

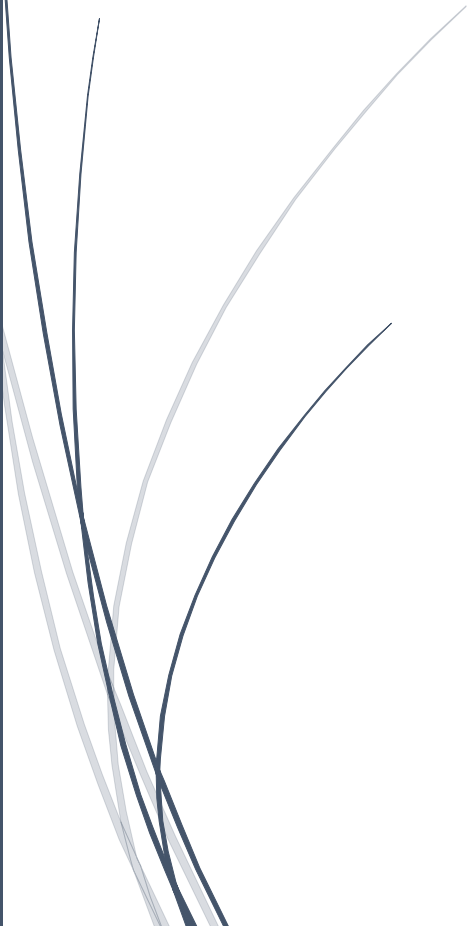


February 07th ,2022

FOREVER REACH MINING COMPANY LTD

PROGRESS REPORT

2019-2022



Business Consultant
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To
TANZANIA INVESTMENT CENTRE
DAR ES SALAAM

For
Tax Incentive Extension

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1.0. COMPANY DESCRIPTION

Forever Reach Mining Company Ltd is a licensed mining company established in 2019 that is based in Dar es Salaam, Tanzania. The mining operations are carried out in Mkuranga, Coastal region. Although we intend starting out on a small scale as a cottage company, but that will not in any way stop us from maximizing our potential in the sand and gravel mining industry. Our business goal as a mining company is to become the number one producer of Titanium and Zirconium in East Africa.

Our Mission: “Create and grow sustainable value for our stakeholders through the application of best practices in mining and our commitment to protecting the health and wellbeing of our employees and the environment in the communities where we work.”

Our vision: “To be a recognized titanium mining company focused on growing sustainable production, delivering on our commitments for excellence, and valuing and developing our employees.”

The following table shows details of company basic information; -

S/No	Information	Description	Current Project Status
1.	Shareholder’s Information	Current Shareholders names, nationality, and percentage of ownership	1. YAN ZOU (40%) CHINESE 2. SHUCONG ZOU (40%) CHINESE
3.	Company Communication Information	Email address	sssxf007@163.com
		Mobile Number	0676358316
		Landline Telephone number	
		Physical Address (Plot No., Block No, Street, District, and Region)	DAR ES SALAAM, PLOT NO.2470/5 SEA VIEW UPANGA.
4.	Contact Person	Name	DR. DEOGRATIUS MAHANGILA
		Position	BUSINESS CONSULTANT
		Communication Details (Email, Mobile, and Telephone)	0765961652 mahangiladeo@yahoo.com
5.	Incorporation	Certificate of Incorporation No.	133627
6.	TIN Information	TIN Certificate No.	133-272-801
7.	Project Objective	Project Core Activity	Mineral Prospecting
8.	Capacity	Project Capacity per Year	2000 Tones per year.
9.	Direct Employment	Foreign- Men	5
		Foreign- Women	3
		Local- Men	60
		Local- Women	20
10.	Indirect employment	Estimated Total No.	50
		Types/areas of Indirect Employment	Transportation, Inputs suppliers, Business and Engineering Consulting.

2.0. PLANNED ACTIVITIES

Planned Activities for the period

- i. Company set up, as the newly established company had to comply with the laws and regulations of the United Republic of Tanzania. This included the Business registration to the government business registerer BRELA, application of the Tax Identification Number (TIN), formulation of Corporate Social Responsibility plan, registering the project to the Tanzania Investment Centre (TIC), and later applying for the Tax Incentive. Other compliance requirements included Workplace safety under OSHA and fire safety under FIRE FORCE.
- ii. Factory set up; the core business activity is to extract minerals such as Silicon from sand thus the processing plant had to be set near the source of raw materials. The factory setup involved searching for a feasible plot of land abiding by all criteria regarding the nature of the industry. Further activities involved included utility installations (electricity and water systems), civil works on the construction of office and storage buildings. After completion of the civil works, the processing machines were ready to be installed which were to be imported. This step was very vital in fulfillment of the production plan.
- iii. Assembling of manpower, the nature of the project requires both high-skilled and semi-skilled manual labor who were readily available in the country. However, due to the level of technical expertise required in mineral processing especially in the minerals of such kind foreign expertise was to be sought particularly from China. In short, the project was to create more than 20 direct employments and 100 indirect employments in the areas of transportation and logistics and other services such as insurance and clearing, and forwarding.
- iv. Initiating Production Trial Run (PTR), which is the systematic evaluation and validation of the mineral processing before starting serial production. During this period the team was supposed to evaluate and validate that the design requirements and our expectations have been integrated into the processing system.

