LONG FORTUNE (PVT) LIMITED

PROPOSED BUSINESS PLAN

FOR

GOLD MINE PROCESSING PLANT IN KAHAMA DISTRICT, SHINYANGA REGION, TANZANIA.

Prepared by:

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SEPTEMBER, 2022

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List of Abbreviations

4WD – Four Wheel Driver
CAPEX – Capital Expenditure
CIF- Central in Flight
CIL – Carbon in Leaching
CIP- Carbon In Pulp
EU – European Union
GDP – Growth Domestic Products
IRR – Internal rate of return
KASHUWASA – kahama Shinyanga Urban Water Supply Authority
Kg – kilo gram
LTD - Limited
MIS - Management Information System
MT – Metric Ton
MW – Mega Watts
NBS – National Bureau of standard
NEMC – National Environment Management Council
OPEX – Operating Expenditure
SIDO- Small Development Organization
SWOC – Strength Weakness Opportunity Challenge
TANESCO – Tanzania Electric Supply Company
TIC- Tanzania Investment Centre
TZS – Tanzania Shilling
UK – United Kingdom
US$ - United State Dollar
USA - United states of America
VAT – Value Added tax
VETA - Vocation Education Training Authority

EXCUTIVE SUMMARY

Tanzania is endowed with vast quantities and types of resources whose extraction has been central to the country's economic growth. Mining is one of the leading sectors in Tanzania, with the value of mineral exports increasing each year. Leading minerals include gold, iron ore, nickel, copper, cobalt, silver, diamond, tanzanite, tin, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, coal, uranium, gravel, graphite, and sand and dimension stones.

The mining sector depends on imported machinery and supplies, and investors can import capital goods at zero duty. There are significant opportunities for the in this sector especially to 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.

The Major opportunities in mine includes; Establishment of gold refinery activities, Supply equipment and explosives, grinding media, mill liners, etc., under joint venture with Tanzanian entrepreneurs. LONG FORTUNE (PVT) LIMITED is a Tanzanian company registered in Tanzania with COI No. 1556483222 of 14th June in year 2022. The company intends to expand extraction work to her Primary mining Licenses (PML) No. 20000031991 at Mburu Village in Kahama, Shinyanga Region aimed at establishing mining processing plant at Kahama District.

The proposed project is estimated to cost a total of US$ 50,915,652.82 this including, own equity of US$ 38,186,724.62 as proceeds from capital contribution of the project, total loan debt of 12,728,908.21US$ with 8% interest rate. The Current asset of US$ 6,207,831 during the first year of operation and it increase as the project will be in full operation, fixed assets 31,248,242US$ and total liquidity 11,187,701US$ and will be implemented within 10 years.

The development of a large and complex project such as LONG FORTUNE (PVT) LIMITED is necessarily accompanied by multiple risks during all the phases of the

project development, construction, operation and maintenance. The right approach to manage the project in a manner which is fairly and adequately address the multiple risks in a comprehensive as well as systematic manner is very important.

Based on the Impact Investment Index analysis, the company can develop projections that the project can deliver both value for money in the context of broad socioeconomic impact and return on investment while complying with governance requirements. In this regard therefore, LONG FORTUNE (PVT) LIMITED will promote the industrialization process in the country, create employment, attract new technologies, expand foreign exchange earnings and ultimately contribute substantially to the country's economic growth.

On the basis of all the analysis done on this Business Plan on all aspects of assessment on both SWOC Analysis, market analysis, risk analysis and the financial analysis, the proposed investment options in gold processing and additional value chain of gold as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, LONG FORTUNE (PVT) LIMITED through professional consultative manner, will continue to find ways of implementing cost effective options given time and financial resources that will be made available. Financial analysis results show that when the construction of project facility is financed using a combination of equity debt ratio (25:75), it gives an IRR of about 15.51%. The computed IRR is well above Dollar market of the annual loan interest rate of (8.00%) which is technically interpreted that the project is financially viable. The payback period for the project is estimated at 6 years, which is within the range for this type of investment. Sensitivity analysis results also favor the project.

The whole process of production lines is looking at providing direct employment to at least 115 permanent jobs on full implementation and operation of the project. The industry is divided into 5 Departments; Administration (11), Finance Management (2), Maintenance (17), Operation (77) and store & logistic (8)

1.0. BUSINESS OVERVIEW AND BACK GROUND INFORMATION.

1.1. Overview – Mining sector in Tanzania.

Tanzania is endowed with vast quantities and types of resources whose extraction has been central to the country's economic growth. Mining is one of the leading sectors in Tanzania, with the value of mineral exports increasing each year. Leading minerals include gold, iron ore, nickel, copper, cobalt, silver, diamond, tanzanite, tin, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, coal, uranium, gravel, graphite, and sand and dimension stones. The United Kingdom is the largest foreign investor in this industry in Tanzania with other projects by investors from India, China, Kenya, USA, Netherlands, South Africa, Canada, Germany and Oman.

Tanzania is the 4th largest gold producer in Africa after South Africa, Ghana and Mali. The mining industry experienced an estimated 15.3 percent growth in the first quarter of 2020 compared to 10 percent growth during the same quarter in the previous year. There is an increase in mineral revenue collection from $84.5 million in 2015/16 to $202.7 million from July 2019 to April 2020[1].

There have been a number of changes in the Mining industry and more expected due to the 2017 Minerals Act. The Government is trying to make the sector more attractive but there are still several punitive or restrictive regulations. The changes in the legislations have increased the loyalties increasing from 4 percent to 6 percent and an introduction of 1 percent clearing fees on the value of all minerals exported from the country. Also, the new laws give the GoT an ability to acquire 16 percent of shares from major mining companies on free carrying basis. The 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.

In recent years, mineral exploration has increased in several parts of the country. The sector has attracted substantial new foreign investment in mineral development

[1] https://www.trade.gov/country-commercial-guides/tanzania-mining

exploration, with local investment surpassing $1 billion. Recent nickel, helium, graphite, uranium and coal finds have spurred increased interest on the part of investors.

1.2. 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 in 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.

The Major opportunities includes; 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, Rock and mineral carvings, Jewelry manufacturing utilizing gold and gemstones, Mineral processing industry e.g smelters, new areas in mineral exploration and Drilling.

Currently in Tanzania there is a dichotomy between the large multinational mining companies and the artisanal miners. LONG FORTUNE (PVT) LIMITED will seek to exploit this dichotomy in MINING EXTRACTION PROCESS AND ADDITIONAL VALUE CHAIN OF GOLD; it will operate in a way that will add value to artisanal miners while not troubling the larger mining companies. The company provides the following services: Exploitation and Development Surface Drilling, Exploration and development Reverse, Circulation Drilling, Grade Control Drilling, Blast Hole Drilling, Weep Hole Drilling, and Provision of Shot Firing Services.

1.3. Project concept in Shinyanga Region

The proposed aimed to establish her mining exploration services by purchasing modern machines for the following activities; Exploitation and Development Surface Drilling, Exploration and development Reverse, Circulation Drilling, Grade Control Drilling, Blast Hole Drilling, Weep Hole Drilling, and Provision of Shot Firing Services. However the company is already involve in purchasing of said Exploration services equipment's as will result of the significant investment in Tanzanian operations, the company is looking to register at the Tanzania investment Center. For that purpose, this business plan is prepared to outline the required information about the company and the operations being conducted for the Tanzania Investment Centre only. It is to be considered private and confidential.

The company main office is at Mburu Village plot 120, Kahama district, Shinyanga region in Tanzania. The company will be established services plant for mining exploration in Mburu village, in Shinyanga region. Whereas the yard is already secured with necessary exploitation facilities and elution services. Other major capital expenditure will involve procurement of workshop tools and equipment, modern processing machines and equipment; purchase of utility motor vehicles, furniture and fittings, and fencing of the project sites:

1.4. The company objectives include the followings;

i. To carry on the business of mining of hard coal,
ii. Mining lignite,
iii. Extraction of crude petroleum,
iv. Extraction of Natural Gas,
v. Mining of iron ores,
vi. Mining of uranium and thorium ores,
vii. Mining of other non-ferrous metal ores,
viii. Quarrying of stone, sand and cray,
ix. Extraction of salt,

x. Extraction of peat,
xi. Mining of chemicals and fertilizer minerals, and
xii. And other mining and quarrying n.e.c.

