



FEASIBILITY STUDY REPORT

FOR

**GOLD MINING AND LEACHING PLANT LOCATED AT BASSOTU
VILLAGE, BASSOTU WARD IN HANANG DISTRICT COUNCIL –
MANYARA REGION**

AT

**PML NOS 111MYR, 112MYR, 113MYR, 114MYR,
115MYR, 116MYR, 117MYRS, 118MYR, 119MYR,
120MYR. 121MYR, 122MYR, 123MYR AND 124 MYR**

PHASE I, II, III & IV

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1.0 EXECUTIVE SUMMARY

1.1 PROJECT BACKGROUND

Pardeep Singh and his co-directors cum shareholders are painstaking entrepreneurs and business executives in Tanzania - they have combined efforts administratively and financially to establish a limited liability company styled as Mwaloni Company Limited.

The Company is registered under new act (The Companies Act 2002) and has got all key legal and administrative documents connected to the said company. The said legal documents are annexed together with this feasibility study report and of course form part of the study.

1.1.2 PROJECT DEVELOPMENT PLAN

To date, the company have officially acquired several mining claims, all these claims were issued in compliance with the mining (Mineral rights) regulations 1999. Under the main act of Mining of 1998. The owners have officially paid fees connected to the claims and as it has been the case with other official documents, the said official receipts and serial numbers of claims are annexed together with this study for easy of reference.

In order for the promoters to operate professionally, they approached a Geologist, this geologist conducted a professional preliminary geological report at their area, he produced a professional report and the same is registered with the department of mines at the Ministry. We have taken trouble to annex the said preliminary report for easy of reference. It is on record also that professional coordinates have been demarcated at the area and as we are writing this project document, official forms for amalgamation (Form no MRF 16) have been dully filled, signed and sent to the commissioner of Mining for his records and necessary action. All these documents are also annexed together with this feasibility study report for your records, references and for any official transaction.

1.1.3 PROJECT BASIC COSTING & IMPLEMENTATION

We had a detailed interview with the promoters of this project, among others we discussed the issue of cash inlay and cash outlay we discussed also the funds application statement procedure coupled with the planned implementation program. Details of all these are debated in details in the main report. In a nutshell, the entire project will be funded both by equity contribution from shareholders and of course from the term loan from financial institutions.

1.1.4 MARKET SITUATION OF THE PROJECT

In order to plot the market share of the entire project, we were properly guided by key financial figures which we computed, we were also guided by key data and statistics from the ministry of Mining, Bureau of statistics, treasury, Bank of Tanzania and of course from Tanzania Investment Centre. To professionally plot the market share of the entire business, we dealt with the SWOT analysis in details connected to the entire project and of course the key financial data, liquidity ratio and the sensitivity analysis of the entire project helped us to determine the projects market share and the competitive atmosphere.

1.1.5 ADMINISTRATION SET UP

Promoters of this project are aware that in order for them to operate legally, profitability, sustainably and professionally, key personnel must be recruited in at least every department. Provisions of all this have been done and details of the same are as per para 4.0, 4.1, 4.1.3 in the main report, to prove that administrative set up will be effective, the Directors have considered the key issue of motivation and proper incentives package to their management team.

1.1.6 FINANCIAL AND ECONOMIC ANALYSIS

In order to plot the financial capability of the entire project, we took trouble to compute the projected investment pattern, the projected cash flow, projected profit and loss statement, the projected balance sheet, the depreciation schedule and lastly the internal rate of return. Data and statistics from Bank of Tanzania connected to sectorial contribution to nation GDP. Ratio of contribution of total exports, gross domestic product - Monetary and non-monetary by kind of economic activity and records of mineral exports helped us to plot the actual economic contribution of the mining sector to the national economy-All these facts are supported with key data and statistics which are annexed together with this study and form part of the study.

1.1.7 PROFESSIONAL OPINION

Going by the data and statistics in this study and going by facts and financial figures as debated in details both in the feasibility study report and key computation connected to this project, the project is economically viable, profitable, socially acceptable and with a lot of political goodwill - we thus recommend the project to be implemented as planned, and also registered with Tanzania Investment Centre in order to enjoy key incentives as stipulated in details in the Investment Act 1979 and its policy of October 1996, VAT Act and other related laws, bylaws and policies.

MAIN REPORT

2.0 MAIN REPORT

2.1 SUMMARY AND RECOMMENDATION

This project has been initiated with people who are willing and able to operate and supervise this business profitably and professionally. Both Directors and Shareholders are veteran business executives, both are holding clean long track business record. They have good plans of running and supervising the entire day to day activities of mining at the site. Going by the official legal and administrative documents which they availed to us, it goes without saying therefore that they are today and in future will continue to operate in Tanzania according to the Mining policy and Act - we thus recommend the project to be implemented as planned and of course be registered with Tanzania Investment Centre in order to enjoy. Incentives of capital deemed capital goods and VAT deferralment

2.1.1 PROJECT HISTORY AND PROGRESS TODATE

The brain behind this project is one Pardeed Singh Hans and his co-directors both for many years has been fighting tooth and nail to make their dream of doing mining business a reality. They ventured seriously, but due to limitation of funds they didn't go any further - Note that they want now to combine efforts with key financial institutions in order to get financial support, this serious combination of professionals and business executives have managed to do the following:

To register their company with BRELA

- To secure certificate of Incorporation
- To secure Tax Identification Number
- To pay all Government taxes connected to this business and of course get all official receipts.
- Apply and get several mining licences (PML'S)
- Get official geological report and they are in the final stage to acquire Environmental Certificate
- Get official documents showing demarcated coordinates, and lastly as we are writing this feasibility study report, the promoters have submitted all key issues/documents connected to the checklist they received from the Ministry of Mining this includes the request to amalgamate mining rights among others.

2.1.2

MARKET, TECHNICAL FINANCIAL AND ECONOMIC APPRAISAL

MARKET

All these data have proved beyond reasonable doubt that the Market of gold specifically to the world market the market has proved to be unlimited.

TECHNICAL ASPECT

The Mines are located at Bassotu, Hanang District, Manyara Region. The road to the area is passable throughout the year, water is available seasonally and at times the area is time and again affected by water shortages, there is electricity at the area and all four mobile phone can be reached at the area. With this scenario coupled with type of equipments to be ferried and used at the area we expect the project will be implemented professionally, once registration with TIC and approval of capital deemed capital goods has been effected and financial support approved the promoters will command a lions share in this business.

