

GHTMM – TCL

**GAUZAU TYHER METAL MINING TZ
CO. LIMITED**

**Pre-feasibility study for gold processing and
other related minerals**

Contents

I. INTRODUCTION	1
1.2 Project Objectives	1
1.3 Promoters and Sponsors.....	1
1.4 Legal Structure	1
1.5 Investment.....	1
1.6 Employment	2
1.7 Mining activities in Tanzania.....	2
1.10 Sub-Sector Best Prospects	4
1.3.1 Opportunities	4
2. COMPANY PROFILE.....	6
3. POTENTIAL MARKET OVERVIEW	7
3.1 Market Overview	8
3.2 Market opportunities.....	9
4. TECHNICAL IMPLEMENTATION OF THE PROJECT	11
4.1 Mining and processing phase.....	11
5. GENERAL DESCRIPTION OF THE MINING METHOD AND OPERATIONS	14
5.1 Mined-out Panel Backfill	15
6. ORGANIZATION CHART	17
7. PLANT & MACHINERY	18
8. INVESTMENT AND FINANCIAL ANALYSIS	19

I. INTRODUCTION

This pre feasibility study report is submitted to ascertain techno-economic viability and social desirability of implementing the project for gold and other minerals processing for both Local and export market

The Sponsor of the project is Gauzau Tyher Metal Mining Co. Tz Limited a limited liability company based in Dar es Salaam , The Head office situated Dar es Salaam but filed office is located in Nyamogoro and Geita. The Company is incorporated in Tanzania under the company act of 2002 on 2nd December, 2021 and awarded Certificate of Incorporation no 154299025

The project promoters are Chines entrepreneurs with diverse businesses in all over Zambia and Tanzania. The shareholders have been in indulging copper processing in Zambia more than 10 years.

In Tanzania the project promoter have identified the business of gold processing and value addition in other minerals for export market. Because of the high demand in investment gold at a global level especially in USA, China Russia and India. Project promoters has decided to invest into minerals processing project to capitalize on available opportunity in Tanzania.

1.2 Project Objectives

This document endeavors to serve as feasibility study for Ms GAUZAU TYHER METAL MINING TZ CO. LIMITED for establishment of gold and others minerals processing project. During implementation of this project will comprise construction plant, procurements of excavators, tippers and gold leaching facilities etc.

1.3 Promoters and Sponsors

The project is sponsored by GAUZAU TYHER METAL MINING TZ CO. LIMITED of Dar es Salaam. The company is owned by shareholders with the following shares.

Sn	Shareholders' Name	% shares
1	Mr. Fenglong	40
2	Hou Pengzhi Ke	40
3	Mr. Weiming Chen	20

1.4 Legal Structure

The company is operating under and within the ambit of the law due the fact that, it has the following documents; Memorandum and Article of Association, certificate of incorporation, Tax Identification Number, and value added Tax certificates.

1.5 Investment

Total cost planned to be invested at this project is 1,000,000 USD. The investment cost includes the value of Building, Equipments, Motor vehicles, and working capital. At initial stage the project shall be financed by project promoter's equity.

1.6 Employment

The employment capacity of this project is estimated to be 28 employees. 24 employees out of 28 will be Tanzanian and 4 employees will be expatriates who are responsible to make capacity building to Tanzanian employees within this project

1.7 Mining activities in Tanzania

Mining and quarrying activities had a very large contribution to Tanzania's Gross Domestic Product (GDP) growth in the first quarter of 2021. The sector recorded 10.2 percent of the GDP equivalent to 1,473,804 million TZS.

The Tanzania mining industry remains attractive to investors, given the next few years of significant diversification to the mining of nickel, uranium and coal. There is also availability of investment incentives and supply chain opportunities in the mining sector.

There have been a number of changes in the Mining industry in the country. According to Petroleum Act 2015 and the Mining Act 2010, license holders and contractors in the extractive sector are liable to pay taxes including corporate tax (30%), capital gain tax (30%), withholding tax (10%) and other taxes. Profits resulting from transfer or disposal of rights are also subject to taxes, which are collected by the Tanzania Revenue Authority. In June 2017, the Tanzanian government passed laws with significant implications for extractive sector governance in the country (including the Natural Wealth and Resources Contracts Bill, the Natural Wealth and Resources Bill and the Written Laws Act). One of the most significant implications of the bills is that they empower the national assembly to allow the government to re-negotiate any agreement considered inequitable and containing "unconscionable terms"

Other provisions entitle the government to stakes of at least 16 % in mining companies operating in the country, with the option to acquire up to 50%.

The Tanzania Extractive Industries Transparency and Accountability Act 2015 has provisions for all new concessions, contracts and licenses to be made available to the public.

One result of these amendments led to the establishment of Joint Venture Company known as Twiga Minerals Corporation Limited between the Government (16 percent shares) and Barrick Gold Corporation Company (84 percent shares); and payment of compensation of \$100 million from

Barrick Gold Corporation Company as initial settlement of the agreed \$300 million.