1.5. Project setup Mburu village – KAHAMA.

The project proposal entails setting up yard for drilling facilities, providing testing mineral facilities so that project may equipped of all laboratories facilities from using modern technology. The project will be created in the said site above. The proposed project will therefore involve the following activities:

- Additional Acquisition of adequate mining sites to ensure maximum production of final mining products
- Development of processing camps and infrastructure
- Construction of laboratories building, storage warehouses, workshops and offices,
- Importation and installation of mining processing plants, laboratory for noble metal testing,
- Procurement and installation of environmental protection plant equipment,
- Importation and installation of equipment, machinery and plants for mining processing
- Procurement of heavy-duty trucks fleet for transportation of mining and tailings from the small-scale mining centers to the processing site in Kahama Township Area, Shinyanga Region. Other utility vehicles will also be procured for the project. This will include pickups, 4-WD station wagons to facilitate movement. Armored vehicles will also be procured for transportation.
- Purchase of furniture, equipment, fittings and administration motor vehicles, fencing of the factory compound and storage yard.

2.0. PROJECT OVERVIEW

2.1. Project description

LONG FORTUNE (PVT) LIMITED is a Tanzanian company registered in Tanzania with certificate of incorporation number 1556483222 of 14th June in year 2022, Taxpayer Identification Number 155-648-322 with a valid business license number 20000031991 issued by Business registration and licensing Agency at Kahama District Council, Shinyanga Region.

The main office of the company is located at Mburu village, Kahama District, Shinyanga Region, Tanzania. The anticipated project site will be located to the same area (mining site), Kahama District, Shinyanga Region in Tanzania. The permanent address is P O Box 637Dar Es Salaam, Tanzania.

The company intends to expand extraction work to her Primary mining Licenses (PML) in Mburu Village in Kahama District Shinyanga region Mining sites by purchase heavy equipment's for extractions work. This project proposal entails setting up mining extraction facilities using modern technology. The proposed project will therefore involve the following activities:

- Acquisition of adequate mining sites to ensure maximum production
- Development of camps and infrastructure
- Construction of buildings and storage warehouses, workshops and offices,
- Procure machineries and equipment for mining processing activities,
- Procurement and installation of environmental protection plant equipment
- Importation and installation of equipment, machinery and plants,
- Procurement of heavy-duty trucks fleet for transportation of mining materials and building materials,
- Purchase of furniture, equipment, fittings and administration motor vehicles, fencing of the factory compound and storage yard.

The initial Authorized Share Capital of the company is TZS 100,000,000/= divided into 10,000 ordinary shares of TZS 100,000/= each and the company have the power

to divide the original or any increased capital into several classes, and to attach thereto any preferential, deferred, qualified or other special rights privileges, restrictions or conditions. Unless the conditions of issues shall otherwise expressly declare, every issue of shares, whether preference or otherwise, or any such rights, privileges or conditions shall not be altered or modified except in accordance with the registered Articles or Association. The liability of the members is limited and the following names compromise the company ownership and principal shareholding as illustrated on Table 1 below.

Table 2.1. Company Ownership and Principal Shareholders

S/No.	Shareholder's Name	Address	Occupation of Subscriber	Number of Shares
1.	MR. JOASHUA HANS MNGWAMBA **(TANZANIA)**	P O BOX 637, DAR ES SALAAM, TANZANIA	Private Company by Share, Domicile in Tanzania- Incorporate Number 1556483222	2500
2.	MR. CHEN SHAOLIANG **(CHINESE)**	P O BOX 637, DAR ES SALAAM, TANZANIA	Private Company by Share, Domicile in Tanzania- Incorporate Number 1556483222	500
3.	MR. GU DALIANG ZHEJIANG **(CHINESE)**	P O BOX 637, DAR ES SALAAM, TANZANIA	Private Company by Share, Domicile In Tanzania- Incorporate Number 1556483222	7000

2.2. Business Plan Objectives

The objectives of this study are three-fold. First is to determine the viability of the proposed project and serve as a business plan for the company's development program. Secondly, the business plan will act as a supporting document in the company's application for Tanzania Investment Centre (TIC) Certificate of Incentives so as to access exemptions on duties, VAT deferments and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997).
Thirdly, it will be presented to Banks/Financial Institutions for application of Term Loan 12,728,908.21US$ to support smooth implementation and running of the proposed projects. The project promoters have commissioned a reputable engineering and project planning consulting firm to advice on detailed technical and economic evaluation of the project and in determining its viability. As the report will be used to raise debt financing for the project, it is tailored to meet standard requirements of financial institutions in the region.

2.3 Project Technical aspect - Mineral exploration:

2.3.1. The 3 Main Techniques

Mineral processing, also known as mineral exploration drilling, is a form of drilling often used by the mining industry. It's a process that allows them to determine the material composition of soil in different locations. This is a preliminary to major mining operations, one used to discover mineral-rich drilling sites and ore deposits. During the drilling procedure, sample of the soil at different depths is analyzed by geologists to determine if valuable minerals or other resources are located along the drilling line.

There are three main techniques for mineral exploration drilling. These are:

- Conventional Rotary Air/Mud Drilling,

- Reverse Circulation Drilling,
- And Diamond Core Drilling.

In this business plan, we'll have a look at all three of these techniques and discuss their strengths and weaknesses.

A. Conventional Rotary Air/Mud Drilling

The most cost-effective drilling technique is conventional rotary drilling. This can be done in a few different ways. Remember that the goal of this drilling is to lift material to the surface so that it can be tested to determine the mineral composition. Two common ways of lifting are with air and with mud. In this instance, mud is a thickened liquid compound that fills the hole and displaces the material loosened by drilling. Cuttings are then taken from the side wall and tested in the laboratory to determine the mineral composition.

The challenge with this form of drilling is that it is inaccurate when it comes to mineral exploration drilling. You want to know what minerals exist at each depth. But, with this form of drilling, loose material from above the cutting can fall down and contaminate the sample. You might not get an accurate representation of the soil composition at that depth. This being said, it may be worth it to go this route if you're working with a very large area. Your expenses will be much less than some of the other forms of drilling, and you'll get a reasonable assessment of the soils composition at different elevations.

B. Reverse Circulation (RC) Drilling

The benefit of reverse circulation drilling is that it will give you a more accurate understanding of the soil composition at any given depth. However, it will cost you a bit more per meter than conventional drilling. This is the most popular method in Australia and South America, where deep minerals are the most valuable export materials of the country.

For reverse circulation drilling, a dual wall drill pipe is used. Air is forced down the outer tube and injected through a port called a "side inlet swivel". It exits just after the drill bit to force material up through the inner tube. This material is delivered upwards and collected. It can then be analyzed to get a profile of the mineral composition at the drilling depth. The bit type can be a hammer or tricone, but, in either case, the results are the same. You will get a clear idea of the soil composition. Reverse circulation drilling is effective until the drill head hits water or "waters out". At this point water will enter the side inlet swivel, making it ineffective for mineral drilling exploration.

C. Mining Core Drilling

The most accurate form of mineral drilling, and the most expensive, is diamond core drilling. This method also requires the most skill. The cost per meter is quite high, even compared to reverse circulation drilling. It's also slower. You can get depths of 30 meters in 12 hours, compared to 150 meters with reverse circulation drilling. The core has to rotate at a very high rate, from 300 to 1200 rotations per minute. It also requires just the right amount of weight on the bit in order to avoid polishing or burning the bit in hard rock formations.