FINANCIAL ASPECT (Phase one)

Computation of cash in inlay and cash outlay in this project documents has been projected to reach US Dollars 1,422,540 out all this 40% i.e \$569,00 will be raised by equity and sales of what ever product will be received from mining. The rest i.e 60% (\$853,540/=) will be sourced from financial institutions. A detailed interview we conducted with the promoters have shown that, so far a lot of money has been contributed as equity, this includes costs such as initial investment costs, legal documentation administrative documentation, consultancy e.t.c.

Details of all this are debated in details under para 3.0, 3.1.1 - 3.1.5 in this feasibility study.

ECONOMIC APPRAISAL

Key data and statistics have enabled us to conclude as follows:-

Project Priority	:	High
Employment	:	Over 50 direct jobs at investment of 200,000/= per job at an average
Government Revenue	:	\$838,915 (As 1,090,589,500/=) in terms of tax at minimum
Economic rate of return	:	23.3%

The above figures have made us to make the following conclusion, observation and recommendation:-

- The project falls within the scope of both the Mining Policy and act
- The project is technically feasible, financially viable and economically desirable as it has acceptable financial and economic rate of returns.
- Key financial ratios are acceptable
- The project will create a pool of skilled personnel which will be useful for the future development of gold mining industry.
- The project will contribute substantially to the Government revenue and hence strengthen the external revenue position of the Government.
- The project will form nucleus of development in remote rural areas specifically to the villagers at Bassotu.

2.1.3 THE PROJECT MARKET AND PRICES

The project locality	-	Bassotu Village Hanang, District Manyara Region.
Claim Area	-	A number of claims in total they amount to fourteen claims
Mineral of Interest	-	Gold in Phase One and in later other minerals
Project Life	-	Ten Years
Total Revenue	-	The deposit has been evaluated by digging two pits (average depth 100m) and ten Trenches (15-20m long). About 150 grams of Gold of connecting there are 14 productive claims in the said plots. (Refer to the Geological Report)
		These claims were expected to produce several kgs of gold (this is according to the geological report from the Geologist which is annexed together with this project document.
Power Supply	-	Electricity from Tanesco & Diesel operated generators to be used.
Water	-	Available but not reliable
Employment	-	20-50 skilled and non-skilled staff
Availability of Skills	-	Local personnel, foreign expatriates assistance envisages for first three years
Plant and Machinery	-	All Major equipments of the project with actual specification design to be ordered.
Market	-	As property debated under para 2.1.2 above
Prices	-	The market of gold will be determined by the availability, demand, capacity of supply and of course the world market prices and nearby mining market either in Arusha, Manyara or Dar Es Salaam.

2.1.4 SELLING ARRANGEMENT

This project is big, the promoters of this project have made official arrangement with buyers especially from Arusha International Market, Far East, China e.t.c according to them, in Phase two they plan to establish their own Gold Leaching industry in order to add value to their gold (This needs foreign Joint Venture) or capital injection from financial institutions.

3.0 TECHNICAL ARRANGEMENT

3.1 LOCATION AND ACCESS

The project is located at Bassotu in Hanang district Manyara region.

As stated in the executive summary, the area is passable through out the year, as the result we don't expect any problem of ferrying plant & equipments material and other accessories to the site.

3.1.1 METHOD OF MINING

Gold will be broken by drilling and blasting using compressed air operated drills and explosives. After blasting it will be loaded in special equipment's ready for other process of sorting between stones and gold - of course with a tight supervision of geologist.

3.1.2 POWER

The connected load of fully capacity operation of both mine and power supply is estimated to be above 300 kw the mobile generator with a combined output of 500 kw will be ordered and purchased. This will be installed in due course once TRA formalities and term loan are done, all the generators to be used at the area will be diesel operated - Thus supply of fuel will have to be well managed considering the remoteness location of the site.

3.1.3 COMPRESSED AIR

Compressed air will be required for operating several machines in the mine, total requirement will be determined from time to time by the management and other experts at the mines. Compressors of different sizes, together with other plant and equipments with different capacity have been earmarked and are waiting official formalities to be purchased and ferried to the country/site. This includes that from Tanzania Revenue Authority and from Financial Institution (Term loan).

3.1.4 WATER

The water requirements at the site with capacity utilization is estimated to be huge, due to this fact, a provision budget to purchase a mobile tanker in future has been set aside to facilitate smooth operations at the site.

3.1.5 MACHINERY

A complete list of plant and machinery required for the mine will be presented to Tanzania revenue authority U.F.S Principal secretary Ministry of mining to enable the promoters of this project to secure incentive connected to VAT and import duty all this is as per Tanzania Investment Act and Policy. It is better to note also that most of the machinery have already been earmarked and are waiting official formalities (exemptions from Tanzania Revenue Authority). In order for the same to be purchased.

3.1.6 PRODUCTION PROGRAMME

Production programme at the site will be closely supervised by trained geologists who will be supported by locally recruited staff but at the end of the day, the whole process will follow a key chain of command as narrated in details under Para 4.0, 4.1 - 4.1.3 in this feasibility study report.

3.1.7 IMPLEMENTATION PROGRAMME

The implementation of this project has been projected to take ten years - with an implementation programme of five years. The official interview to the Directors has revealed that the implementation programme will look as shown overleaf.

S/NO	DETAILS	YEAR 1	YEAR 2	YEAR 3	YEAR 4
1.	Documentation of Legal Documents, Memorandum and Article of Association, Licences e.t.				
2.	Geological report demarcation of coordinates application of licences.				
3.	Documentation of procurement details of capital goods, application of exemptions to TIC, TRA .				
4.	Phase one of the projects starts. Marketing strategies/recruitment procedures.				
5.	Phase two starts - exploration of other types of gemstones rather than gold				
6.	Heavy investment - Procurement of heavy plant and machinery recruitment of geologists / engineers.				