The GoT would like to see more value-added activities in the country to include smelting and processing of minerals. As of 2020 two model gold smelters were built in Lwamgasa and Katente, a one stop mineral processing and export center, strengthening of mineral control and reduction of smuggling due to construction of a 24.5km wall around the Mirerani tanzanite mine. Also, 28 markets and 25 mineral centers have been established.

In recent years, mineral exploration has increased in several parts of the country. The sector has attracted substantial new foreign investment in mineral development exploration, with local investment surpassing \$1 billion. Recent nickel, helium, graphite, uranium and coal finds have spurred increased interest on the part of investors.

1.8 Mineral Resources Endowments

Tanzania has a great potential particularly for Gold, Copper, Lead, base metals, diamonds, ferrous minerals and a wide variety of gemstones, some of, which are unique such as tanzanite. Coal, uranium, and various industrial minerals such as soda, kaolin, tin, gypsum, phosphate and dimension stones are available at attractive economic rates. The following are minerals that have attracted most interest in the recent years:

- Gold found in greenstone belts located in the east and southern of Lake Victoria, and rock formation in southern and southwestern of the country;
- Base metals found in a belt running from Kagera through Kigoma to Mbeya, Ruvuma and Mtwara regions, and,
- Gemstones, which are found in eastern and western belts running from Kenya border in the northern part to Mozambique in the south and Mbeya and Rukwa regions.
- Gold and diamonds have always been the mainstay of the country's mineral production. Brief explanation is provided below for easy reference.

1.9 Mineral Sector Policy:

The Mineral Policy of Tanzania, 1997 stresses on private sector led mineral development while the major roles of the government are regulating, promoting and facilitating. The public roles consist of the inter alia:

- ◆ Policy formulation to accommodate the overall and sectoral government policy framework.
- ◆ Advising on legislation, regulation and fiscal matters related to the sector.

- ◆ Revenue collection through royalties, annual rents, prospecting rights and licenses.
- ◆ Monitoring of mining activities.
- ◆ Collection and maintenance of geo-technical data for promotional purposes.
- ◆ Provision of extension services to small scale miners.
- ◆ Administration and inspection of mining activities, and
- ◆ Carrying out research on minerals.

The mineral policy objectives are:

- ◆ To stimulate exploration and mining activities;
- ◆ To regulate and improve artisanal mining;
- ◆ To ensure that wealth generated from mining support sustainable economic and social development; to minimize or eliminate adverse social and environmental impact of mining activities
- ◆ To promote and facilitate mineral and mineral based products' marketing arrangements;
- ◆ To alleviate poverty especially for artisan and small scale miners;
- ◆ To promote and develop Tanzania as the gemstone center of Africa.

1.10 Sub-Sector Best Prospects

The mining sector depends on imported machinery and supplies, and investors can import capital goods at zero duty. There are significant opportunities for the export of foreign modern technology, machinery, and services. Mining companies have significant demand for better power alternatives as they currently rely on diesel generators. The Tanzanian Government encourages mining companies to procure local goods and services whenever possible, and many of the foreign mining executives would like to increase local consumption to support the Tanzanian economy. There is significant opportunity to supply foodstuffs, clean water, training, consultancy and other services. With an unreliable power grid and rail system, alternative energy and transport solutions are also in high demand.

1.3.1 Opportunities

- Establishment of gold refinery activities
- Supply equipment and explosives, grinding media, mill liners, etc., under joint venture with Tanzania entrepreneurs
- Establishment of value-added activities
- Gemstone cutting and polishing (lapidary). In 2010, the Government passed a new legislation banning the export of unprocessed gemstones in a bid to spur local value addition.
- Rock and mineral carvings
- Jewelry manufacturing utilizing gold and gemstones

- Mineral processing industry e.g smelters
- New areas in mineral exploration
- Drilling

2. COMPANY PROFILE

M/s. Gauzau Tyher Metal Mining(TZ) Co. limited P.O. BOX 594, , DAR ES SALAAM is a Limited liability Company registered in the United Republic of Tanzania under the companies Act (Act No. 12 of 2002). Mr. Fenglong Hou Pengzhi Ke and Mr. Weiming Chen are Businessmen from China and they are the main promoters of the company but they have Mining Company in Zaambia.

Directors and Geologist visited Mwanza, Geita, Kahama, Singida Lindi, Tunduru, Shingida, Handeni, Morogoro, and Kigoma for prospective many mine area and selected some of them are described as below.

Company Directors have an agreement with the owners (Dr. Ponziano Mponzi, Rose Nyemele, Ghati Mwita Juma and Wang Zhigang) of PML at Nyamongoro and Geita for exploration and Mining of Gold.

1	PROSPECTING LICENCE NO. PL 15474/2020
2	PROSPECTING LICENCE NO. PL 595225/LVWZ

The core activities of the company shall include;

1. Gold mining and processing; this will include gold processing/ purification and smelting facilities
2. Establishment of Lapidary project for both local and export Market; This shall include Minerals like Tanzanite, Ruby, Dolomite and other related minerals.
3. Mining and processing other associated minerals; this shall include mining and processing other minerals like Zinc, Silver, metals minerals, precious and semi-precious stones etc.

