

**GRAVITY TECHNOLOGY GB ENTERPRISES LIMITED**  
**SUBMISSION TO TANZANIA INVESTMENT CENTRE**

**PROJECT COSTS in '000' Tshs**

**APPENDIX 1**

ITEM	Tshs	USD	USD	000' Tshs
Applied Exchange Rate	2,319	1		
<b>Pre-Operational Expenses</b>				
Mining License			4,083	9,468
Consultancy fees			2,227	2,000
<b>Total Pre-Operational Expenses</b>			<b>6,310</b>	<b>11,468</b>
<b>CIVIL WORKS/INFRASTRUCTURE</b>				
Site Clearance Costs			8,000	18,552
Warehouse complex			17,000	39,423
Fuel Storage Tanks (100,000 Litres)			1,500	3,479
Access road construction	1	3,500	3,500	8,117
<b>TOTAL CIVIL WORKS</b>		-	<b>30,000</b>	<b>69,570</b>
<b>MACHINERY &amp; EQUIPMENT</b>		<b>USD</b>		
Screen separator	8	1,800	14,400	33,394
Shaking table	2	2,430	4,860	11,270
Oven	1	1,320	1,320	3,061
Conveyor belt	3	4,800	14,400	33,394
Vibro Mill	1	40,000	40,000	92,760
Load machine	1	10,000	10,000	23,190
Tractor	2	2,200	4,400	5,102
Excavator	1	146,620	146,620	340,012
Wheel loader	1	97,000	97,000	224,943
Pumps	1	7,000	7,000	16,233
			<b>340,000</b>	<b>767,125</b>
<b>VEHICLES</b>				
AAS machine and pumps	1	38,000	38,000	<b>88,122</b>
Utility pick up	1	20,000	20,000	<b>46,380</b>
Hand tractor	2	3,500	7,000	<b>16,233</b>
Tipper	1	80,000	80,000	174,525
<b>Total Vehicles</b>			<b>145,000</b>	<b>134,502</b>
<b>Office Equipment &amp; Furniture</b>				
Security Equipment	5	500	2,500	5,798
Office furniture & Equipment	15	20	300	696
Computers	4	800	3,200	7,421
Safety gear	6	500	3,000	6,957

Auxillary equipment & Furniture			32,000	74,208
<b>Total Office Equipment &amp; Furniture</b>			<b>41,000</b>	<b>95,079</b>
<b>TOTAL INVESTMENT COST</b>			<b>562,310</b>	<b>943,243</b>

**DEPRECIATION SCHEDULE in '000' Tshs**

**APPENDIX 2**

ITEM	RATE	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Land and Buildings</b>	4% DV					
Opening Balance		69,570	66,787	64,116	61,551	59,089
Additions		-	-	-	-	-
Annual Depreciation	4.0%	2,783	2,671	2,565	2,462	2,364
Closing Balance		66,787	64,116	61,551	59,089	56,725
<b>Machinery &amp; Equipment</b>	12.5% DV					
Opening Balance		767,125	671,235	587,330	513,914	449,675
Additions		-	-	-	-	-
Annual Depreciation	12.5%	95,891	83,904	73,416	64,239	56,209
Closing Balance		671,235	587,330	513,914	449,675	393,465
<b>Office Equipment, Furniture and Fittings</b>	12.5% DV					
Opening Balance		95,079	83,194	72,795	63,696	55,734
Additions		-	-	-	-	-
Annual Depreciation	12.5%	11,885	10,399	9,099	7,962	6,967
Closing Balance		83,194	72,795	63,696	55,734	48,767
<b>Motor Vehicles</b>	25% SL					
Opening Balance		134,502	100,877	67,251	33,626	-
Additions		-	-	-	-	141,227
Annual Depreciation	25.0%	33,626	33,626	33,626	33,626	35,307
Closing Balance		100,877	67,251	33,626	-	105,920
<b>Pre-Operational Expenses</b>	12.5% DV					
Opening Balance		11,468	9,175	6,881	4,587	2,294
Additions		-	-	-	-	-
Annual Depreciation	20.0%	2,294	2,294	2,294	2,294	2,294
Closing Balance		9,175	6,881	4,587	2,294	-
<b>Total Depreciation</b>		<b>146,478</b>	<b>132,894</b>	<b>120,999</b>	<b>110,582</b>	<b>103,140</b>