4.0. ORGANISATION AND MANAGEMENT

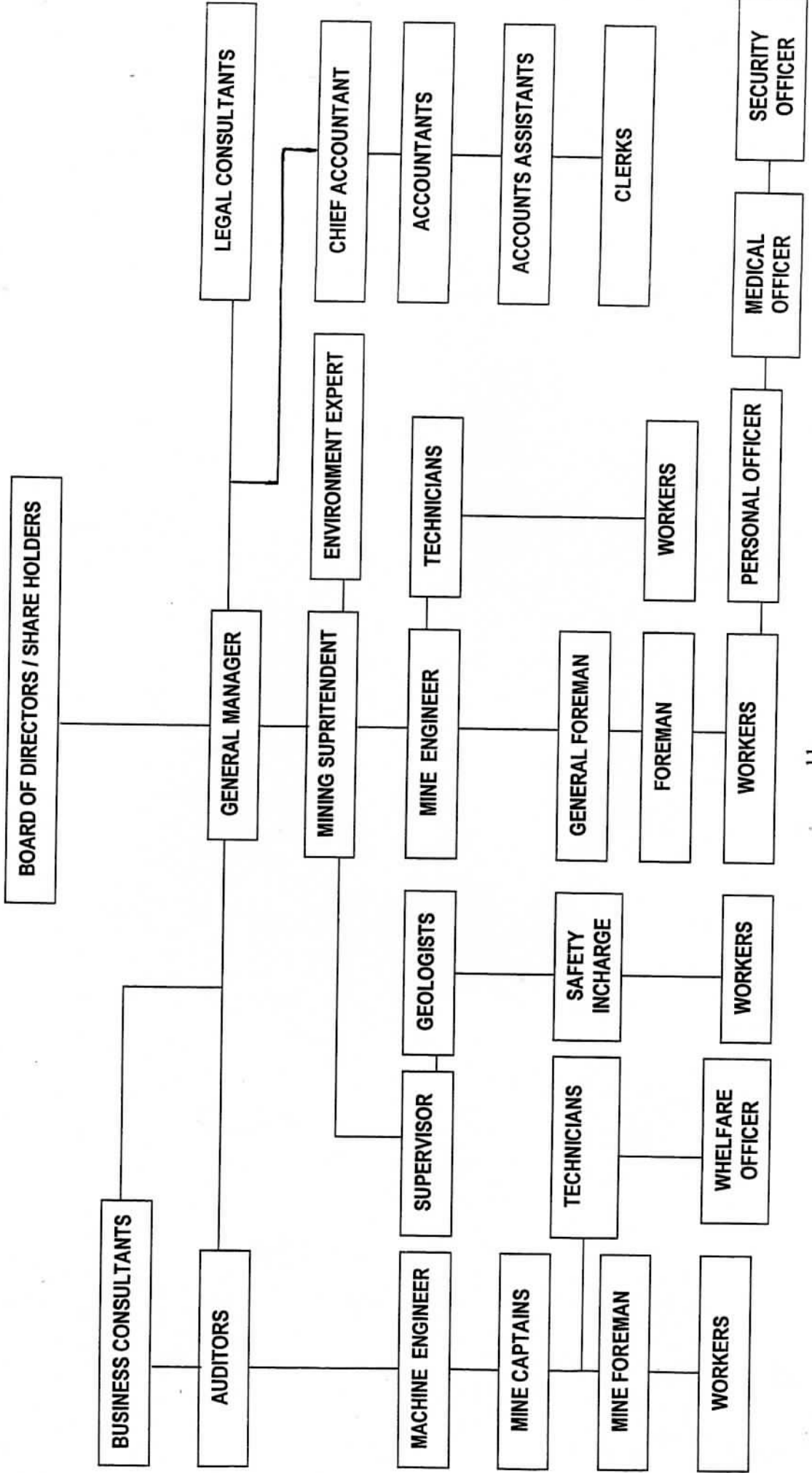
4.1 GENERAL

The Mining Industry falls to the category of business which needs to be guided with professionals, due to this basic fact, this company is expected to be headed by the general manager who will function under the overall control of the board of Directors of the company. As it is in general practice, the general manager may be a mining engineer or geologist by professional he will be assisted by mine superintendent all these professionals will be supported by several key staff - the annexed administrative set up tells it all.

4.1.1 MANPOWER SET UP - THE MINE

The mine superintendent will have under him the mine engineer to look after mini planning and day to day underground operations. The mine Engineer will be assisted by other professionals, four for every shift - all these will have under them a professional surveyor and a geologist. The skilled and semi - skilled workers underground will be supervised by the foremen - the official administrative and operational chain of command will look as illustrated overleaf.

PROPOSED MANAGEMENT SET UP



4.1.2 MANPOWER FOR OFFICE ACCOUNTS & ADMINISTRATION

Besides the mine, Geologists, surveyors the General Manager will also be assisted by the chief accountant who will look after proper maintenance of books of accounts and financial management of the company. Personnel and administration manager, medical officers safety manager will also be directly reporting to the General Manager - It is better to note also that the organizations structure as proposed and illustrated in the aforementioned paragraphs more or less follow the standard pattern which is allowed in the mines world over, but note as the time passes modification for improvement can be effected where necessary if so required due to local circumstances.

5.0 JUSTIFICATION OF THIS PROJECT (NATIONAL POLICIES AND LAW)

5.1 THE MINING POLICY

The Government of United Republic of Tanzania issued the mining policy in October 1997 among others - The policy have created a vision and mission statement which target in the next 25 to 30 years to have a strong, vibrant, well organized private sector, in the mining sector. The policy need to promote large and small scale mining industry which will be conducted in a safe and environmentally sound manner the industry which will be contributing in excess 10% of the GDP - It also aims in establishing a well developed Mining Industry making Tanzania the centre in Africa. It must also prove dependable employment to Tanzanians is achieved, records and statistics show that the mineral sector in Tanzania today has been beset by a number of constraints inter Alia that of:-

- Late recognition of the sector's role in revamp the economy given the changing economic environment.
- Lack of absence of appropriate and consistent Macro - Economic policies to provide an enabling environment of mineral development by PRIVATE SECTOR.
- Lack or absence of appropriate and consistent mineral sector policies oriented towards Private Sector Participation.
- Lack of adequate capital resources.
- Limited use of appropriate and advanced technologies and
- Lack of adequacy of modern management and technical skills.

Now that the changed social - economic environment is in place, the functions of the Government today in the sector focus in doing the following:-

- Developing and enabling legal, regulatory fiscal and institutional environment for PRIVATE SECTOR Investment in Mining.
- Strengthening the ability of the state to effectively carry out its regulatory, promoters (Investment and marketing in mining).
- Establish environmental health and safety guidelines and enduring compliance.
- Carrying out basic geological mapping maintaining up to date mineral resources - data base and promoting the development of the country's mineral potential.