Among others the Company will undertake following activity: Exploration of Mine, Mining, Contract Mining, Mining Consultancy, consultancy for Investment in Tanzania,

Directors have wide experience and having good business relations with worldwide prospective investor in Mining sector

Tanzania is a large country where some area is under developed but has vast resource of Copper, Lead, zinc, Nickel, Gold, Marble. Granite, Silver, coal, manganese, precious and semiprecious stone Mines. The company will explore the area around the present purchase land and will buy/lease it from the local owners/govt. with a purpose of exploration and mining in that area.

The company has well qualified geologist who will explore the mining area by conducting Desktop study, Geo- chemical, Geo-Physics survey, RC and core drilling of the land by using latest technology to locate various areas where large deposits of area are available.

The company will import machinery like Excavator, backhoe, Dumper, compressor, generator and others mining equipment, process plant & machinery required from excavation and process various minerals.

The company will also explore the possibilities of tacking certain mining area on contract basis from local mine owner after working out mining plans. This will add up in company earnings and will help the company to grow faster in mining business.

The company will undertake mining contract with PL/ PML owner, who are unable to raise finance and technically sound to undertake mining. As a result economy in that area will improve and Local people will get employment. This also benefit to the co. to run mining operation smoothly.

The company has well trained employs and well known geologist with it. This will help to offer consultancy service to other mining owners in the nearby area. This will be done by analyzing various samples from different area. This will be done by conducting analysis of samples as the company has plans to set up its own laboratory for testing. This will help to analyze samples from its own mines as well as offer service to other miners.

The company has drawn up plans for next five years and has started work in procurement of funds and the manpower and machinery required for this project. As per present estimates of availability of various ores the company will be in sound financial position at the end of 3rd year and grow further in next two years.

2 Shareholding Pattern

Technically the project will be implemented by the following shareholders with diverse business in China and Africa.

	Shareholders' Name	% shares
1	Mr. Fenglong	40
2	Hou Pengzhi Ke	40
3	Mr. Weiming Chen	20

3. POTENTIAL MARKET OVERVIEW

3.1 Market Overview

Tanzania returned to strong 7% GDP growth in 2010, helped by consistent stable macroeconomic policies. Inflation declined below the double digits of 2009, though increased again in early 2011 due to growing fuel and food prices. Exports performed particularly well in 2010; gold alone brought in 1.4 billion US dollars, overtaking the tourism sector which contributed 1.3 billion US dollars. Also, in 2010 the industrial sector contributed significantly to foreign earnings for the first time, generating \$900 million.

The agricultural sector the mainstay of the country's economy employing about 80% of the population contributed 480 million US dollars. Transit goods earnings contributed 380 million USD. Tanzania's 2010 GDP per capita reached 600 USD, doubling from 300 USD in 2006.

Tanzania's main trading partners are the EU, China, India and neighboring Southern African Development Community (SADC) and East African Community (EAC) countries. Tanzania's exports to the U.S. are dominated by agricultural commodities, minerals, and textiles while imports from the US include wheat, agricultural / transport equipment, chemicals, used clothes and machinery

Basic economic statistics (2012 figures):

- GDP: USD 28.25 billion
- Real GDP Growth rate: 6.8 percent
- GDP per capita: USD 652
- Inflation: 12.10 percent as of December 2012
- Total Exports: USD 6957 million
- Total Imports: USD 11425 million
- Mean Exchange Rate: Tsh 1620 per USD
- Population Total: 47.78 million people

Tanzania could be a miner's dream. However, the infrastructure and the support Services of the country in which companies operate are as essential as the minerals themselves. In this regard, Tanzania's reputation is still mixed. Tanzania is commencing to offer an increasingly sophisticated and vibrant market for services. This is mainly due to the entry of new international firms, the vast majority of whom are staffed almost exclusively by Tanzanians, and most importantly, new local firms willing and prepared to service the expanding mining sector.

3.2 Market opportunities

Tanzania experienced a steady rise of foreign direct investment over the last decade, although investment decreased in 2009 as a result of the global financial crisis. In 2009, the value of Foreign Direct Investment (FDI) was USD 650 million compared to USD 744 million in 2008 (the highest figure recorded in Tanzania in the past eight years). In the last decade the total FDI stock in Tanzania exceeded USD 6 billion, making the country a leading FDI destination in the East Africa region. Tanzania's strategic location makes it a natural East African hub for investors seeking to exploit not only resources but also a growing market of 527 million consumers in East and Southern Africa.