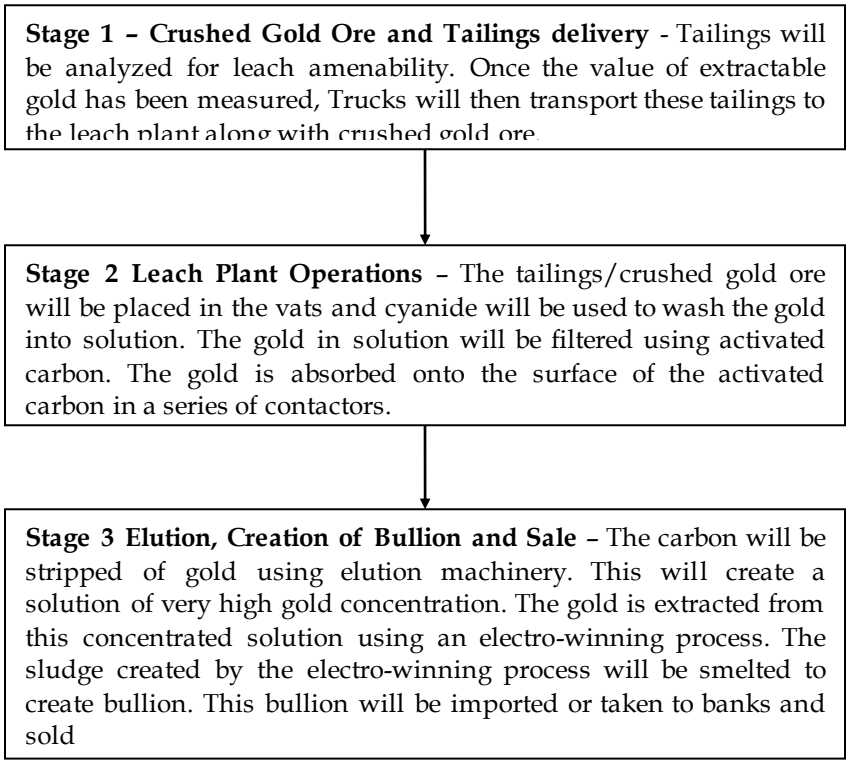
The advantage of core drilling is that you can bring a core of material to the surface. This will give you a more accurate profile of the mineral composition at each depth than any other style of drilling. There are two main types of core drilling: conventional and wire line. With conventional drilling, rotary drilling is used with a hollow core drill bit to capture a sample and bring it up to the driller. Samples are placed in jars and sent back to the lab for analysis. Wire line coring is done with an ICB that is passed through the drill bit and overshot from the head. It requires fewer round trips and can be more efficient, but it limits the core size.

Drilling is an art, regardless of the method used. The driller has to match weight and rotation to resistance. Plus, it requires heavy equipment in good repair. If you'd like to get an estimate on a drilling operation or look into what you need to do for mineral exploration, feel free to contact us. We are one of the top mineral

exploration drilling companies on the local market. We'll provide you a solid soil profile to make sure that your structure is set on a good foundation.

2.3.2. Project Technical aspect - Gold processing techniques

The business will be broken down into three stages or "gold flows". The first stage will be that of the delivery of crushed gold ore and tailings to the leach plant. The second stage will be the leaching process that will take place at the leach plant. The third stage will be the elution of gold and creation of the bullion that will be sold to the banks or imported.



A. Logistics and Crushed Ore/Tailings supply

The first stage in the process of creating the bullion will be the sourcing of the gold ore/raw tailings to be processed. Scouting will be carried out and samples taken from piles in various areas around the leach site. These samples will be analysed to measure their leach amenability and their effective

value to the company. Once this has been done, the trucks will be organized to collect the gold ore/tailings and take them to the leach plant site. Gold ore will then be crushed by company crushers at the processing site.

During the startup phase, only a few trucks will be required to fill the small number of tanks available. As the tailings in the immediate vicinity are exhausted and as there are more vats created for leaching, a larger transport capacity will be required to maintain the gold flow capacity. Once the plant is operating at full capacity, 4 dumpers truck should be sufficient for supplying the plant with the required amount of gold ore and tailings.

One important factor will be to build up and maintain an on-site gold ore and tailings stock pile. This will ensure a steady and reliable flow of crushed ore and tailings to the vats. There will always be occasions when roads are made impassable by bad weather, or when trucks are being serviced or repaired. It would be wise to maintain a pile of at least 300T of gold ore and tailings at the site. During the wet seasons it may be reasonable to increase this stock pile to 500T per day.

B-Static Leaching and the Cyanidation process

The Cyanidation Process

The company plans to use Carbon In Pulp (CIP) gold processing technology, thus will import equipment to create processing capacity of CIP plant at site. The technology along with other mining equipment will be imported. For the carbon regeneration plant and electro-winning, the company plans to start bringing the equipment in as soon as they receive TIC accreditation and approval of tax exemptions.

The CIP method is a relatively technical method used by all the large mines today. It involves creating ore slurry and directly contacting the activated carbon with the gold containing slurry in an agitated environment. Although

the amount of gold extracted is high, the equipment is expensive and complicated to maintain and operate.

Heap leaching is used to extract gold from large volumes of low-grade ores. It is a very simple process with low costs of operation that allows large quantities of ore to be treated. It involves creating large drainage pads where ore can be piled. Cyanide solution is then sprayed onto the ore pile. This solution percolates through the ore pile dissolving the gold present. The solution is then collected at the base of the pad where carbon is used to absorb the gold from solution. The main advantage is the extremely low cost of operation. No agitating, moving or separating equipment is required. The method for gold extraction proposed by M/s LONG FORTUNE (PVT) LIMITED is much like a heap leaching operation but has a slightly different characteristic.

C.The Leach Plant Process

The leach plant schematics can be seen below. The crushed ore and tailings are brought to the plant in trucks and offloaded adjacent to the concrete vats. The Tailings are mixed with hydrated lime and placed into the vats. The hydrated lime optimizes the conditions for gold extraction and reduces the loss of cyanide by hydrolysis.

This improves gold extraction. Once the crushed ore/tailings have been soaked, the tap is opened and solution is allowed to percolate through the crushed ore/tailings dissolving the gold in its path. The solution flows through a filter at the base of the vat that keeps the tailings in the vat.

The gold bearing (pregnant) solution flows out of the tank and into the clarifier. This removes any unwanted solid particles in the clear solution. This solution is then pumped through a series of carbon columns or contactors. The carbon adsorbs the gold from the pregnant solution. Barren solution then flows out of the columns and into the barren tank.

Water and cyanide are added here to maintain the balance in the closed system. Oxygen, a key reactant in the process is added in the barren tank by using a pump to aerate the solution. The barren solution containing the cyanide is then pumped into the newly filled vat and the solution cycle starts again.

After 3-5 days of solution flowing through the tailings the gold will have been extracted. The exhausted crushed ore/tailings in the tank are now washed with water and drained. The tank is then emptied and the tailings are moved to the tailings dump site. Once the gold has been absorbed by the carbon, the carbon is removed and replaced with fresh carbon. The loaded carbon is then sent to the elution plant for extraction/stripping.

2.4. Technical Characteristic of the project.

2.4.1. Project Location and site analysis

Based on physical inspection of the proposed site at mburu village, the availability of basic and essential industrial infrastructure such transport, water supply, effluent disposal, electric power supply, telecommunication system and security were all checked out and are ok for factory establishment. The realization of the project development requires successful completion of a number of necessary activities and facilities to enable a successful development of the project. The project location is already installed necessary utilities such as reliable supplies of energy, water, transportation, telecommunications services, waste disposal and other services are in place.

2.4.2. Buildings and related fixed cost

The floor plan and elevation of buildings and other related structures will be constructed by the company to a new industrial area by the company. However, the total major construction involving; building structure and yard, Storage of raw materials and finished processing a structure, the estimated cost of buildings 5,442,000US$, the cost includes administration building and offices, Laboratories,

storages of chemicals and spare parts, workshop, and camp. The industry also pays compensation to purchased land for gold extraction and processing amounted to 100,000US$ and the cost of land is estimated to 9,000,000US$. The minor rehabilitations costs are inclusive of contingency and reflect prevailing cost of building materials and other cost.