This Project is in line with this policy as a provision of both Safety and Environment management have been provided for - The use of professionals (Geologists & Engineers) is another added advantage - this fact justify the implementation of the project.

5.1.1 THE POVERTY ALLEVIATION POLICY

It is the policy of the government to alleviate poverty (abject poverty) - Projects like this create employment to a lot of skilled and unskilled man power. It is a fact therefore that the project is in line with the poverty alleviation strategy/policy- this fact justify the implementation of the project.

5.1.2 THE MINING ACT

Among others the mining act insist an institution / company to do business of mining in Tanzania but must abide and comply in doing the following:-

- To have all legal and administrative document as per checklist from the commissioner of mines.
- To use professionals in all day to day management.
- To have well maintained safety measurers at the site of mining.

- To conserve the environment by creating sustainable environment programmes.
- To keep records of all their activities and make sure that the Government taxes are paid in time and in full.

The promoters of this project are able willing and ready to operate according to the act and policy. This fact justify the implementation of this project.

5.1.3 TANZANIA INVESTMENT ACT / POLICY

Sixty years of conducting geological survey and explorations in the regions, together with the available mineral production statistics and other official information revealed that Tanzania has a diverse mineral resources base of high potential but despite immense potential, Tanzania has yet to tape significant contributions to the National economy from minerals (see annexed data)

Thus introduction and proper implementation of this project will increase GDP contribution from the mining sector (refer annexed data) due to this fact, the national investment promotion policy of October 1996 encourage Private Sector to venture in Mining business and the focus being that of:-

- Building the local capacity in developing the human resources and the local scientific and technological capacity and ensure the transfer of new technologies is achieved.
- Promote export - led investment.
- Alleviate poverty through capital accumulation and promotion of balanced and equitable growth through the country.

The critical analysis and professional overview of this project conclude that the project is in line with this policy and hence justify its implementation.

5.1.4 THE ENVIRONMENT POLICY

As correctly debated under PARA 5.0, 5.1 environment is the key issue in any investment in Tanzania. The Directors have budgeted for sustainable environment programmes - this approach justify the implementation of this project.

5.1.5 THE ECONOMIC VISION 2025

In a nutshell the economic vision of Tanzania 2025 insist in job creation projects, project which will contribute handsomely to the Government GDP, sustainable environmental programmes and encourage project with value added strategies and indeed projects with technological transfer especially to Tanzanians. The management of this project has taken all this in consideration - this fact again justify the implementation of the entire project.

5.1.6 THE POLITICAL GOODWILL AND OTHER SOCIAL ISSUES

Any project with technologies transfer, which creates employment and which pays taxes to the Government has got a lot of political goodwill to the people surrounding the area. This project have additional advantages as it also creates a lot of social issues as the result a lot of people will directly or indirectly benefit once this project is implemented, key social issues are debated in details under para 7.0 in this feasibility study report - All in all the expected political goodwill and its related social issues justify the implementation of this project.

5.1.7 KEY DATA & STATISTICS

When we were calculating the cost and revenue connected to this project we were properly guided by the following key data/statistics

- Basic economic statistics - Tanzania mainland
- Trend of inflation rate in Tanzanian
- Records of mineral production in Tanzania
- Records of mineral exports
- Sectorial contribution to gross domestic product at constant 1992 prices.
- Gross domestic product monetary and non-monetary
- %age contribution of exports
- GDP growth and trade of external trade
- Pie chart showing %age of export Tanzania Mainland
- Real GDP growth at 1992 constant prices.

All these Data/Statistics prove that there is still room for growth in this sector
- This fact justify implementation of this project.

6.1 CAPITAL COSTS

The project has been categorized in two groups. Operations and strategic plan of implementation. Due to this fact the promoters have planned for operational budget and for capital budget (Mining) they have planned also how to finance the two budgets - this is outlined in details under para 6.1.1 in this feasibility study report.

6.1.1 FINANCIAL PLAN (Phase One)

Total investment cost has been projected to cost US Dollars 1,422,540 (2021-2031) 100% out of all this US dollars 853,540 (60%) will be sources from the term loan from financial institutions and it has been planned that US Dollars 560,000 (40%) will be contributed as equity by the Directors and profit generated will be capitalized to boost the capacity of working capital.

6.1.2 INVESTMENT AND RE INVESTMENT

The Directors of this company have resolved to capitalize whatever profits which will be generated from the business, due to this fact, we expect the working capital to double after each calendar year.

6.1.3 COST OF PRODUCTION AND PROFITABILITY

Computations connected to the profit and loss statement of the company show favourable trend of growth and profitability.

6.1.4 THE CASH FLOW

Computation in the annexed cash flow prove beyond reasonable doubt that the project will be able to meet its day to day operational costs and at the same time to time support the day to day mining operational costs.

6.1.5 THE LOAN REPAYMENT SCHEDULE

We have taken trouble to prove the viability of the entire project - The computation in the loan repayment schedule prove the capability of the project in paying the term loan in full, plus interest connected to it.

6.1.6 PROJECTED PROFIT & LOSS A/C

The projected profit and loss statement annexed together with this feasibility study report prove that the project will make profit throughout its span, save for years one to three, this is due to heavy initial investments connected to the nature of mining projects.

6.1.7 PROJECTED BALANCE SHEET

The projected balance sheet of this company show very positive liquidity ratio of the entire project - this fact prove the viability of the entire project.

6.1.8 PROJECTED DEPRECIATION SCHEDULE

We have taken trouble to compute the depreciation schedule of fixed assets to enable the management of the company to plan how to replenish plant and equipments.

6.1.9 KEY RATIOS

Almost all key ratios connected to this project have proved to be positive - the said ratio proves the viability of the entire project. All ratio in this feasibility study report i.e. debt servicing ratio coverage security cover, debt equity ratio shows that every year the available cash is at least 2.6 times the debt obligation of the project and that the value of net fixed assets at any given time will be at least 3 times the amount of outstanding loan (security cover) it is a fact therefore that he debt equity ratio is more favourable - All key ratios are thus favourable at acceptable levels to the advantage of this mining project.

6.1.10 FINANCIAL (AFTER TAX) RATE OF RETURN

Computation of financial rate of return has been computed at the rate of 23.3% to us this ratio is acceptable taking into consideration that. This is a mining project.