**LOAN REPAYMENT SCHEDULE IN '000' Tshs**

**APPENDIX 3A**

Total Investment Costs			943,243
Equity			282,973
Term-Loan			660,270

Interest Rate per Annum			18%			
Grace Period			0.50			
Annual Instalments				5		
Loan Duration (Years)				6		
			<b>Principal Payment</b>	<b>Balance</b>	<b>Interest</b>	<b>Total Repayment</b>
<b>Year 1</b>			60,025	600,245	118,849	<b>178,873</b>
<b>Year 2</b>			120,049	480,196	108,044	<b>228,093</b>
<b>Year 3</b>			120,049	360,147	86,435	<b>206,484</b>
<b>Year 4</b>			120,049	240,098	64,826	<b>184,876</b>
<b>Year 5</b>			120,049	120,049	43,218	<b>163,267</b>
<b>Year 6</b>			120,049	-	21,609	<b>141,658</b>
<b>TOTAL</b>			<b>660,270</b>		<b>378,155</b>	<b>1,038,424</b>

**OVERDRAFT FACILITY**

**APPENDIX 3B**

				<b>000' Tshs</b>
Overdraft Facility				77,066
Interest Rate per Annum				18.0%
Annual Instalments				1
Duration				1
	<b>Principal</b>	<b>Balance</b>	<b>Interest</b>	<b>Total</b>
YEAR 1 Tshs	77,066	-	13,872	<b>90,937</b>
<b>TOTAL Tshs</b>	<b>77,066</b>	<b>-</b>	<b>13,872</b>	<b>90,937</b>

**SCENARIO 1: THE BASE CASE**

**APPENDIX 4**

		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Production Plan</b>						
Annual Amount of Tailings fed to plant (Tonnes)		30,000	45,000	60,000	60,000	60,000
Production Capacity Utilization		30%	45%	50%	55%	60%
Pant Recovery Rate (%)		90%	90%	90%	90%	90%
Gold Yield (g/t)		0.8	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>
Amount of Gold produced (g)		g 6,480	14,580	21,600	23,760	25,920

Income Statement in '000' Tshs			APPENDIX 5				
Sales			Year 1	Year 2	Year 3	Year 4	Year 5
Amount of Gold Produced (g)			6,480	14,580	21,600	23,760	25,920
Selling Price per g in '000' Tshs			116	116	116	116	116
<b>Total Annual Sales</b>			<b>751,356</b>	<b>1,690,551</b>	<b>2,504,520</b>	<b>2,754,972</b>	<b>3,005,424</b>

SCENARIO 1: THE BASE CASE

Direct Expenses in '000' Tshs			APPENDIX 6				
OPERATING COSTS			YR 1	YR 2	YR 3	YR 4	YR 5
Repair and Maintenance Costs	7.50%	Turnover	56,352	126,791	187,839	206,623	225,407
Fuel Costs for Equipment	10.00%	Turnover	75,136	169,055	250,452	275,497	300,542
Water Pumping Costs	2.9%	Turnover	21,414	48,181	71,379	78,517	85,655
			<b>152,901</b>	<b>344,027</b>	<b>509,670</b>	<b>560,637</b>	<b>611,604</b>
ADMINISTRATIVE COSTS							
Insurance	4.50%	Turnover	33,811	76,075	112,703	123,974	135,244
Security Costs	0.25%	Turnover	1,878	4,226	6,261	6,887	7,514
Licensing, Legal and other Professional Costs	0.12%	Turnover	902	2,029	3,005	3,306	3,607
Sales and Marketing Costs	1.00%	Turnover	7,514	16,906	25,045	27,550	30,054
Safety, medical and health care costs	0.04%	Turnover	301	676	1,002	1,102	1,202
Travelling Costs	2.50%	Turnover	18,784	42,264	62,613	68,874	75,136
General Office Expenses	2.00%	Turnover	15,027	33,811	50,090	55,099	60,108
Royalty to the Government	3.00%	Turnover	22,541	50,717	75,136	82,649	90,163
Government Levies	0.15%	Turnover	1,127	2,536	3,757	4,132	4,508
<b>Total Administrative Costs</b>			<b>101,884</b>	<b>229,239</b>	<b>339,613</b>	<b>373,574</b>	<b>407,535</b>

SALARIES AND WAGES			Year 1	Year 2	Year 3	Year 4	Year 5
	Number	month					
ADMINISTRATION							
Managing Director	1	5,000	60,000	60,000	63,000	63,000	66,150
Directors	3	4,500	162,000	162,000	170,100	170,100	178,605
General Manager	1	2,500	30,000	30,000	31,500	31,500	33,075
Accountant	1	2,000	10,800	10,800	11,340	11,340	11,907
Supplies Officer	1	900	10,800	10,800	11,340	11,340	11,907
Stores Clerk	1	900	10,800	10,800	11,340	11,340	11,907
Security Officer	1	900	3,600	3,600	3,780	3,780	3,969
Security Guards	2	300	14,400	14,400	15,120	15,120	15,876