Best prospect sectors include:

- Telecommunications and Information Technology
- Construction and Real Estate Development
- Tourism
- Petroleum, Gas and Energy
- Aviation Infrastructure
- Agribusiness and Food Processing
- Mining of gold, diamonds, gemstones and other minerals

The earliest organized prospecting and mining in Tanzania took place during the German colonial period, beginning with gold discoveries in the Lake Victoria region in 1894. Mining began at the Sekenke Mine in 1909. After 1930, gold production was substantial and increased steadily until World War II. By 1967, the gold industry had declined to insignificance, only to revive after 1974-75 when the world gold price increased greatly. Beginning in April 1990, the Bank of Tanzania began buying gold at the world market price through commercial banks, paying miners in Tanzanian shillings calculated at the parallel-market rate for the US dollar rather than at the official rate.

Diamond mining, which had been relatively minor prior to 1940, received a major boost with discovery of the Mwadui Mine in 1940. Besides gold and diamonds, which have long been the mainstays of mineral production, mining of other commodities has been relatively modest, namely for copper, lead, phosphate, coal, kaolin and gemstones. In the late 1980's, the government attempted to capture the revenues being generated from gem mining by licensing private companies to buy, cut and export gemstones being produced by small-scale miners. Coloured gemstones (excluding diamonds) are an increasingly important mineral product. In 1989, small miners produced about 10 tons of precious and semi-precious stones. Tanzania's most famous gem is tanzanite, a sapphire-coloured variety of zoisite discovered in 1967. Other important gemstones are ruby, sapphire, emerald, garnets and lesser quantities of zircon, tourmaline and other minerals. In the late 1990's, several

mining companies from Canada, United Kingdom, Australia and South Africa arrived in Tanzania, interested in gold exploration and development. From 2000, production of gold at an industrial scale is growing, especially from the Geita (AngloGold/Ashanti) and Bulyanhulu (Barrick) mines.

4. TECHNICAL IMPLEMENTATION OF THE PROJECT

4.1 Mining and processing phase

Underground mining will be performed in the ore bodies that were previously open-pit mined. The upper limits of these excavations were topographically surveyed and are visible on existing aerial photographs. The bottom of these excavations is irregular and may only be defined via drilling, due to collapse of the surrounding hillsides. During this phase investors shall invest in the following facilities:

- excavators
- service trucks
- water trucks
- dump trucks
- 4 wheel cars
- generators
- compressors
- Electricity Supply (Solar plants / windmills)- bulbs, tube light, wiring, switches, main switch board, stabilizers and regulators of various capacity.
- Explosives
- Shovels
- Digging tools (Air digger, electric digger, jackhammers, drill bit etc)
- for the labor- mining safety gear (helmets, overalls, boots, t-shirts, trousers)
- conveyors- for extracting earthing
- Plumbing equipment- water taps, pipes, electrical motors (for boreholes), water tanks etc.
- winch machines, iron ropes, electrical motors
- crusher
- Tents
- Construction material to build a house for the directors, workshop, and office on-site.
- furniture for on-site house, offices, and workshops
- Kitchen utensils (mugs, bowls, plates, spoons) and equipment for onsite workers food...
- cobbling equipment-
- service equipment for repairing on-site trucks, cars, and machinery
- Gold mining and processing facilities
 - Smelting facilities/Gold leaching facilities
 - bucket classifiers
 - dredges
 - plastic/metal gold pans

- crevice sucker
- river sluice box
- The gold lab system
- polypropylene bags (woven, sacks, flat bags, bags with handles, BOPP laminated bags)
- Auto and manual gold mining machinery
- gold crushing and grinding machines

4.2 Lapidary Operations:

Phase two of the project shall focus on the establishment of Lapidary project which is located within Arusha city centre. During implementation of the project, the investors shall invest the following facilities (Lapidary and Gem Testing):-

- Faceting machines- single, double
- Sawing machine and sawing blades of various sizes
- Tumbling machine
- Calibrating Machine
- Abrasives for tumbling (various grti sizes)
- Grinders (cabochon machine)
- Faceters- cheater, index wheel 32,64,96,120 etc.
- Fiber optic light
- dopsticks, dopping wax
- spirit, spirit lamps
- Various grit sizes of cutting, sanding and polishing laps
- polishing powders (cerium oxide, chromium oxide, cerium oxide, diamond powder, aluminium oxide, synthetic diamond powder etc)
- heating oven (furnace)
- scoopers, tweezers, optical equipment (jewellers loupe, optivisor, microscope etc.)
- vernier calipers
- Hardness Tester
- Refractometer
- Storage containers for cut gemstones

4.3 Operational Support Openings

In addition, drifts and rooms will be opened for sheltering purposes in connection with the following:

- Access to ventilation raises and emergency escape ways;

- Storage and decantation sumps for receiving and pumping spring and backfill drainage water);
- Sites for the installation of fixed and mobile electrical substations;
- Storeroom, meal room and office;
- Bathrooms; and
- Refuge chambers

4.4 Other investment facilities

- Office Equipment
- Office furniture (Desks, Chairs, File Cabinets, Cupboards)
- Office Stationery
- Lightings (Table lamp, and all the necessary lighting equipment- lamps, tube lights etc.)
- Laptops/Desktop computers
- Printers, scanner, photocopy machine (laserjet, inkjet)
- Safes
- Office break room
- Coffee Machine
- Mugs, Cups, plates, spoons etc., other cooking utensils
- cooking gas
- kettle, thermos etc
- microwave, fridge
- Cleaning Equipment: brooms, buckets, toilet supplies
- Salon Cars
- Motorcycles for employees