2.4.3. Machinery and Equipment.

Proper machinery selection is one of the key problems in the development of an industry. The machinery must suit the two-fold requirements of the developing countries, i.e., it should be up-to-date to allow for competitive production. In view of the foregoing, an effort has been made to choose from modern technological alternatives, a level that strikes a balance between fixed costs based on depreciatio n and variable costs based essentially on wages.

The requirements of various items of equipment have been worked out taking into consideration the production programs, average equipment utilization and normal productivity level of an average worker etc. While working out details of equipment required, it has been assumed that the plant will be working in a double shift of 16 hours a day, 20 days a month or a total of 240 days a year.

The projects machinery and equipment will be sourced from Europe and are estimated to cost 10,149,118US$, this includes, Crusher system, Grinding and classifying system, leaching system, Desorption and electrowinning system, Pressure filtration system for cylinder tallling, hoisting equipment, Power supply equipment, pumping system, Mining equipment, Laboratory equipment and spare parts. Other includes; Excavator - Caterpillar 320DL, Back hole Loaders, Loaders, 1 bulldozer, 1 motor graders, 1 trailers others machines and equipment in place includes, blast hole drilling (Atlas copco blast hole ring), surface diamond RC drilling (Atlas corco CS14C – 2, Atlas corco C3001 – 2, LP90D Truck Mounted – 2 EDM Multipurpose HC2000-1, Unicor YDX-3L T

rack Mounted -1, Alton HD9000 Drill rig -1,CD800MP – Air Core/DD -1), Underground Drilling (Boart Long year LM 90 drill rig -1, Boart Long year LM 30SS

drill rig -1), Standby Generator, Jaw crusher/cone crusher, Heavy duty compressor, Blasting equipment's, Communication equipment's, Elution processing plant, electrical and security system full installed and CIL complete set includes feeder, vibrator, ball mill, spiral classfier, etc..

The total cost of machineries and equipment's is estimated to 10,149,118US$, these cost assumptions are C.I.F Dar es Salaam and include installation, commissioning, consultancy, port charges and transport to the project site. Calculated depreciation of machines and other working facilities is estimated to cost 978,824US$ and increases tremendously.

2.4. 4. Motor Vehicles

20 heavy trucks with a capacity of 20MT will be purchased at a price 70,032US$ each totaling to 1440,520US$, 7 land cruiser will be purchased totaling to 453,172US$ and 4 loaders totaling to 260,928US$, 4 Folk lift amounted to 40,000US$, 4 excavators 264,000US$ and mobile drilling machines sets 50+ 229,340US$. The total investment to motor vehicle and mobile machines is estimated to 2,647,960US$.

2.4.5. Furniture & Fittings and computers

This cost item includes the purchase of various office furniture: tables, chairs cabinets, safes, telecommunication gadgets, firefighting equipment, air conditioners etc. A budget of 15,217US$ will be allocated from general administration budget for furniture fittings and computer accessories. The total budget for furniture and fittings is small due to nature of industry as few or minor requirement of furniture and fittings.

2.4.6. Pre-Operational Expenses

Under pre-operational expenses are considered costs like company formation, preliminary project studies, business plan preparation costs, licenses, permits and

authorization, including processing of TIC Certificate of Incentives, and legal fees, travelling expenses, initial recruitment and training expenses, and interest accrued during project construction period. Budget allocated for this is 15,217 US$

2.4.7. Initial Working Capital

This item will mainly cover initial imports of raw materials estimated to last for the first three months of operations. Otherwise, raw materials will generally be maintained at one month's stock and debtors at one month's sales volume constitute the biggest portion of current assets. Trade credits will be 15 days for the items listed. The initial working capital allocated budget is 15,652,174 US$.

2.4.8. Project Financing

The project costs, including fixed costs (machinery, equipment, building, motor vehicles, office furniture and equipment and pre-operation expenses will be financed by a combination of bank term loan and shareholders own resources. Working capital requirements will be financed by short term bank financing in form of overdraft facility.

2.4.9. Project Implementation

Full implementation of the project is planned to take place by early October, 2022 Machineries and motor vehicles will be imported immediately while construction/renovation works are in process.

2.4.10. Auxiliary Materials/ services

Falling under this category is packing bags, paper for bags for bran, lubricants, grease and other miscellaneous items.

Utilities and service facilities that will need to be provided in this plant are as follows:

(i) Workshop
(ii) Electric power
(iii) Water supply
(iv) Miscellaneous facilities {Canteen; First Aid Kit, Storage and transport and Office Facilities}

(i) Workshop

It is necessary to make provision for a small workshop in the plant premises so that certain maintenance operations could be carried out following sudden breakdowns and major routine matters. The facility will comprise of necessary machines like small centre lathe, drilling machine, welding set, soldering and gas-cutting equipment including complete electrical kit to take care of necessary electrical maintenance as well as to replace worn-out parts and periodic oil and greases needs for the plant. Equipment provision has been restricted to the minimum.

(ii) Electric Power and Generator

The proposed site will be supplied with industrial production 3-phase standard power supply from Tanzania Electric Supply Company (TANESCO), the electricity is available through the National Grid Line from Tabora Via Nzega to Kahama township, Shinyanga Region. As part of an alternative power supply, the company is already installing a heavy duty 100KVA power generator automated generator in place to a premises for standby power supply.

(iii) Water Supply

Apart from the needs of electric power, water is also required for the actual process and other social needs. The proposed site has close to KASHUWASA " Kahama Shinyanga Urban water supply and Authority water network, the agency is major supplier of water to urban and peri urban area in the region. The main line from this source will be tapped and let to the land site and water collected in an overhead reservoir provided at the top of the building of the plant. Adequate provision has been made in the project cost for the overhead tank and supply and laying of

pipelines etc.

(iv) Miscellaneous Facilities e.g. First Aid Kit, Storage and Transport, Office Facilities etc

- Provision has been made in the project costs for necessary facilities for external telephones and fire alarm system;
- Sickness and ill-health are recognized to be among the cause of absenteeism and low morale leading to decreased production, increased waste and bad employee-management relations. Therefore, necessary provision has been made for the canteen and first aid facilities in case of accidents, sudden sickness etc.
- Necessary provision for furniture and office equipment has been made in the Capital Cost estimates.
- Provision has also been made for the various types of weighing equipment in various sections for material-handling equipment etc.

2.4.12. Warehousing and distribution

The LONG FORTUNE (PVT) LIMITED's warehousing service is ready to meet 24/7/365 in provision of mining services and necessary material and chemicals imported. The efficiency of on-site combined with focal lift is already accommodated all needs and reduce supply chain costs. The industry uses electronics inventory management system means will ready for the efficiently movements of goods to next level.
The industry will use quick dispatch for fast distribution of final products and packed by manual means or by semi-automatic machines. The industry will take Extra care is therefore taken to make it hygienic so that the products do not get spoiled during storage.

2.4.13. Waste management for industry

In order to create a sustainable society, it is necessary to develop effective utilization of all sorts of wastes. One of the major wastes from our living is fiber wastes. Fiber

wastes are generally divided to nonindustrial (organic chemicals) and industrial wastes (inorganic Chemicals)

In his strategic management for a LONG FORTUNE (PVT) LIMITED's; the industry has to move from an understanding of improvement at all costs to an understanding of continuous and balanced improvement once established. In modern times, environmental protection is being implemented not because it is enforced law, but as an administrative philosophy. Rapid degradation in environmental conditions has changed at attitude of industrial managers toward ecological environment and had them consider ecology a significant factor while taking decisions related to industrial management.

Parameters responsible for environmental pollution include chemicals discharged into air, water and soil as well as energy pollution all these will be taken into consideration of the proposed project. Noise pollution caused by poorly planned settlement programs is also included in this plan. Furthermore, safety and health of those working in production will be also taken into account by installing modern machines free from noise pollution.