Secretary	1	600	3,600	3,600	3,780	3,780	3,969
Office Attendant	1	300	3,600	3,600	3,780	3,780	3,969
Drivers	2	450	10,800	10,800	11,340	11,340	11,907
Water pumps Attendants	1	300	3,600	3,600	3,780	3,780	3,969
<b>Sub Total</b>	<b>12</b>		<b>324,000</b>	<b>324,000</b>	<b>340,200</b>	<b>340,200</b>	<b>357,210</b>
<b>ENGINEERING WORKSHOP</b>							
Workshop Engineer	1	4,500	54,000	54,000	56,700	56,700	59,535
Plant Maintenance Technician	1	1,500	18,000	18,000	18,900	18,900	19,845
Electrical Technician	1	1,500	18,000	18,000	18,900	18,900	19,845
Heavy Duty Equipment Mechanic (Foreman)	1	1,500	18,000	18,000	18,900	18,900	19,845
Mechanics	1	800	9,600	9,600	10,080	10,080	10,584
Electricians	1	800	9,600	9,600	10,080	10,080	10,584
<b>Sub Total</b>	<b>6</b>		<b>127,200</b>	<b>127,200</b>	<b>133,560</b>	<b>133,560</b>	<b>140,238</b>
<b>SAFETY HEALTH AND ENVIRONMENT</b>							
Environment, Health & Safety Officer	1	2,500	30,000	30,000	31,500	31,500	33,075
<b>Sub Total</b>	<b>1</b>		<b>30,000</b>	<b>30,000</b>	<b>31,500</b>	<b>31,500</b>	<b>33,075</b>
<b>Total</b>			<b>481,200</b>	<b>481,200</b>	<b>505,260</b>	<b>505,260</b>	<b>530,523</b>
<b>Add: 30% Social Benefits</b>			144,360	144,360	151,578	151,578	159,157
<b>Total Salaries &amp; Wages</b>	<b>19</b>		<b>625,560</b>	<b>625,560</b>	<b>656,838</b>	<b>656,838</b>	<b>689,680</b>

<b>Total Direct Expenses</b>			<b>880,345</b>	<b>1,198,826</b>	<b>1,506,121</b>	<b>1,591,049</b>	<b>1,708,819</b>
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SCENARIO 1: THE BASE CASE

PROJECTED INCOME STATEMENT in '000' Tshs			APPENDIX 7				
			Year 1	Year 2	Year 3	Year 4	Year 5
<b>Total Revenue</b>			<b>751,356</b>	<b>1,690,551</b>	<b>2,504,520</b>	<b>2,754,972</b>	<b>3,005,424</b>
<b>Direct Expenses</b>							
Operating Expenses			152,901	344,027	509,670	560,637	611,604
Administration Expenses			101,884	229,239	339,613	373,574	407,535
Salaries and Wages			625,560	625,560	656,838	656,838	689,680
<b>Total Direct Expenses</b>			<b>880,345</b>	<b>1,198,826</b>	<b>1,506,121</b>	<b>1,591,049</b>	<b>1,708,819</b>
<b>Gross Operating Profit</b>			<b>(128,989)</b>	<b>491,725</b>	<b>998,399</b>	<b>1,163,923</b>	<b>1,296,605</b>
<b>Finance &amp; Capital Charges</b>							
Interest Payment (Overdraft Facility)			13,872	-	-	-	-
Interest on loan			118,849	108,044	120,049	120,049	120,049
Pre-operational Expenses			2,294	2,294	2,294	2,294	2,294
<b>Total Finance &amp; Capital Charges</b>			<b>135,014</b>	<b>110,338</b>	<b>122,343</b>	<b>122,343</b>	<b>122,343</b>

<b>Profit before Tax</b>			<b>(264,003)</b>	<b>381,387</b>	<b>876,057</b>	<b>1,041,580</b>	<b>1,174,262</b>
Corporate Tax (30%)			(79,201)	114,416.19	262,816.95	312,474.07	352,278.62
Loyalty to the Government (3% turnover)			192,557	192,557	192,557	192,557	192,557
<b>Profit after Tax</b>			<b>(377,359)</b>	<b>74,414</b>	<b>420,683</b>	<b>536,549</b>	<b>629,426</b>
<b>Transfer to Retained Earnings</b>			<b>(377,359)</b>	<b>74,414</b>	<b>420,683</b>	<b>536,549</b>	<b>629,426</b>
<b>Accumulated Retained Earnings (TZS)</b>			<b>(377,359)</b>	<b>(302,945)</b>	<b>117,738</b>	<b>654,287</b>	<b>1,283,713</b>
<b>Accumulated Retained Earnings (USD)</b>			<b>(162,725)</b>	<b>(130,636)</b>	<b>50,771</b>	<b>282,142</b>	<b>553,563</b>