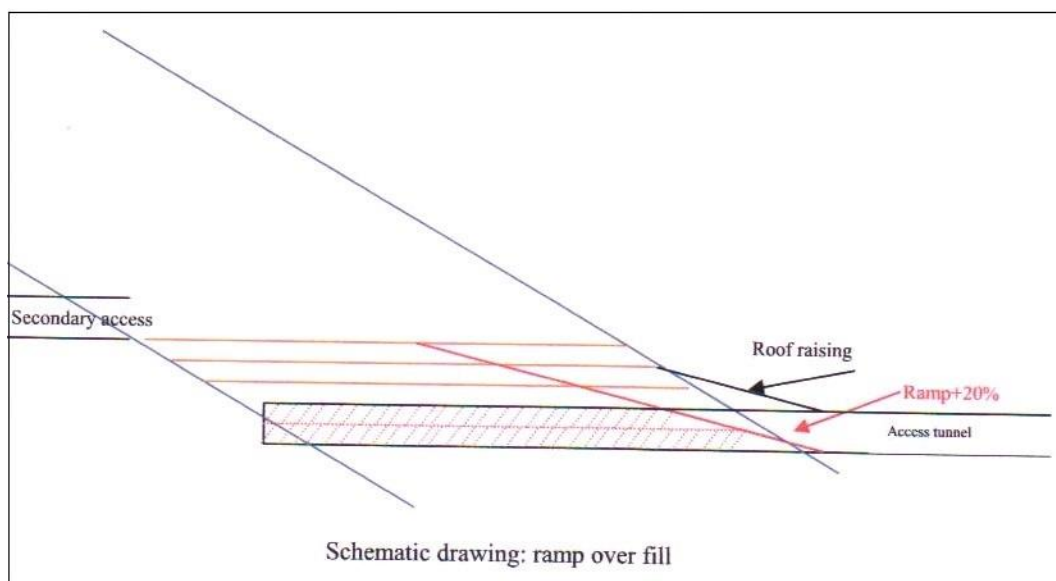
5. GENERAL DESCRIPTION OF THE MINING METHOD AND OPERATIONS

The mining method is the cut and fill, which removes ore in horizontal slices, starting from the bottom undercut and advancing upwards (overhand cut and fill). For the fill, part of the treated tailings from the backfill plant will be used, plus development waste and waste that exists between mineralization lenses to be extracted during the excavation of the mine panels. This method allows for ore selectivity, greater recovery and stability of the openings, and reduction of waste and tailings disposed of on the surface. The mine will be divided into levels. Level 01 was already developed at elevation 930 m. Level 01 will be at elevation 980 m, 50 vertical m above, and Level 02 will be at elevation 870 m, 60 vertical m below Level 01. Starting at this level, the vertical clearance shall be 75 m, i.e., Level 03 will be at elevation 795 m, Level 04 at elevation 720 m, etc. The Level 01 panel will be stoped up to elevation 1030. There will be a 5-m thick sill pillar in between levels. Tunnels will be developed to expose the footwall and the hangingwall. The waste layers between the ore lenses that comprise each body will be excavated, provided their thickness is less than 3.0 m. Part of the waste layers with thickness exceeding 3.0 m shall be left behind as "pillars" inside the panel and some other parts will be excavated separately and may be used as backfill within the panel.

Upon conclusion of the aforementioned development, stoping of the ore panel will be initiated. The excavation shall be made via 3.20 m long, 2" diameter, and 70°/80° upward drilling. Drilling shall be carried out by an electrical hydraulic single-boom Jumbo, equipped with a boom for upward drilling. Water shall be used to reduce dust accumulation. For loading drill 84holes with explosives, a derrick shall be used. Granular explosives with nonelectric delay detonators shall also be used. The first excavation stage, which shall be carried out with a step relative to the access way to the body, shall be the opened from a 3.20 m long vertical raise (slot raise) in each ore lens, to serve as a free face for subsequent blasts. According to the Blasting Plan Design, an average vertical 3.05 m advance per round is estimated. The broken material shall be loaded onto LHD wheel loaders equipped with 5 yd³ buckets - after a ventilation period - and then hauled to the beneficiation plant by 16-t trucks. When the excavation of the first vertical slice reaches the entire length of the body, the hydraulic backfill process with backfill plant underflow, gets started. Initially, a draining bund will be built with waste to contain the backfill. After a draining period, the backfill surface will be smoothed and another drilling and blasting cycle will start. The mine will operate following this cycle (drilling, blasting, ventilation, loading, hauling and backfilling), until the horizontal pillar that

separates the underground mine from the surface or until the horizontal pillar of the next panel is reached. Each panel (75 m vertical clearance) shall be sub-divided into three parts (vertically), for the purpose of carrying out the work cycle. For the first 24 vertical m, the access to the panel shall be via the main level (at the base of the panel). As backfilling progresses, a 20% slope ramp will be constructed to provide access to the next drilling round above the backfill that was previously placed, and as the ramp is constructed, the roof immediately above it shall be raised, maintaining a clearance of 4.2 m. Two additional secondary access ways to the mine panel shall be opened through the main ramp. The purpose of the first access way is to reach the panel 24 m above the main level and the second, to reach the panel 47 m above the main level.