3.0. MANPOWER AND SALARY BUDGET

3.1. Employment

The whole process of production lines is looking at providing direct employment to at least 115 permanent jobs on full implementation and operation of the project. The industry is divided into 5 Departments; Administration (11), Finance Management (2), Maintenance (17), store & logistic (8) and Operation (77).

3.2. Recruitment

Recruitment of the 79 persons will be carried out by giving first preference to ex-technician from our local technical institutes such as Vocation Education Training Authority "VETA" and employees of LONG FORTUNE (PVT) LIMITED in Tanzania, based on demonstration of skills and aptitude basis and their willingness to work for LONG FORTUNE (PVT) LIMITED. Careful methodology is being worked out by a competent management consultant who will set the job descriptions. To ensure that the right calibre is recruited. Recruitment of expatriate personnel will be carried out in consultation with the relevant authorities in Government and the collaborating agencies.

3.3. Training and the use of consultants

The Company plans to initially carry out on the job training for most of the technical staff to be dispatched to the project site by the suppliers of the plant which will be specified under sales agreement. In general, the company will ensure that employees acquire new skills and procedures to increase their productivity fourfold. Educational materials will be subsidized or paid for to motivate the workers to develop themselves.

Whereas the company will endeavor to obtain the best talents to fill the permanent posts in the organization, it is intended where necessary, to continue with the policy of hiring out some specialized skills by way of consultants. Alternatively, those skills

not required throughout the year will be left to consultants. These include legal counsels, systems and management consultants. To ensure efficient and scientific management, operational manuals will be prepared for the core functions of the company.

3.4. Organization and Management

The project will be managed by qualified professionals given the vast experience that the promoters have acquired over years in running and managing similar businesses. The Board of Directors formulates policy and offer strategic business guidance to management and regularly monitor and evaluate performance of the company. All the production line will be under the administrator under which the day-to-day leader/management of production line will be vested in the management team headed by an Administrator. The Administrator is to be assisted by qualified and experienced personnel.

S/No.	DEPARTMENT	STRENGTH /NUMBERS	MONTHLY SALARY US$	ANNUAL BUDGET US$
A	**ADMINISTRATION AND FINANCE**			
	HR Coordinator	1	870	10,435
	HSE Manager	1	783	9,391
	Office Administrator	1	652	7,826
	company secretary	1	652	7,826
	Project manager	2	913	21,913
	House keepers	5	109	6,522
	SUB TOTAL	**11**	**3,978**	**63,913**
B	**MANAGEMENT**			
	Chief Financial Officer	1	652	7,826
	asst. Accountant	1	326	9,999
	SUB TOTAL	**2**	**978**	**17,825**
C	**MAINTAINANCE**			
	Boilermakers	3	348	12,522
	Electrician	2	391	9,391
	Senior Fitter	2	370	8,870
	Fitter	5	326	19,565
	Mechanics	2	783	18,783
	Maintain ace Planners	2	761	18,261

	Senior ICT	1	339	4,070
D	**SUB TOTAL**	**17**	**3,317**	**91,461**
	OPERATION			
	Mining Engineer	1	663	7,956
	Chemical engineer	1	663	7,956
	Hydrologist	8	564	54,144
	chemical technician	5	388	23,280
	Driller supervisors	2	387	9,287
	Drillers	10	239	28,696
	Drivers	32	696	267,130
	Production Engineers	2	609	14,609
	Short Helpers	5	196	11,739
	Sr. Short firer	1	152	1,826
	open casting loader operator	3	304	10,944
	Underground wheel loader operator	2	1,174	28,174
	Utility worker	5	522	31,304
	SUB TOTAL	**77**	**6,556**	**497,045**
E	STORE AND LOGISTIC			
	Logistic Liaison	1	522	6,261
	Purchasing Coordinator	1	478	5,739
	Store supervisor	2	348	8,348
	Store person	4	283	13,565
	SUB TOTAL	**8**	**1,630**	**33,913**
	GRAND TOTAL	115	16,460	704,157

4.0. PROJECT FINANCING AND CAPITAL INVESTMENT SUMMARY

4.1. Project Cost & Financing Pattern

The proposed integrated project is estimated to cost a total of US$ 50,915,632.82 this including, own equity of US$ 38,186,724.62 as proceeds from capital contribution of the project, total loan debt of12,728,908.21 US$ with 8% interest rate. The Current asset of US$ 6,207,831 during the first year of operation and it increase as the project will be in full operation (see income statement), fixed assets 31,248,242 US$ and liquidity of 11,187,701US$. The project will be implemented within 10 years.

4.2. Project Capital Investment Summary

INVESTMENT SUMMARY -				
S/NO.	**CAPITAL ITEM**	**No. OF UNITS**	**UNIT OF MEASURE**	**ESTIMATED COST US$**
NB	**ALL FIGURES IN USD**			
	A. LAND AND BUILDINGS			
1	Land acquisition		PML	9,000,000
2	Compensation			100,000
	steel structure building			
3	Buildings (administration block)			
4	Store for chemical, spare parts, etc			
5	Laboratories			5,442,000
6	Other facilities			
7	Parking Yard			
	SUB TOTAL			**14,542,000**
	B. MACHINERY EQUIPMENT			
6	Crusher system		Set	456,205
7	Grinding and classifying system		Set	503,000
8	Leaching system		Set	880,600
9	Desorption and electrowinning system		set	689,100
10	Pressure filtration system for cylinder		set	300,102

	talling			
11	Hoisting equipment		set	1,531,400
12	Power supply equipment's		set	2,780,020
13	pumping system		set	180,450
14	Mining equipment's		set	175,240
15	Laboratory equipment		set	44,019
16	spare parts		set	2,608,980
	SUB TOTAL			**10,149,116**
	C. MOTOR VEHICLES			
24	Administrative Vehicles	7	unit	453,172
	Excavator - Caterpillar 320DL	4	unit	264,000
	Loaders	4	unit	260,928
25	Folk Lift	4	unit	40,000
26	Heavy trucks 20MT	20	Unit	1,400,520
	Mobile drilling Machines	Set	50+	229,340
	SUB TOTAL			**2,647,960**
	D. FURNITURE			
27	Office Furniture	set in lump sum		15,217
28	Other cost			7,893,948
	SUB TOTAL			**7,909,165**
	TOTAL FIXED ASSET			**35,248,242**
	E. CURRENT ASSETS			
29	Pre operational expenses			15,217
30	Initial working capital			15,652,174
	SUB TOTAL			**15,667,391**
	TOTAL INVESTMENT			**50,915,633**

LOAN AND EQUITY

	EQUITY + LOAN	
1	**LOAN (25%)**	**12,728,908.21**
2	**EQUITY (75%)**	**38,186,724.62**
	TOTAL FINANCING	**50,915,632.82**

5.0. RISK ANALYSIS

5.1. Risk Analysis

Risk is the probability that an event or action will adversely affect the organization. Risk assessment is the identification and analysis of risks associated with the achievement of operations, financial reporting and compliance goals and objectives. Risk management is a central part of the LONG FORTUNE (PVT) LIMITED. The industry's management will determine the level of operations, financial and compliance risk they are willing to assume. Risk assessment is one of the Company's management responsibilities.

5.2. Macroeconomic risk analysis

Since early 1986, the government of Tanzania has launched a comprehensive economic policy and stabilization plan with the aim to enhance the amount of infrastructure construction and improve the lives of the poor. During this time the main economic indicators significantly improved. However, uneven development of various region in the country, lack of relevant infrastructure in transportation, telecommunications, networking, health facilities, electricity and water supplies have proven to be investment barriers. Overall, Tanzania has a weak economic foundation but the project can achieve a greater impact in attaining social and economic goals for the country.

5.3. Finance risk analysis

a) Supply Risk: The risk in Primary production relates to supply of raw material, (makinkia in ***Swahili***) transportation and price fluctuations. There is no assurance of enough supply of raw materials in the local market instead mostly of raw materials are imported.

b) Processing Risks: The technology, machines and equipment used in gold processing are in rudimentary stages all of which contribute to reducing production efficiency. Also, quality/safety and standards consideration in the

production environment is limited. In gold processing facilities operation know-how is very low as there are notarized labourers.

c) Sales/market risk: Placing value added products on the consumer markets bears risk of demand fluctuations and rejections through retailers. Furthermore, distributors are not aware of the selling price mostly are controlled by world market.