6.1.11 ECONOMIC ANALYSIS

Economic analysis of this project can be analyzed properly if one goes through the following key Data/Statistics

- Basic economic statistics - Tanzania Mainland
- Records of minerals production in Tanzania
- Records of minerals experts
- Sectorial contribution to overall GDP at factor cost
- Pie chart showing sectorial contribution to gross domestic project at constant price.
- Sectorial contribution to gross domestic product at constant 1992 prices and
- Pie chart showing % age contribution of exports.

All these data/statistics show and prove the unlimited % age contribution of Mining to the GDP of United Republic of Tanzania. Tax and other deductions connected to the payroll, VAT and other areas prove a substantial amount of contribution to the economy of the country.

7.0. PROFESSIONAL OPINION

This project is economically sound socially acceptable risk free and environmentally friendly the project will create political goodwill to the people of Bassotu, Hanang District and Manyara Region as it is in conformity with the Mining policy, Investment Policy / Act and indeed the poverty alleviation strategies and the Economic vision 2025 - we recommend the project to be implemented as planned and be registered also with Tanzania Investment Centre as a local project - **And we so declare.**

THE INVESTMENT PATTERN

ANNEXURE A

INVESTMENT PATTERN

(In US Dollars)

(FLY 2016 - 2025)

	EQUITY	TERM LOAN	TOTAL
Prospecting Expenses	-	200,000	200,000
Mining Equipments	447,000	633,000	1,080,000
Labour Camps	-	1,540	1,540
Motor Vehicles	100,000	15,400	115,400
Generators	9,000	300	9,300
Compresors	10,000	2,400	12,400
Safety Equipments	3,000	900	3,900
Total	569,000	853,540	1,422,540
Contribution Percentage	40%	60%	100%

PROJECTED CASH FLOW

ANNEXURE B

PROJECTED CASH - FLOW STATEMENTS
(in US Dollars)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
INFLOWS										
Net Profit (loss) after Tax	13955	(89177)	97007	242325	263118	242005	274546	293345	323615	420232
Depreciation	303755	228170	171312	128683	96676	164869	124064	93390	70329	52987
Bank Loan	200000									
Total Inflows	517710	138993	268319	371008	359794	406874	398610	386735	393944	473219
OUT FLOWS										
Loan Repayment	85354	85354	85354	85354	85354	85354	85354	85354	85354	85354
Capital Expenditure						337000				
Total Outflows	85354	85354	85354	85354	85354	422354	85354	85354	85354	85354
SURPLUS (DEFICIT) FOR THE YEAR	432356	53639	182965	285654	274440	(55480)	313256	301381	308590	387865
SUMMARY										
OPENING BALANCE	-	432356	485995	668960	954614	1229054	1173574	1486830	1788211	2096801
SURPLUS / (DEFICIT) FOR THE YEAR	432356	53639	182965	285654	274440	(55480)	313256	301381	308590	387865
TOTAL CASH - FLOW	432356	485995	668960	954614	1229054	1173574	1486830	1788211	2096801	2484666

LOAN REPAYMENT SCHEDULE

LOAN REPAYMENT SCHEDULE
(in US Dollars)

	LOAN AMOUNT	INTEREST	REPAYMENTS		BALANCE
			PRINCIPAL	INTEREST	
YEAR 1					
Loan Amount	853,540				853,540
Interest		76,819			930,359
Repayment					
Interest				76,819	853,540
Principal			85,354		768,186
YEAR 2					
Interest		69,137			837,323
Repayment					
Interest				69,137	768,186
Principal			85,354		682,832
YEAR 3					
Interest		61,455			744,287
Repayment					
Interest				61,455	682,832
Principal			85,354		597,478
YEAR 4					
Interest		53,773			651,251
Repayment					
Interest				53,773	597,478
Principal			85,354		512,124
YEAR 5					
Interest		46,091			558,215
Repayment					
Interest				46,091	512,124
Principal			85,354		426,770
YEAR 6					
Interest		38,409			465,179
Repayment					
Interest				38,409	426,770
Principal			85,354		341,416
YEAR 7					
Interest		30,827			372,143
Repayment					
Interest				30,727	341,416
Principal			85,354		256,062
YEAR 8					
Interest		23,046			279,108
Repayment					
Interest				23,046	256,062
Principal			85,354		170,708
YEAR 9					
Interest	15,364				186,072
Repayment					
Interest				15,364	170,708
Principal			85,354		85,354
YEAR 10					
Interest		7,682			93,036
Repayment					
Interest				7,682	85,354
Principal			85,354		
	853,540	422,503	853,540	422,540	-

YEAR 8					
Interest		15,365			186,065
Repayments					
Interest				15,365	170,700
Principal			56,900		113,800
YEAR 9					
Interest		10,245			124,045
Repayments					
Interest				10,245	113,800
Principal			56,900		56,900
YEAR 10					
Interest		5,120			62,020
Repayments					
Interest				5,120	56,900
Principal			56,900		
		569,000	280,765	56,900	280,765
					-

PROJECTED PROFIT & LOSS STATEMENT

ANNEXURE F

PROJECT BALANCE SHEET
(in US Dollars)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
ASSETS										
CURRENT ASSETS										
Cash and Bank Balances	432356	485995	668960	954614	1229054	1173574	1486830	178821	2096801	2484666
Total Current Assets	432356	485995	668960	954614	1229054	1173574	1486830	178821	2096801	2484666
CURRENT LIABILITIES										
Term Loan	768186	682832	597478	512124	426770	341416	256062	170708	85354	
Total Current Liabilities	768186	682832	597478	512124	426770	341416	256062	170708	85354	
NET CURRENT ASSETS										
add/less: NET FIXED ASSETS										
Mining Equipment	810000	607500	455625	341719	256289	417217	312913	234685	176014	132010
Labour Equipment	1463	1390	1320	1254	1191	3031	2879	2735	2598	2468
Motor Vehicles	86550	64912	48684	36513	27385	58039	43529	32647	24485	18364
Generators	7440	5892	4713	3770	3016	10413	8330	6664	5331	4265
Compressors	9920	7936	6349	5079	4063	11250	9000	7200	5760	4608
Safety Equipment	3412	2985	2612	2285	2000	6125	5360	4690	4104	3590
	918785	690615	519303	390620	290928	495662	382011	288621	218292	165305
	562955	493778	590785	833110	1093212	1327820	1612779	296734	2229739	2649971
REPRESENTED BY										
AUTHORISED SHARE - CAPITAL	569000	569000	569000	569000	569000	569000	569000	569000	569000	569000
ISSUED PAID UP SHARE - CAPITAL	13955	(75222)	21785	264110	527228	769233	1043779	1337124	1660739	2080971
Retained Earnings	582955	493778	590785	833110	1096228	1338233	1612779	1906124	2229739	2649971