(See drawing below).

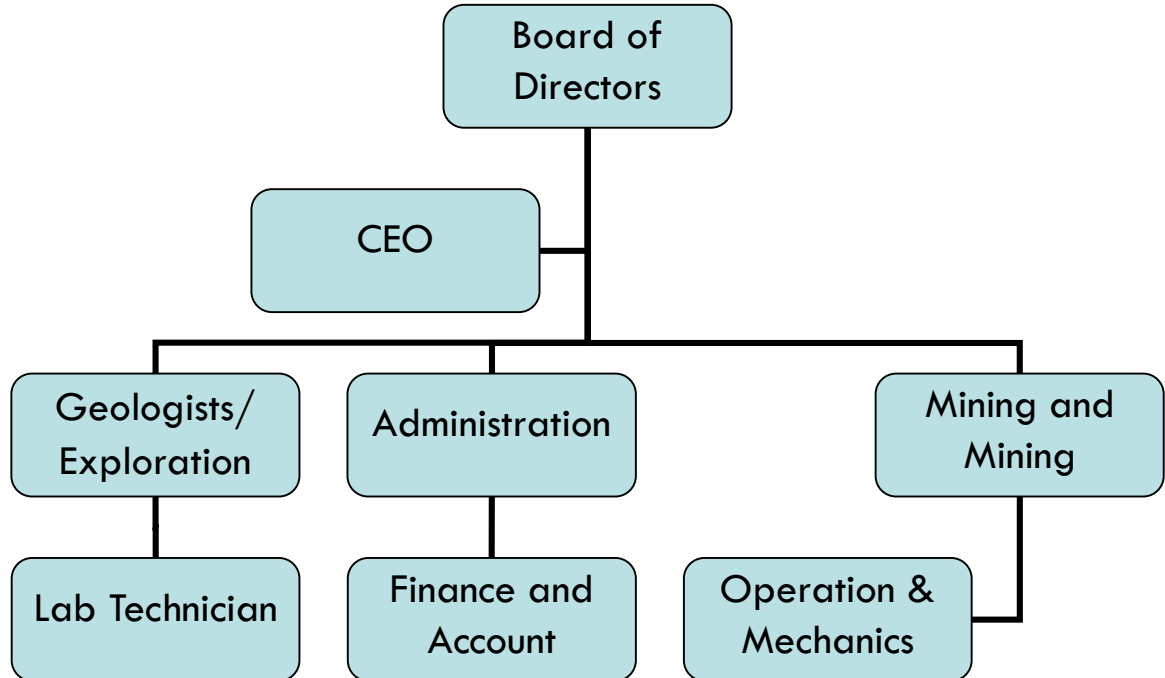


5.1 Mined-out Panel Backfill

Panel backfilling will be performed using the backfill technique and development waste. The backfill material will consist of the underflow from the backfill plant will consist of the 65% solids by weight underflow from the backfill plant. It will be pumped underground with no dilution, i.e., at 65% solids. The total backfill material will correspond to approximately 38% of the ROM extracted from the panel. Only the coarsest tailings portion shall be used for backfill (cyclones underflow), as it allows water to percolate and drain out of the fill, ensuring greater rock mass stability. The Backfill Plant will be assembled on the surface. This plant will receive the Metallurgical Plant tailings after they are treated in a Pulp Detox Plant. The Backfill Plant will consist essentially of cycloning operations, cutting the feed stream at 325 mesh. The Mine will receive the underflow of the cyclone,

representing 38% of the ROM treated (size analysis and testwork: 40% retained on 325 mesh). This material will be stored and, whenever required, reclaimed and pumped into the panels. Roof raising Ramp+20% Schematic drawing: ramp over fill Access tunnel Secondary access 86 Development waste will be used to complement the backfill. The backfill operation will be carried out with the use of slurry pumps that forward the material through pipes to the levels being mined. The backfill will be placed in 3.05 m high layers. After backfilling has been completed, the backfilled area will remain undisturbed for at least 28 hours before the next production cycle starts. This period is required to allow water to drain out of the backfill material. The water drained from the backfill material will be collected by the mine drainage system and directed to the lower levels from where it will be pumped to be treated in the wastewater treatment plant.