5.4. Other potential external risk

a) Lack of Governance: the governance mechanism in the value chain is underdeveloped, actors operate in an uncoordinated and unorganized fashion, and if rules exist, they are often ignored;

b) Lack of market coordination: No lead organization has a coordinating role in relation to markets, technology and information such that producers and processors have no incentives for improving neither their product nor the chain process to promote sustainable income earning opportunities;

c) Unclear and conflicting roles regulatory authorities: Regulatory Agencies are responsible for quality control as well as enforcing TBS, NEMC etc, are regulatory role in issuing licensing etc

d) Industry associations: Associations are weak at all levels of the chain;

e) Operating procedures: Standard procedures are inadequately enforced, or not enforced at all, because of relaxed production and trade regulations; and

f) Integration: there is little vertical integration of importers, mid chain actors and processors.

5.4. Mitigating potential risk

The development of a large and complex project such as LONG FORTUNE (PVT) LIMITED is necessarily accompanied by multiple risks during all the phases of the project development, construction, operation and maintenance. The right

approach to manage the project in a manner which is fairly and adequately address the multiple risks in a comprehensive as well as systematic manner is to use the risk analysis and management methodology which identifies the risk issues and their instrumental cause. In this regard, the risk is eliminated or effectively managed by the party best suited with capacity to handle or deal with the risk factors.

6.0. ECONOMIC AND SOCIAL ASPECTS

The project is also likely to have a positive impact on the economy of Lake Zone regions and Tanzania as a whole by creating employment, and contributing to Government revenues through various taxes, which will be paid. It also has potential for substantial exporting to foreign markets specially to neighboring countries in the Great Lakes Region. In summary the following table will show impact investment index framework

6.1. Impact Investment Index Framework

Impact Investment Index		
Frame Work for LONG FORTUNE (PVT) LIMITED		
Performance Area	**Quantitative Indicator**	**Remarks**
Investment Capital	Total investment capital, CAPEX and OPEX US$ 50.916 Million US$	Substantial amount of capital invested into the domestic economy.
Export Earnings	Indicative Annual sales of earnings of 38,040,600US$ out of annual average collection	Increased foreign earnings.
Job requirements	Job creation after plant in operation 20201-2022. DIRECT TANZANIAN JOBS 115 local employed and indirect employees over 200+, these includes suppliers of raw materials, transportations, telecommunications etc	• Reasonable number of direct jobs created to local Tanzanians with direct impact on poverty reduction through enhanced income generation; and • Improving skills development for Industrial production
Technology applied	High Tech Environmentally friendly machinery	• Enhancing technological transfer; and • Applied technology which is free

from environmental pollution,

Other Implied Project Benefits

- Increased sales to the Utility Companies providing services of electricity, water and sewerage, telecommunications;
- Increased business transacted by local banks and institutions providing financial services;
- Business opportunities for local entrepreneurs in market distribution channels,
- Business opportunities to contractors and sub-contractors during the minor construction phase;
- Increased regional intra-trade and international trade due to better infrastructure facility and links to markets;
- Increase of technology transfer & expertise to local employed staff,
- Capital spends in local economy over 50.816 million US$ and
- Contribution to GDP growth through increased economic activities

Based on the Impact Investment Index analysis, the company can develop projections that the project can deliver both value for money in the context of broad socioeconomic impact and return on investment while complying with governance requirements. In this regard therefore, LONG FORTUNE (PVT) LIMITED will promote the industrialization process in the country, create employment, attract new technologies, expand foreign exchange earnings and ultimately contribute substantially to the country's economic growth.

7.0. FINANCIAL MODELLING AND ANALYSIS

The Financial Modelling and analysis, is the main source of information for assessing the potential financial viability of the LONG FORTUNE (PVT) LIMITED. The analysis is based on the assumptions that have been taken for the implementation of the site development, demand and the associated potential investment requirements for a 10 years' time period. The purpose of establishing this project is to speed up the country´s economic development by being a catalyst for restructuring the existing local industrial set up and attracting new, both foreign and domestic entrepreneurs to a liberalized legal business framework.

7.1. Project investment inputs and revenue projects

A. REVENUE GAIN FROM SELLING GOLD	
AVERAGE PRODUCTION PER MONTH	**60KG**
ANNUAL PRODUCTION OF GOLD	**720KG**
PRICE PER KG OF GOLD in USD	**52,000.00**
ANNUAL SALES	**37,440,000.00**
A. REVENUE FROM HIRING EQUIPMENTS	
EXCUVATOR - CATAPILLAR 320DL @ 3	**78,260.87**
BACK HOLE LOADERS @ 2	**43,478.26**
LOADERS @ 1	**19,565.22**
DUMPER TRUCKS @ 3	**195,652.17**
BULLDOZER @ 2	**43,478.26**
MOTOR GRADERS @ 1	**19,565.22**
TRAILLERS @1	**56,521.74**
MISCELLANEOUS TOOLS AND EQUIPMENT	**78,260.87**
STANDBY GENERATOR	**65,217.39**
REVENUE FROM HIRING MACHINES	**600,000.00**
GRAND TOTAL	**38,040,000.00**

7.2. Production, Revenue and project viability

- The estimated revenue gain from sales and hiring equipment's services annually is 38,040,600US$ in the first year of production and increases to 39,942,000US$ in the second years.
- Net profit before tax is 11,187,701 US$ and increases to second years to 12,284,132US$, The project shows the positive progress whereas the profit is increasing, (see Income statement)
- Net profit after tax for the first years in production is 3,062,633US$ and second year is increasing to 3,362,781US$ for remaining year increasing positively, (see Income statement). (See income statement sheet)
- Gross sales contribution in the first year of service is quietly promising (see Income statement)
- The expected sales increase at a rate of 5%, this is due to the company will utilize all necessary machine and equipment during the operation of the project after imposed with additional loan facilities of 12,728,908.21US$ at discounted rate of 8%
- Total investment cost of the project is 50,915,632.82US$ whereas the own equity is 75% and loan-able amount 12,728,908.21US$ (see investment summary)
- The end balance of project in cash flow statement is positive and increases tremendous. (See cash flow statement)
- The yearly loan payment schedule of project is 1,747,955.29US$ for 10-years loan recovery schedule, the total interest for 10 years to bank is 5,750,623.72US$ (see loan payment schedule)
- Testing the project viability is positive whereas IRR is positive 15.51% which is above bank loan interest of 8%, and payback period of project is within 6 years.
- Return on investment is posit positive and increases tremendously (see balance sheet)
- Breakeven point is positive from the first year of operation.

7.3. Objective and Scope of Financial Model

7.3.1. Objective

The main objective of the financial modelling and analysis is to setup a financial model framework for potential generated revenues and operational & maintenance costs for the full operation of LONG FORTUNE (PVT) LIMITED based on the assumptions taken for the Market Analysis, the plan for the facility development, unit production costs and other overhead and operational charges.

7.3.2. Scope

The scope consists of a financial model that will be used to analyse the potential financial viability of the project based on the assumptions taken for the concept and scope of the project on the Market Analysis. The financial model has been developed in excel spread sheet and include information on costs, expenses and the subsequent sales revenue based on the average market prices and linked to the financial cash flow.

7.3.3. Project financial plan.

The project financial plan primarily consists of income statement, cash flow projection and balance sheet. From these 3 financial statements the project will derive Break even points, internal rate of returns, loan payment schedules, payback period and other financial ratios. These reports constitute reasonable estimate of company financial future. More importantly, the process of thinking through the financial plan improves insight into inner financial working of company.