3.0. ACHIEVEMENTS

The following are achievements made on the project implementation to date with status descriptions:

A. Completed activities

- i. Company and factory set up, with the help of local business consultants the company fulfilled all the necessary compliance issues, registration and obtained the relevant permits and certificates with BRELA, TIC, TRA, OSHA, and FIRE. Also, the company succeeds in laying out the Social Responsibility plan. On the side of the processing plant, all necessary machines have been installed.
- ii. Recruitment of manpower, the company succeeded to recruit the needed manpower needed in extraction, processing, procurements, logistics as well as technical engineers. So far, the project has provided around 90 direct employments, whereas 82 of them are local citizens. Moreover, the company has provided more than 30 indirect jobs in the areas of Transportation, Inputs suppliers, Business and Engineering Consulting.
- iii. The company has successfully accomplished the Production Trial Run (PTR), though there was a bit of complication in the designing which was immediately rectified. The complete design was rated as being effective in terms of extracting the desired elements from the sand materials. However, it was rated as fairly efficient to justify the cost against the output, due to this the company is looking forward to improving the system and meeting the industrial standards.
- iv. Exportation and mining activities, extracted products are for export to international markets including China. Under the applicable laws and regulations, the company has been able to export a total of (Tons of Minerals) in (number of exportations batches) within the period.

B. On Progress Activities

- i. Implementation of the CSR plan. The CSR plan had several challenges which resulted from Information Asymmetrical. This challenge is elaborated more in the following chapter.

Sample photos around the factory in Mkuranga, Coastal region



4.0. PROJECT FINANCIAL EXPENDITURE AND FINANCING

A. Project Financial Expenditure to date:

	Foreign (USD)	Local (USD)	Total
Land and Buildings	500,000.00	0.00	500,000.00
Plants and Machinery	22,000.00	0.00	22,000.00
Vehicles	450,000.00	0.00	515,000.00
Furniture	2,000.00	0.00	2,000.00
Office Equipment	11,000.00	0.00	11,000.00
Insurance Cover			
Pre-operational expenses	5,000.00	0.00	5,000.00
Working sub- total capital	100,000.00	0.00	200,000.00
GRAND TOTAL	990,000.00	0.00	990,000.00

B. Project Financing

Explain how the project is being financed e.g., equity, loans, sources of loans, conditions, etc.

	Amount (USD)	Source Country
Local Equity		Tanzania
Local Loans		Tanzania
Foreign Equity	855,000.00	China
Foreign Loans	400,000.00	China
TOTAL	1,255,000.00	

5.0. PROBLEMS AND SOLUTIONS

The implementation of the project was not as smooth as expected, we met several technical and institutional challenges along the way which were solved by outsourcing and expanding expertise based on the nature of the problem. The challenges included; -

- i. Inadequate supply of freshwater, in mining activities water is used primarily for mineral processing, dust suppression, slurry transport, and employees' needs. The facility depends on an underground well which solely depends on rainfall. Due to less rain in the recent two years, the challenge of water has been significant.

Applied Solution: The company decided to use recycled water in its operations. However, it is forced to rethink the standard processing technologies to reduce water requirements.

- ii. Energy costs being have been unbearable, energy is mainly used to run the processing machines set as well as for lightening purposes. Initially, we were using Diesel to run the machines, however, the costs have been threatening the operations.

Applied Solution: The company tried to switch to electricity instead of Diesel to lower the overheads. However, the cost of electricity is still high.

- iii. There are a number of levied taxes and fees in mining operations, the company is prone to numerous taxes and fees including royalties, license fees, Corporate Tax, PAYE, SDL, withholding taxes, stamp duty, and NSSF and WCF contributions.

Applied Solution: Proper compliance with assistance from local expertise to avoid unnecessary fines and penalties.

- iv. Complications in implementing the Corporate Social Responsibility (CSR), the company agreed to construction of bridge connecting two sides of the village as well as constructing a piece of road. The complication arose when the expected standards by the company were not the same as the community expectations. The company decided to implement it according to the community's expectations. Eventually, the construction of the bridge doubled in order to meet the community's needs. The construction of the road is still underway.



6.0. FUTURE PLANS

Explain plans for the next coming six months and planned financial commitments

- i. To increase the production rate and capacity by 25% in the coming two years. It's our understanding that we are still producing below our capacity which is partly contributed by financial constraints. In the coming period, the company has strategized to increase efficiency and effectiveness upon the company's resources.
- ii. To expand investment on capital by \$500,000. The company plans to increase its investment in the coming period by spending more on modern machines, advanced equipment as well as provision for working capital on supplies, this is to support the plan of expanding production capacity.
- iii. To increase exportation turns and stimulate cash flow. After operating for more than three years in the industry, the company has gained enough experience at the technical and institutional levels. Therefore, in the second phase in response to an increase in production the company will expand the exportation volume per turn and the number of exportations turns per year.
- iv. To improve working conditions and provide more employment opportunities, the company is in understands that favorable working affects the productivity of workers positively. Also, upon meeting the requirements of the production expansion, skilled and talented workers will be needed more as a result employment opportunities will be generated more and more.
- v. To pursue feasibility studies in other potential areas. As a growing company dealing with the unsaturated Asian market, we plan to increase production not only at the current facility but by opening up other facilities in different resourced areas. Therefore, the feasibility study is conducted to search for other potential areas that are feasible for the kind of project.



7.0. RECOMMENDATIONS

Generally, we would like to extend our sincere thanks to the Tanzania Investment Centre who have been the main facilitator in setting up the investment. we have been carrying out our business in a good condition, just some rough patches here and there which have already been solved or their solution is underway.

FOREVER REACH MINING LTD is applying for the extension of the tax incentive due to the delay in the implementation period. The original timeline was affected by the covid-19 pandemic which distorted our supply chain of industrial inputs. Therefore, the company spent time waiting for the necessary materials to complete portions of the project. As a result, the planned Production and the desired investment level have not yet been realized in full. The company wishes to continue investing in the project.