6. ORGANIZATION CHART



7. PLANT & MACHINERY

The list of Plant & Machinery to be purchased is as follow

PLANT AND MACHINERY	
..	
EXCAVATOR	20
EXCAVATOR BUCKET	20
ROCK BREAKER	20
TIPPER	35
CRUSER PLANT	5
COMPRESSOR	15
GENERATOR	5
BACKHOE LOADER	15
RIG RC DRILL	5
RIG CORE DRILL	5
TRACTOR AND HYDROULIC LORRY	20
MUD PUMP	15
ELECRTONICS SCALE WITH PRINTER	5
XRF FOR MINERALS TESTING	2
GEOPHYSICS INSTRUMENTS	2 SET
CONSUMABLE SPARE AND ACCESORIES	2 SET
LAB EQUIPMENTS SET	2 SET
LAB CHEMICAL FOR TEST	2 SET
COPPER SULPHATE PLANT	3
ZINC SUPHATE PLANT	3
LEAD PROCESS PLANT	2

8. INVESTMENT COST AND FINANCIAL ANALYSIS

Investment cost

COST INVESTMENT STRUCTURE		\$
Current assets		
Working capital		230,000
Other		-
		230,000
Property and equipment		
Land		0
Building		85,000
Equipment		25,000
Furniture and fixtures		30,000
Leasehold improvements		15,000
Plant		500,000
Motor Vehicles		115,000
Other		-
		770,000
Total assets		1,000,000
FINANCING STRUCTURE		\$
Long-term liabilities		
Long-term loan		-
Owner's equity		
Cash		700,000
Contributed asset value		300,000
Total		1,000,000

GAUZAU TYHER METAL MINING TZ CO. LIMITED						
Projected Income Statement						
	Year 1	Year 2	Year 3	Year 4	Year 5	
	\$	\$	\$	\$	\$	\$
SALES	1,080,000	1,260,000	1,866,000	2,089,920	2,340,710	
COST OF SALES	682,100	790,100	1,148,300	1,286,096	1,440,428	
GROSS MARGIN	397,900	469,900	717,700	803,824	900,283	
OPERATING COSTS						
Advertising	7,000	7,700	8,470	9,486	10,625	
Automotive	8,000	8,800	9,680	10,842	12,143	
Bank charges	-	-	-	-	-	
Business taxes	12,000	13,200	14,520	16,262	18,214	
Casual wages	3,000	3,300	3,630	4,066	4,553	
Depreciation	152,750	152,750	152,750	171,080	191,610	
Dues, licenses and fees	5,000	5,500	6,050	6,776	7,589	
Insurance	8,000	8,800	9,680	10,842	12,143	
Interest on long-term debt	0	0	0	0	0	
Management salaries	58,850	60,006	61,184	68,526	76,750	
Misellaneous expenses	6,000	6,600	7,260	8,131	9,107	
Office costs	5,000	5,500	6,050	6,776	7,589	
Postage	3,000	3,300	3,630	4,066	4,553	
Professional fees	8,000	8,800	9,680	10,842	12,143	
Property taxes	8,000	8,800	9,680	10,842	12,143	
Repairs and maintenance	6,000	6,600	7,260	8,131	9,107	
Rent	4,000	4,400	4,840	5,421	6,071	
Salaries and benefits	117,480	119,830	122,226	136,893	153,321	
Telephone	3,200	3,520	3,872	4,337	4,857	
Utilities	4,500	4,950	5,445	6,098	6,830	
	419,780	432,355	445,908	499,416	559,346	
INCOME BEFORE TAXES	(21,880)	37,545	271,792	304,408	340,937	
INCOME TAXES	6,564	(11,263)	(81,538)	(91,322)	(102,281)	
NET INCOME	(15,316)	26,281	190,255	213,085	238,656	

GAUZAU TYHER METAL MINING TZ CO. LIMITED						
PROJECTED BALANCE SHEET						
	Opening	Year 1	Year 2	Year 3	Year 5	Year 6
	\$	\$	\$	\$	\$	\$
ASSETS						
CURRENT						
Cash	230,000	361,782	556,164	959,683	1,074,845	1,203,827
Accounts receivable	-	45,000	52,500	77,750	87,080	97,530
Inventory	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	230,000	406,782	608,664	1,037,433	1,161,925	1,301,356
CAPITAL ASSETS						
Land	-	-	-	-	-	-
Building	85,000	85,000	85,000	85,000	95,200	106,624
Equipment	25,000	25,000	25,000	25,000	28,000	31,360
Furniture and fixtures	30,000	30,000	30,000	30,000	33,600	37,632
Leasehold improvements	15,000	15,000	15,000	15,000	16,800	18,816
Computer equipment	500,000	500,000	500,000	500,000	560,000	627,200
Automotive equipment	115,000	115,000	115,000	115,000	128,800	144,256
Other	-	-	-	-	-	-
	770,000	770,000	770,000	770,000	862,400	965,888
Accumulated depreciation	-	(152,750)	(305,500)	(458,250)	(513,240)	(574,829)
	770,000	617,250	464,500	311,750	349,160	391,059
	-	-	-	-	-	-
Total	1,000,000	1,024,032	1,073,164	1,349,183	1,511,085	1,692,416
LIABILITIES						
CURRENT						
Accounts payable	-	45,912	50,936	66,425	74,396	83,324
Income taxes payable	-	(6,564)	11,263	81,538	91,322	102,281
Current portion of long-term d	-	-	(0)	0	0	0
Total	-	39,348	62,199	147,963	165,719	185,605
LONG-TERM DEBT						
Long-term loan	-	-	-	0	0	0
Less current portion	-	-	0	(0)	(0)	(0)
	-	-	0	-	-	-
Total	-	39,348	62,199	147,963	165,719	185,605
OWNER'S EQUITY						
Cash	700,000	700,000	700,000	700,000	784,000	878,080
Contributed asset value	300,000	300,000	300,000	300,000	336,000	376,320
Accumulated earnings	-	(15,316)	10,965	201,220	225,367	252,410
	1,000,000	984,684	1,010,965	1,201,220	1,345,367	1,506,810
Total	1,000,000	1,024,032	1,073,164	1,349,183	1,511,085	1,692,416