ANNEX I – INCOME STATMENT

INCOME STATEMENT PROJECTIONS											
(ALL NUMBERS IN US$											
REVENUE											
	YEAR 0	**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**	**YEAR 6**	**YEAR 7**	**YEAR 8**	**YEAR 9**	**YEAR 10**	**TOTAL**
ANNUAL SALES OF GOLD	-	**37,440,000**	39,312,000	41,277,600	43,341,480	45,508,554	47,783,982	50,173,181	52,681,840	55,315,932	58,081,728	**470,916,297**
REVENUE FROM HIRING MACHINES		600,000	630,000	661,500	694,575	729,304	765,769	804,057	844,260	886,473	930,797	**7,546,736**
									-			
TOTAL OPERATING REVENUE	-	**38,040,000**	**39,942,000**	**41,939,100**	**44,036,055**	**46,237,858**	**48,549,751**	**50,977,238**	**53,526,100**	**56,202,405**	**59,012,525**	**478,463,032**
EXPECTED EXPENSES	-											
	YEAR 0	**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**	**YEAR 6**	**YEAR 7**	**YEAR 8**	**YEAR 9**	**YEAR 10**	**TOTAL**
SALARIES		704,157	725,282	747,040	769,452	769,452	792,535	792,535	816,311	816,311	840,801	7,773,876
SOCIAL CHARGES & PENSION PAYMENTS		140,831	145,056	149,408	153,890	153,890	158,507	158,507	163,262	163,262	168,160	1,554,775
CONSUMABLE GOODS - RAW MATERIALS		5,112,000	5,265,360	5,423,321	5,586,020	5,586,020	5,753,601	5,753,601	5,926,209	5,926,209	6,103,995	56,436,337
OVERHEAD COST		3,795,867	3,909,743	4,027,035	4,147,846	4,272,281	4,400,450	4,532,463	4,668,437	4,808,490	4,952,745	43,515,358
ADMNISTRATIVE EXPEMCES		1,440,000	1,483,200	1,527,696	1,573,527	1,573,527	1,620,733	1,620,733	1,669,355	1,669,355	1,719,435	15,897,560
FUEL AND LUBRICANTS FOR MACHINERIES AND GENRATORS		2,608,696	2,686,957	2,821,304	2,962,370	2,962,370	3,110,488	3,110,488	3,266,012	3,266,012	3,429,313	30,224,010
SECURITY SERVICES		1,036,800	1,067,904	1,099,941	1,132,939	1,132,939	1,166,928	1,166,928	1,201,935	1,201,935	1,237,993	11,446,243
WORK WEAR AND OTHER RELATED FACILITIES		1,440,000	1,483,200	1,527,696	1,573,527	1,573,527	1,620,733	1,620,733	1,669,355	1,669,355	1,719,435	15,897,560
INSUARANCE/LICENSING/HEALTHY PREMIUM/OTHER CHARGES		1,080,000	1,112,400	1,145,772	1,180,145	1,180,145	1,215,550	1,215,550	1,252,016	1,252,016	1,289,576	11,923,170
UTILITIES - ELECTRICITY AND WATER SERVICES		3,600,000	3,708,000	3,819,240	3,933,817	3,933,817	4,051,832	4,051,832	4,173,387	4,173,387	4,298,588	39,743,899
OTHER COSTS		5,893,948	6,070,766	6,252,889	6,440,476	6,440,476	6,633,690	6,633,690	6,832,701	6,832,701	7,037,682	65,069,021

TOTAL OPERATING COSTS	**26,852,299**	**27,657,868**	**28,541,343**	**29,454,010**	**29,578,445**	**30,525,046**	**30,657,059**	**31,638,981**	**31,779,034**	**32,797,725**	**299,481,810**
OPERATIONAL NET EARNINGS BEFORE DEPRECIATION, INTEREST & TAX	**11,187,701**	**12,284,132**	**13,397,757**	**14,582,045**	**16,659,413**	**18,024,705**	**20,320,179**	**21,887,119**	**24,423,371**	**26,214,800**	**178,981,222**
%AGE GROSS CONTRIBUTION	*29*	*31*	*32*	*33*	*36*	*37*	*40*	*41*	*43*	*44*	*1*
DEPRECIATION AT12.5% (MACHINES, EQUIPT.)	**978,924**	**1,074,862**	**1,172,304**	**1,275,929**	**1,457,699**	**1,577,162**	**1,778,016**	**1,915,123**	**2,137,045**	**2,293,795**	**16,108,310**
NET EARNINGS BEFORE TAX & INTEREST	**10,208,777**	**11,209,270**	**12,225,453**	**13,306,116**	**15,201,714**	**16,447,543**	**18,542,163**	**19,971,996**	**22,286,326**	**23,921,005**	**162,872,912**
INTEREST PAID (BANK LOAN)	**938,313**	**873,541**	**803,588**	**728,039**	**646,446**	**558,326**	**463,155**	**360,372**	**249,365**	**129,478**	**5,750,624**
TAX (30%)	**3,062,633**	**3,362,781**	**3,667,636**	**3,991,835**	**4,560,514**	**4,934,263**	**5,562,649**	**5,991,599**	**6,685,898**	**7,176,302**	**48,996,110**
NET EARNINGS	**6,207,831**	**6,972,948**	**7,754,229**	**8,586,242**	**9,994,754**	**10,954,955**	**12,516,359**	**13,620,026**	**15,351,063**	**16,615,226**	**108,573,632**

ANNEX II CASH FLOW

Cash Flow statement from Investing Activities for ten years										
(all numbers in usd	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
CASH FLOW FROM OPERATING ACTIVITIES										
Cash receipts from Sales	38,040,000	39,942,000	41,939,100	44,036,055	46,237,858	48,549,751	50,977,238	53,526,100	56,202,405	59,012,525
Cash paid to suppliers and employees	(26,852,299)	(27,657,868)	(28,541,343)	(29,454,010)	(29,578,445)	(30,525,046)	(30,657,059)	(31,638,981)	(31,779,034)	(32,797,725)
Cash generated from operations	11,187,701	12,284,132	13,397,757	14,582,045	16,659,413	18,024,705	20,320,179	21,887,119	24,423,371	26,214,800
Dividends received*	0	0	0	0	0	0	0	0	0	0
Interest received	0	0	0	0	0	0	0	0	0	0
Interest paid	(938,313)	(873,541)	(803,588)	(728,039)	(646,446)	(558,326)	(558,326)	(463,155)	(360,372)	(360,372)
Tax paid	(3,062,633)	(3,362,781)	(3,667,636)	(3,991,835)	(4,560,514)	(4,934,263)	(5,562,649)	(5,991,599)	(6,685,898)	(7,176,302)
Net cash flow from operating activities	**7,186,755**	**8,047,809**	**8,926,532**	**9,862,171**	**11,452,452**	**12,532,116**	**14,199,204**	**15,432,365**	**17,377,102**	**18,678,127**
CASH FLOW FROM INVESTING ACTIVITIES										
Replacement of equipment	0	0	*0*	0	*0*	*0*	*0*	*0*	*0*	*0*
Proceeds** from sale of equipment	0	0	*0*	0	0	0	0	0	0	0
Net cash flow from investing activities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
CASH FLOW FROM FINANCING ACTIVITIES										
Proceeds from capital contributed	35,186,725	0	0	0	0					0
Proceeds from loan	11,728,908	0	0	0	0					0
Payment of loan	(809,641)	(874,412)	(944,365)	(1,019,914)	(1,101,507)	(1,189,628)	(1,284,798)	(1,387,582)	(1,498,588)	(1,618,475)
Net cash flow from financing activities	**46,105,992**	**(874,412)**	**(944,365)**	**(1,019,914)**	**(1,101,507)**	**(1,189,628)**	**(1,284,798)**	**(1,387,582)**	**(1,498,588)**	**(1,618,475)**
NET INCREASE/ DECREASE IN CASH	**53,292,747**	**7,173,398**	**7,982,168**	**8,842,257**	**10,350,945**	**11,342,489**	**12,914,407**	**14,044,783**	**15,878,514**	**17,059,652**
Cash at the beginning of the period	6,207,831	6,972,948	7,754,229	8,586,242	9,994,754	10,954,955	12,516,359	13,620,026	15,351,063	16,615,226
Cash at the end of the period	**59,500,579**	**14,146,345**	**15,736,396**	**17,428,499**	**20,345,699**	**22,297,443**	**25,430,765**	**27,664,809**	**31,229,577**	**33,674,877**