ANNEXURE E

SCHEDULE OF FIXED ASSETS & DEPRECIATION

(in US Dollars)

	MINING EQUIPMENT	OTHER EQUIPMENTS	MOTOR VEHICLES	GENERATORS	COMPRESSORS	SAFETY EQUIPMENTS	TOTAL
YEAR 0							
Investments	1080000	1540	115400	9300	12400	3900	1222540
YEAR 1							
Balances b/t	1080000	1540	115400	9300	12400	3900	1222540
Depreciation	270000	77	28850	1860	2480	488	303755
W.D.V	810000	1463	86550	7440	9920	3412	918785
YEAR 2							
Balances b/f	810000	1463	86550	7440	9920	3412	918785
Depreciation	202500	73	21638	1548	1984	427	228170
W.D.V	607500	1390	64912	5892	7936	2985	690615
YEAR 3							
Balances b/f	607500	1390	64912	5892	7936	2985	690615
Depreciation	151875	70	16228	1179	1587	373	171312
W.D.V	455625	1320	48684	4713	6349	2612	519303
YEAR 4							
Balances b/f	455625	1320	48684	4713	6349	2612	690615
Depreciation	113906	66	12171	943	1270	327	128683
W.D.V	341719	1254	36513	3770	5079	2285	390620
YEAR 5							
Balances b/f	341719	1254	36513	3770	5079	2285	390620
Depreciation	85430	63	9128	754	1016	285	96676
W.D.V	256289	1191	27385	3016	4063	2000	293944
YEAR 6							
Balances b/f	256289	1191	27385	3016	4063	2000	293944
Addition	300000	2000	50000	10000	10000	5000	377000
	556289	3191	77385	13016	14063	7000	670944
Depreciation	139072	160	19346	2603	2813	875	164869
W.D.V	417217	3031	58039	10413	11250	6125	506075
YEAR 7							
Balances b/f	417217	3031	58039	10413	11250	6125	506075
Depreciation	104304	152	14510	2083	2250	765	124064
W.D.V	312913	2879	43529	8330	9000	5360	382011
YEAR 8							
Balances b/f	312913	2879	43529	8330	9000	5360	382011
Depreciation	78228	144	10882	1666	1800	670	93390
W.D.V	234685	2735	32647	6664	7200	4690	288621
YEAR 9							
Balances b/f	234685	2735	32647	6664	7200	4690	288621
Depreciation	58671	137	8162	1333	1440	586	70329
W.D.V	176014	2598	24485	5331	5760	4104	218292
YEAR 10							
Balances b/f	176014	2598	24485	5331	5760	4104	218292
Depreciation	44004	130	6121	1066	1152	514	52987
W.D.V	132010	2468	18364	4265	4608	3590	165305

**COMPUTATION OF DEPRECIATION
SCHEDULE**

YEAR 7							
Balance B/F	353,140	2,495	51,190	9,525	10,025	5,370	431,745
Depreciation	88,285	125	12,800	1,905	2,005	670	105,790
W. D. V.	264,855	2,370	38,390	7,620	8,020	4,700	325,955
YEAR 8							
Balance B/F	264,855	2,370	38,390	7,620	8,020	4,700	325,955
Depreciation	66,215	120	9,600	1,525	1,605	590	79,655
W. D. V.	198,640	2,250	28,790	6,095	6,415	4,110	246,300
YEAR 9							
Balance B/F	198,640	2,250	28,790	6,095	6,415	4,110	246,300
Depreciation	49,660	115	7,200	1,220	1,285	515	59,995
W. D. V.	148,980	2,135	21,590	4,875	5,130	3,595	186,305
YEAR 10							
Balance B/F	148,980	2,135	21,590	4,875	5,130	3,595	186,305
Depreciation	37,245	105	5,400	975	1,025	450	45,200
W. D. V.	111,735	2,030	16,190	3,900	4,105	3,145	141,105

**COMPUTATION OF INTERNAL RATE OF
RETURN**

ANNEXURE F

FINANCIAL RATE OF RETURN COMPUTATION

(in US Dollars)

	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
INFLWS											
Net Profit / (Loss) before Tax		19936	(89177)	106343	346179	375883	345722	392209	419064	462307	600331
Depreciation		303755	228170	171312	128683	96676	164869	124064	93390	70329	52987
Loan Interest		76819	61455	61455	53773	46091	38409	30727	23046	15364	7682
Total Inflows		400510	208130	339110	528635	518650	549000	547000	535500	548000	661000
	1422540										
OUTFLOWS											
investments	1422540	400510	208130	339110	528635	518650	549000	547000	535500	548000	661000
Net Inflows		.833	.694	.579	.482	.402	.335	.279	.233	.194	.162
D. Factor at 20%		333625	144442	196345	254802	208497	57620	152613	124772	106312	107082
	263570										
		.800	.640	.512	.410	.328	.262	.210	.168	.134	.107
	(14391)	320408	133203	173624	216740	170117	45064	114870	89964	73432	70727
		(1422540)									

INFLWS

Net Profit / (Loss) before Tax
 Depreciation
 Loan Interest
 Total Inflows

OUTFLOWS

investments
 Net Inflows
 D. Factor at 20%

D. Factor at 25%

FRR = $20 + 5 \frac{(263570)}{277961}$

= $20 + 24.7\%$

∴ FRR = 24.7%

COST OF PRODUCTION AND PRODUCTIVITY RATIOS

(Figures in US Dollars)

FY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
GROSS SALES	1,320,000	1,502,000	1,638,850	1,839,895	1,841,200	1,852,000	1,852,000	1,867,000	1,880,000	1,993,000
PRODUCTION COSTS	832,610	1,206,670	1,209,240	1,220,260	1,224,550	1,201,500	1,201,500	1,220,000	1,220,000	1,220,000
GROSS PROFIT	487,390	295,330	429,610	619,635	616,650	650,500	650,500	647,000	660,000	773,000

RATIOS

PRODUCTION COST VS GROSS SALES	YEAR 1	63.08%	YEAR 10	61.21%
GROSS PROFIT VS GROSS SALES	YEAR 1	19.66%	YEAR 10	38.79%

NB: Key figures both in the annexed profit and loss A/C and the computations above show a promising growth of the project.