GAUZAU TYHER METAL MINING TZ CO. LIMITED					
PROJECTED STATEMENT OF CASH FLOWS					
	Year 1	Year 2	Year 3	Year 4	Year 5
	\$	\$	\$	\$	\$
CASH PROVIDED BY THE FOLLOWING ACTIVITIES					
OPERATING					
Net earnings	(15,316)	26,281	190,255	213,085.31	238,655.55
Depreciation	152,750	152,750	152,750	171,080.00	191,609.60
	137,434	179,031	343,005	384,165.31	430,265.15
Changes in working capital accounts				-	-
Accounts receivable	(45,000)	(7,500)	(25,250)	(28,280.00)	(31,673.60)
Inventory	-	-	-	-	-
Other assets	-	-	-	-	-
Accounts payable	45,912	5,024	15,490	17,348.44	19,430.25
Income taxes payable	(6,564)	17,827	70,274	78,707.23	88,152.09
Total	131,782	194,383	403,519	451,940.98	506,173.90
FINANCING					
Repayment of long-term loan	-	-	0	0.28	0.32
CHANGE IN CASH	131,782	194,383	403,519	451,941.27	506,174.22
CASH, BEGINNING OF YEAR	230,000	361,782	556,164	622,904.15	697,652.65
CASH, END OF YEAR	361,782	556,164	959,683	1,074,845.42	1,203,826.87

GAUZAU TYHER METAL MINING TZ. CO. LTD							
Projected Salaries & Wages							
			<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
General salaries and benefits:							
<u>Position:</u>	<u>Name:</u>						
<u>Sales</u>	2		24,000	24,480	24,970	25,469	25,978
<u>Officers</u>	3		21,600	22,032	22,473	22,922	23,381
<u>Operation staff</u>	15		54,000	55,080	56,182	57,305	58,451
<u>watchmen</u>	4		7,200	7,344	7,491	7,641	7,794
Totola staff	24					-	-
			106,800	108,936	111,115	113,337	115,604
Estimated benefits (10%)			10,680	10,894	11,111	11,334	11,560
Total salaries and benefits			117,480	119,830	122,226	124,671	127,164
Management salaries							
<u>Position:</u>	<u>Name:</u>						
Production Manager	1		1,000	1,000	1,000	1,020	1,040
<u>Directors</u>	3		54,000	55,080	56,182	57,305	58,451
						-	-
						-	-
			55,000	56,080	57,182	58,325	59,492
Estimated benefits (7%)			3,850	3,926	4,003	4,083	4,164
Total management salaries			58,850	60,006	61,184	62,408	63,656
Total salaries			176,330	179,835	183,411	187,079	190,820

GAUZAU TYHER METAL MINING TZ.CO. LIMITED						
PROJECTED OPERATION COSTS						
	Year 1	Year 2	Year 3	Year 4	Year 5	
	\$	\$	\$	\$	\$	\$
Advertising	7,000	7,700	8,470	9,486	10,625	
Automotive	8,000	8,800	9,680	10,842	12,143	
Bank charges	-	-	-	-	-	
Business taxes	12,000	13,200	14,520	16,262	18,214	
Casual wages	3,000	3,300	3,630	4,066	4,553	
Dues, licenses and fees	5,000	5,500	6,050	6,776	7,589	
Insurance	8,000	8,800	9,680	10,842	12,143	
Misellaneous expenses	6,000	6,600	7,260	8,131	9,107	
Office costs	5,000	5,500	6,050	6,776	7,589	
Postage	3,000	3,300	3,630	4,066	4,553	
Professional fees	8,000	8,800	9,680	10,842	12,143	
Property taxes	8,000	8,800	9,680	10,842	12,143	
Repairs and maintenance	6,000	6,600	7,260	8,131	9,107	
Rent	4,000	4,400	4,840	5,421	6,071	
Telephone	3,200	3,520	3,872	4,337	4,857	
Utilities	4,500	4,950	5,445	6,098	6,830	
Total	90,700	99,770	109,747	122,917	137,667	