SCENARIO 1: THE BASE CASE

PROJECTED INITIAL WORKING CAPITAL REQUIREMENTS in '000' Tshs

APPENDIX 8

CURRENT ASSETS			Year 1	Year 2	Year 3	Year 4	Year 5
Debtors (0.5 month receivables)			31,307	70,440	104,355	114,791	125,226
Cash (1 month Salaries)			52,130	52,130	54,737	54,737	114,947
<b>Total Current Assets</b>			<b>83,437</b>	<b>122,570</b>	<b>159,092</b>	<b>169,527</b>	<b>240,173</b>
CURRENT LIABILITIES							
Creditors (0.5 month)			6,371	14,334	21,236	23,360	25,483
<b>Total Current Assets</b>			<b>6,371</b>	<b>14,334</b>	<b>21,236</b>	<b>23,360</b>	<b>25,483</b>
<b>NET CURRENT ASSETS</b>			<b>77,066</b>	<b>108,235</b>	<b>137,855</b>	<b>146,167</b>	<b>214,689</b>
<b>CHANGE IN WORKING CAPITAL</b>			<b>77,066</b>	<b>31,170</b>	<b>29,620</b>	<b>8,312</b>	<b>68,522</b>

SCENARIO 1: THE BASE CASE

PROJECTED CASHFLOW STATEMENT in '000' Tshs

APPENDIX 9

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cashflow from Operations:		-	(377,359)	74,414	420,683	536,549	629,426
Equity		282,973	-	-	-		
Loan		660,270					
Overdraft			77,066				
Add non Cash Items:							
Depreciation		-	146,478	132,894	120,999	110,582	103,140
<b>Total Inflows</b>		<b>943,243</b>	<b>(153,816)</b>	<b>207,308</b>	<b>541,682</b>	<b>647,132</b>	<b>732,567</b>
Investment		943,243					141,227
Initial Working Capital			77,066				
Normal replacement		-	-	-			
Loan Repayment		-	60,025	120,049	120,049	120,049	-
Overdraft repayment		-	13,872				

<b>Total Outflow</b>		<b>943,243</b>	<b>137,090</b>	<b>120,049</b>	<b>120,049</b>	<b>120,049</b>	<b>141,227</b>
<b>Net Cashflow</b>		-	<b>(290,906)</b>	<b>87,259</b>	<b>421,633</b>	<b>527,083</b>	<b>591,339</b>
Opening Balance		-	-	(290,906)	(203,647)	217,986	745,069
Closing Balance		-	<b>(290,906)</b>	<b>(203,647)</b>	<b>217,986</b>	<b>745,069</b>	<b>1,336,408</b>

**SCENARIO 1: THE BASE CASE**

**PAYBACK PERIOD**

**APPENDIX 10**

	Investment	Net Cashflow	Cumulative
	000' Tshs	000' Tshs	Cashflow
			000' Tshs
INVESTMENT PERIOD	(943,243)	-	(943,243)
YEAR 1		(290,906)	(1,234,149)
YEAR 2		87,259	(1,146,889)
YEAR 3		421,633	(725,256)
YEAR 4		527,083	(198,174)
YEAR 5		591,339	393,165
<b>PAYBACK PERIOD (Years)</b>	<b>4.38</b>		

**SCENARIO 1: THE BASE CASE**

**BREAK EVEN ANALYSIS BASED ON YEAR 3**

**APPENDIX 11**

COMPONENT	000' Tshs
Revenue	2,504,520
<b>FIXED COSTS</b>	
Repair & Maintenance	187,839
Insurance Premium	112,703
General Administration	201,864
Interest	120,049
Depreciation	120,999
<b>TOTAL FIXED COSTS</b>	<b>743,455</b>
<b>VERIABLE COSTS</b>	
Marketing Expenses	25,045
<b>TOTAL VARIABLE COSTS</b>	<b>25,045</b>
<b>Contribution Margin</b>	<b>2,479,475</b>

<b>Contribution Margin Ratio</b>	<b>0.99</b>
<b>Break Even Revenue</b>	<b>750,965</b>
<b>Break Even Capacity Utilization</b>	<b>29.98%</b>

**SCENARIO 1: THE BASE CASE**

**DISCOUNTED CASHFLOW PROJECTIONS in '000' Tshs**

**APPENDIX 12**

	<b>NPV</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Net Cashflow		(943,243)	(290,906)	87,259	421,633	527,083	591,339
PRESENT VALUE AT 18%	189,307	(943,243)	(246,531)	73,949	357,316	446,680	501,135
PRESENT VALUE AT 20%	393,165	(943,243)	(290,906)	87,259	421,633	527,083	591,339
<b>Internal Rate of Return (IRR)</b>	<b>8%</b>						