**KEY DATA AND STATISTICS TO SUPPORT
IMPLEMENTATION OF THE PROJECT
(ROLE OF MINING TO NATIONAL ECONOMY
SOCIALY AND ECONOMICALLY)**

1.0 Output and Prices

✓ **Table 1.5: Gross Domestic Product by Economic Activity at Constant 2015 Prices, Tanzania Mainland**

	Millions of TZS					
Economic activity	2014	2015	2016	2017	2018 ^r	2019 ^p
A: Monetary						
Gross Domestic Product at market price	84,760,924.7	90,262,677.2	96,464,567.5	103,029,270.2	110,221,690.5	118,030,637.3
Agriculture, forestry and fishing	20,538,537.7	21,953,873.2	22,914,869.0	24,357,438.7	25,671,331.8	26,791,784.4
Crops	10,267,228.7	11,330,959.2	11,852,633.3	12,666,158.9	13,361,565.7	13,951,891.8
Livestock	5,788,062.5	6,131,536.8	6,458,452.8	6,797,007.6	7,080,238.7	7,431,444.0
Forestry	2,536,529.7	2,629,473.9	2,720,412.4	2,853,656.1	3,002,558.6	3,146,974.8
Fishing	1,915,235.1	1,829,017.7	1,849,169.2	2,004,525.2	2,189,027.5	2,222,684.0
Agriculture support services	31,481.7	32,885.5	34,201.3	36,091.0	37,941.3	38,789.7
Industry and Construction	20,449,620.8	22,391,184.7	25,070,677.4	27,685,959.8	30,352,530.7	34,018,239.1
Mining and quarrying	3,687,273.0	4,055,619.4	4,356,708.6	4,588,623.9	4,659,195.2	5,486,097.0
Manufacturing	6,919,794.2	7,411,671.6	8,213,364.3	8,889,818.0	9,623,500.7	10,184,558.4
Electricity supply	815,296.8	798,801.2	869,262.5	877,666.6	928,174.5	994,820.2
Water supply; sewerage, waste management	296,333.2	302,407.3	326,897.7	350,018.6	369,544.6	395,006.2
Construction	8,730,923.6	9,822,685.2	11,304,444.3	12,979,832.7	14,772,115.7	16,957,757.3
Services	35,771,676.2	38,053,039.8	40,454,485.6	42,592,227.5	45,263,465.6	48,007,259.8
Wholesale and retail trade; repairs	8,444,242.9	8,747,862.1	9,260,703.3	9,821,247.6	10,396,690.9	10,963,963.4
Transport and storage	6,577,705.7	6,929,894.9	7,324,856.3	7,815,844.6	8,736,560.6	9,493,190.7
Accommodation and Food Services	1,397,782.4	1,421,916.1	1,480,052.1	1,525,618.5	1,604,390.7	1,651,793.8
Information and communication	1,560,063.7	1,681,098.0	1,718,547.6	1,824,470.9	1,989,716.7	2,133,312.7
Financial and insurance activities	3,764,112.5	4,189,021.5	4,235,515.3	4,115,392.9	4,094,972.3	4,281,167.0
Real estate	2,736,907.3	2,856,108.5	2,982,007.7	3,115,111.8	3,248,194.4	3,394,376.5
Professional, scientific and technical activities	447,920.8	518,122.7	606,206.7	694,290.6	763,332.1	821,635.6
Administrative and support service activities	1,976,259.6	2,183,917.0	2,611,497.7	2,892,462.9	3,054,288.2	3,311,752.9
Public administration and defence	4,242,164.3	4,548,604.4	4,793,820.0	4,907,113.3	5,064,968.5	5,236,678.4
Education	2,186,259.6	2,413,305.9	2,665,336.4	2,859,170.7	3,046,789.4	3,257,865.6
Human health and social work activities	1,349,940.7	1,419,089.9	1,497,896.4	1,611,999.2	1,746,730.9	1,834,011.8
Arts, entertainment and recreation	230,651.7	248,510.1	280,130.6	307,906.8	350,027.3	389,225.2
Other service activities	685,475.1	717,898.1	814,528.8	912,404.3	971,690.0	1,037,083.3
Activities of households as employers;	172,189.8	177,690.7	183,386.7	189,193.2	195,113.5	201,203.0
All economic activities	76,759,834.7	82,398,097.7	88,440,032.0	94,635,626.0	101,287,328.0	108,817,283.3
Taxes on products	8,001,090.0	7,864,579.4	8,024,535.5	8,393,644.1	8,934,362.5	9,213,354.0
B: Non- Monetary						
Gross Domestic Product at market price	4,113,186.8	4,086,638.4	4,363,825.2	4,628,134.7	4,930,786.7	5,145,201.2
Agriculture, forestry and fishing	3,413,539.0	3,280,686.9	3,521,469.2	3,651,537.5	3,832,866.1	4,009,441.3
Crops	2,076,785.4	1,948,433.1	2,143,714.3	2,229,462.9	2,297,609.2	2,399,119.7
Livestock	1,032,783.6	1,026,919.7	1,048,139.8	1,079,584.0	1,185,809.8	1,244,630.3
Forestry	288,811.4	290,950.9	314,157.0	326,723.2	332,232.7	348,212.3
Fishing	15,158.7	14,383.3	15,458.1	15,767.3	17,214.4	17,479.0
Industry and Construction	607,585.2	712,462.4	747,277.5	879,814.2	991,597.4	1,024,651.7
Water supply; sewerage, waste management	85,426.5	88,350.8	91,001.4	94,641.4	107,965.6	115,404.4
Construction	522,158.7	624,111.5	656,276.2	785,172.7	883,631.8	909,247.3
Services	92,062.5	93,489.1	95,078.4	96,783.1	106,323.2	111,108.2
Real estate	92,062.5	93,489.1	95,078.4	96,783.1	106,323.2	111,108.2
GDP at market prices	88,874,111.5	94,349,315.6	100,828,392.7	107,657,404.9	115,152,477.2	123,175,838.5
Population	46.4	47.9	49.5	51.0	52.6	54.3
D: Per Capita nominal GDP (TZS)	1,913,877.8	1,968,965.2	2,038,846.8	2,110,088.1	2,188,407.0	2,269,888.1

