes.

iv) Improvement of Social Services

In many instances mining company have played an important part in improving and or providing social services to adjacent areas of the mines. Our company will be assisting nearby villages in the improvement of education and health facilities, welfare and sports activities, H.LV awareness and many other social programs.

7.2 Environmental Impact Assessment

There is no doubt mining activities at mining area will bear some environmental consequences due to; excavation works that will be taking place. On some occasion lack of technology and skills among mine workers may lead to environmentally-unfriendly mining methods, e.g. digging of pits and trenches without refilling them after use.

There's also loss of vegetation in surrounding areas due to increased consumption of wood products by people in the mining area. Unsafe use of chemicals in processing gold ore may contaminate water sources, threatening fauna, flora and human health. All these are negative aspects of mining industry. .

SUTAPRO COMPANY (T) LIMITED is expecting to employ sound methods of collecting the ore. The company will also make sure that collection and processing of the ore at site 'does not force any change in the ecological structure of the area. This will entails the imposition of environmentally friendly methods in dealing with the ore.

The company will continue to meet high standards in maintaining the environment on which will operate.

The company will adopt a new biodiversity standard to preserve biodiversity and protect habitats around our operations.

8. CONCLUSIONS AND RECOMMENDATIONS.

8.1. Conclusions

The project is expected to make significant contributions to the country's social economic development as stipulated in the proceeding section. The project also is expected to benefit both the promoters and the government. The project's ability to exploit and trade on resources which have been idle underground for some time to generate wealth makes it commercially acceptable.

8.2 Recommendations

In view of the conclusions made above and considering that the project is technically and economically viable it is recommended that the project be implemented within the ambit of the Mining Act 15 of 2010 and its related regulations and that Tanzania Investment Centre be requested to register it and provide it with the Certificate of Incentives.

9. IMPLEMENTATION PROGRAMME

The main purpose of undertaking a project is to ensure that its objectives under which it was established are efficiently accomplished.

This further implies that to achieve the set objectives there should be a proper "road map" and or implementation programme for the project.

The following activities constitute the main elements of the implementation programme.

1. Company registration
2. Registration with Tanzania Revenue Authority for T.I.N
3. Business Planning
4. Licences and approval from The Sectoral Ministries
5. Application for Registration with Tanzania Investment Centre and grant of Certificate of Incentives.
6. Order of Machinery and Plant
7. Construction work for Site Buildings
8. Installation of Crushing and Processing Plants
9. Commencement of Processing of Gold ore

10. Commencement of marketing operations

Appendix 8

GOLD RESERVES AND MINERAL RESOURCES

| S/N | SOURCE | QDS | AREA IN HECTARES | ORE RESERVE (TON) | GRADE GOLD / TON (AVERAGE) | GRAMS | OUNCES |
|-----|--------|-----|------------------|-------------------|----------------------------|------------------|------------------|
| 1. | PIT 1 | | 9.62 | 69,000 | 8.00 | 552,000 | 17346.8 |
| 2. | PIT 2 | | 9.62 | 69,000 | 8.00 | 552,000 | 17346.8 |
| 3. | PIT 3 | | 9.61 | 69,000 | 8.00 | 552,000 | 17346.8 |
| 4. | PIT 4 | | 9.62 | 69,000 | 8.00 | 552,000 | 17346.8 |
| 5. | PIT 5 | | 9.70 | 70,000 | 8.00 | 560,000 | 18004.0 |
| 6. | PIT 6 | | 9.74 | 70,000 | 8.00 | 560,000 | 18004.0 |
| 7. | PIT 7 | | 6.74 | 48,000 | 8.00 | 384,000 | 12345.6 |
| 8. | PIT 8 | | 6.94 | 50,000 | 8.00 | 400,000 | 12860.0 |
| | | | 71.59 | 514,000 | 8.00 | 4,112,000 | 132,200.8 |

NB : 1 GRAM = 0.032.5 TROY OUNCES

Annextures

- 1. Certificate of Incorporation**
- 2. Company Tin**
- 3. Tenancy Agreement**
- 4. Lease Agreement**
- 5. Licences**
- 6. Bank Letter**
- 7. Site Drawing**

**SUTAPRO COMPANY (T) LIMITED
P.O. BOX 21141
DAR ES SALAAM, TANZANIA**



**PROPOSED:
PROJECT TO PROCESS AND REFINE GOLD
AT KAHAMA SHINYANGA**

BUSINESS PLAN.

PREPARED FOR:
SUTAPRO COMPANY (T) LIMITED,
KAHAMA