Source: National Bureau of Statistics

Note: r denotes revised data; and p, provisional data

1.0 Output and Prices

Table 1.3: Quarterly Gross Domestic Product (GDP) by Kind of Economic Activity at Current Prices, Tanzania Mainland

Economic activity	Quarter ending							Millions of TZS
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20 ^p	
Agriculture, hunting and forestry	6,129,412.6	9,744,624.8	9,683,919.4	9,742,922.4	6,544,279.1	11,165,669.5	10,530,034.7	
Industry and construction	9,582,671.3	9,554,591.7	8,888,963.2	9,969,515.7	10,063,379.7	11,116,021.2	10,337,676.5	
Mining and quarrying	2,498,843.0	1,487,131.2	1,409,686.4	1,651,818.6	1,783,090.9	2,374,522.3	2,145,071.9	
Manufacturing	2,806,480.3	2,982,195.1	2,638,233.9	2,865,321.3	3,085,572.8	3,282,957.9	2,866,161.2	
Electricity supply	86,064.0	82,771.3	89,865.8	88,590.2	94,742.3	100,803.8	91,533.2	
Water supply, sewerage, and waste management	150,231.5	166,049.8	135,036.9	148,619.5	177,804.1	166,726.6	155,122.0	
Construction	4,041,052.5	4,836,444.3	4,616,140.2	5,215,166.0	4,922,169.7	5,191,010.6	5,079,788.2	
Services	12,065,919.6	12,431,585.4	12,411,570.4	12,593,065.8	13,058,267.7	13,370,688.3	13,142,188.8	
Wholesale and retail trade and repairs	2,947,632.6	3,230,275.2	2,844,673.5	2,921,263.6	3,164,269.7	3,334,202.9	3,001,437.8	
Transport and storage	432,615.8	413,954.6	419,291.0	421,612.0	476,371.0	453,396.1	422,285.9	
Hotels and restaurants	2,108,752.8	2,169,583.4	2,287,723.6	2,354,140.3	2,432,092.7	2,547,694.7	2,486,477.8	
Information and communication	457,432.9	452,236.0	548,047.9	528,077.4	496,656.0	479,459.7	579,497.3	
Financial and insurance activities	1,249,246.4	1,230,332.2	1,251,359.1	1,222,146.9	1,233,977.3	1,220,130.0	1,294,977.3	
Real estate	1,291,068.3	1,301,172.6	1,312,973.3	1,321,128.7	1,350,905.7	1,372,227.6	1,307,325.7	
Professional, scientific and technical activities	207,101.1	209,743.4	217,281.7	223,798.1	228,497.3	233,657.0	240,556.0	
Administrative and support service activities	829,270.2	851,871.6	878,758.7	903,070.3	920,035.9	938,855.6	964,645.5	
Public administration and defence	900,047.2	914,539.9	932,140.4	952,476.9	968,218.7	978,277.4	1,027,343.9	
Education	779,576.2	788,249.9	812,339.5	820,960.5	839,453.5	849,734.5	868,979.0	
Human health and social work activities	449,630.5	447,853.8	474,270.4	480,861.1	483,389.6	494,138.1	474,508.9	
Other service activities	413,545.4	421,772.8	432,711.3	443,530.1	464,400.4	468,914.8	474,153.7	
All economic activities	27,778,003.5	31,730,801.9	30,984,453.0	32,305,503.9	29,665,926.5	35,652,378.9	34,009,900.0	
Taxes on products	2,661,000.2	2,653,533.5	2,543,251.1	2,640,458.7	2,893,225.7	3,208,606.3	2,775,348.0	
GDP at market prices	30,439,003.6	34,384,335.3	33,527,704.1	34,945,962.6	32,559,152.2	38,860,985.2	36,785,248.0	

Source: National Bureau of Statistics

Note: p denotes provisional data

PROJECTED PROFIT AND LOSS STATEMENTS
(in US Dollars)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Total Revenue from all PMLS sales of Gold	1320000	452000	1638850	1839895	1841200	1852000	1852000	1867000	1880000	1893000
Less: Production costs										
Prosecuting expenses written off	100000	25000	25000	25000	25000	430000	430000	435000	435000	435000
Explosives	225000	425000	425000	430000	430000	542500	542500	545000	545000	545000
Detonators	336900	536980	536980	541000	542500	185000	185000	190000	190000	190000
Fuel for Generators	140160	182160	182160	183160	185000	32000	32000	35000	35000	35000
Mine worker's Salaries & Wages	22150	28150	30650	31650	32000	12000	12000	15000	15000	15000
Mine worker's meals	8400	9380	9450	9450	10050	1201500	1201500	1220000	1220000	1220000
Gross - Profit (Loss)	832610	1206670	1209240	1220260	1224550	650500	650500	647000	660000	660000
487390	295330	429610	619635	616650	17000	17000	17000	20000	20000	20000
5000	15000	16500	16500	17000	6500	6500	6500	7500	7500	7500
20000	15500	22500	22500	23500	23500	23500	23500	27500	27500	27500
Less: SELLING EXPENSES										
Gold purification expenses	24000	24000	24000	24000	30000	30000	30000	32000	32000	32000
Other selling expenses	5600	5600	6000	6000	6000	6000	6000	7000	7000	7000
Salaries & Wages - Security Department	5600	5600	6000	6000	6000	6000	6000	7000	7000	7000
Other Staff Expenses	14180	14500	14500	15000	15000	15000	16000	17000	17000	17000
Insurance	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500
Loan Interest	76819	69137	61455	53773	46091	38409	30727	23046	15364	7682
Professional fees	5000	5000	5000	5000	5000	6500	6500	6500	7000	7000
General Administration Expenses	10000	10000	10000	10000	10000	12000	12000	12000	12000	12000
Depreciation	303755	228170	171312	128683	96676	164869	124064	93390	70329	52987
NET PROFIT/(LOSS) FOR THE YEAR	447454	364507	300767	250956	217267	281278	234791	200436	170193	145169
LESS: CORPORATION TAX	19936	(89177)	106343	346179	375883	345722	392209	419064	462307	600331
	5981		936	103854	112765	103717	117663	125719	138692	180099
ADD: BALANCE BROUGHT FORWARD	13955	(89177)	97007	242325	263118	242005	274546	293345	323615	420232
BALANCE CARRIED FORWARD	13955	13955	(75222)	21785	264110	527228	769233	1043779	1337124	1660739
		(75222)	21785	264110	527228	769233	1043779	1337124	1660739	2080971