ANNEX III BALANCE SHEET

PRO FORMA BALANCE SHEET										
(ALL NUMBERS INUS$	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
ASSET										
CURRENT ASSET	6,207,831	6,972,948	7,754,229	8,586,242	9,994,754	10,954,955	12,516,359	13,620,026	15,351,063	16,615,226
FIXED ASSET	31,248,242	30,269,318	29,194,456	28,022,152	26,746,223	25,288,525	23,711,363	21,933,348	20,018,225	17,881,180
LIQUIDITY	11,187,701	12,284,132	13,397,757	14,582,045	16,659,413	18,024,705	20,320,179	21,887,119	24,423,371	26,214,800
TOTAL ASSET	48,643,774	49,526,397	50,346,442	51,190,440	53,400,390	54,268,184	56,547,901	57,440,493	59,792,659	60,711,205
NET ASSET MINUS DEPRECIATION	**47,664,850**	**48,451,536**	**49,174,138**	**49,914,511**	**51,942,691**	**52,691,023**	**54,769,885**	**55,525,370**	**57,655,614**	**58,417,410**
EQUITY & LIABILITIES										
EQUITY	46,915,633	44,569,851	42,341,359	40,224,291	38,213,076	36,302,422	34,487,301	32,762,936	31,124,789	29,568,550
RESERVES	0	0	*0*	0	0	0	0	0	0	0
TOTAL OWN EQUITY	**46,915,633**	**44,569,851**	**42,341,359**	**40,224,291**	**38,213,076**	**36,302,422**	**34,487,301**	**32,762,936**	**31,124,789**	**29,568,550**
PROVISIONS	(5,040,293)	(2,303,911)	244,886	2,674,503	5,963,449	8,129,223	11,193,966	13,107,759	15,959,929	17,630,811
LONG TERM LOAN	1,747,953	1,747,953	1,747,953	1,747,953	1,747,953	1,747,953	1,747,953	1,747,953	1,747,953	1,747,953
SHORT TERM LIABILITIES	4,041,557	4,437,643	4,839,940	5,267,764	6,018,213	6,511,425	7,340,665	7,906,722	8,822,943	9,470,097
TOTAL EQUITY & LIABILITIES	**47,664,850**	**48,451,536**	**49,174,138**	**49,914,511**	**51,942,691**	**52,691,023**	**54,769,885**	**55,525,370**	**57,655,614**	**58,417,410**
NET FA/CL	17.88	17.32	16.70	16.03	15.30	14.47	13.57	12.55	11.45	10.23
CL/CA	0.65	0.64	0.62	0.61	0.60	0.59	0.59	0.58	0.57	0.57
DEBIT/CAPITAL RATIOS	0.02	0.08	0.14	0.19	0.26	0.31	0.37	0.41	0.46	0.49
ROI	13.2	15.6	18.3	21.3	26.2	30.2	36.3	41.6	49.3	56.2
BREAK EVEN POINT	2.79	2.46	2.18	1.92	1.61	1.40	1.17	1.00	0.82	0.68
BREAK EVEN RATIO	2.92	2.76	2.62	2.50	2.24	2.15	1.96	1.89	1.73	1.68
EQUITY/TOTAL LIABILITIES	98	92	86	81	74	69	63	59	54	51

ANNEX IV LOAN PAYMENT SCHEDULE

Loan Information and Payment Schedule					
Loan Data	**All number in US$**		**Loan Summary**		
Original Principal	12,728,908.21		Scheduled Payments		1,747,953.19
Loan Term (Years)	10.00		Scheduled number of payment		10.00
Annual Interest Rate	8%		Actual number of payments		10.00
Payments per Year	1.00		Total Early Payment		-
Payment	1,747,953.19		Total Interest		5,750,623.72
Year	**Payment**	**Interest**	**Cumulative Interest**	**Principal**	**Balance**
-					11,728,908.21
1.00	1,747,953.19	938,312.66	938,312.66	809,640.54	10,919,267.67
2.00	1,747,953.19	873,541.41	1,811,854.07	874,411.78	10,044,855.89
3.00	1,747,953.19	803,588.47	2,615,442.54	944,364.72	9,100,491.17
4.00	1,747,953.19	728,039.29	3,343,481.83	1,019,913.90	8,080,577.27
5.00	1,747,953.19	646,446.18	3,989,928.02	1,101,507.01	6,979,070.26
6.00	1,747,953.19	558,325.62	4,548,253.64	1,189,627.57	5,789,442.69
7.00	1,747,953.19	463,155.41	5,011,409.05	1,284,797.78	4,504,644.91
8.00	1,747,953.19	360,371.59	5,371,780.64	1,387,581.60	3,117,063.31
9.00	1,747,953.19	249,365.06	5,621,145.71	1,498,588.13	1,618,475.18
10.00	1,747,953.19	129,478.01	5,750,623.72	1,618,475.18	0.00
		5,750,623.72			

ANNEX V INTERNAL RATE OF RETURN

	(all numbers in US$	
	Initial Investment	-50,915,633
Year 1	Additional Annual Net Profit	6,207,831
Year 2	Additional Annual Net Profit	6,972,948
Year 3	Additional Annual Net Profit	7,754,229
Year 4	Additional Annual Net Profit	8,586,242
Year 5	Additional Annual Net Profit	9,994,754
Year 6	Additional Annual Net Profit	10,954,955
Year 7	Additional Annual Net Profit	12,516,359
Year 8	Additional Annual Net Profit	13,620,026
Year 9	Additional Annual Net Profit	15,351,063
Year 10	Additional Annual Net Profit	16,615,226
	IRR (in 10 years)	**15.51%**

The IRR above indicates that the expected return on the USD46,915,633 initial investment after 10 years is 15.51%.

ANNEX VI PAY BACK PERIOD

Payback Period Analysis				
	Year	Beginning Balance	Net Cash Flows	Ending Balance
Cost of investment	0.00	50,915,632.82	0.00	50,915,632.82
	1.00	50,915,632.82	9,107,831.30	40,707,801.52
	2.00	40,707,801.52	6,972,947.86	33,734,853.66
	3.00	33,734,853.66	7,754,228.66	25,980,624.99
	4.00	25,980,624.99	8,586,242.19	17,394,382.80
	5.00	17,394,382.80	9,994,753.71	7,399,629.09
	6.00	7,399,629.09	10,954,954.63	3,555,325.55
	7.00	3,555,325.55	12,516,358.88	16,071,684.43
	8.00	16,071,684.43	13,620,025.86	29,691,710.29
	9.00	29,691,710.29	15,351,063.28	45,042,773.57
	10.00	45,042,773.57	16,615,225.60	61,657,999.17
Payback Period =		**6.00**	**Years**	

8.0. CONCLUDING REMARKS AND WAY FORWARD

8.1. Evidence of project viability based on financial model and policy framework support

On the basis of all the analysis done on this Business Plan on all aspects of assessment on both SWOC Analysis, market analysis, risk analysis and the financial analysis, the proposed investment options in the project as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, LONG FORTUNE (PVT) LIMITED through professional consultative manner, will continue to find ways of implementing cost effective options given time and financial resources that will be made available. Financial analysis results show that when the construction of plant facility is financed using a combination of equity debt ratio (25:75), it gives an IRR of about 15.51%. The computed IRR is well above Dollar market of the annual loan interest rate of (8.00%) which is technically interpreted that the project is financially viable. The payback period for the project is estimated at 6 years, which is within the range for this type of investment. Sensitivity analysis results also favor the project. Financial analysis for the project has shown feasible returns. Based on the investment scope and the assumptions taken in this Business Plan, the project will not face any difficulties during establishment, according to the projected cash flow be in a position to accomplish repayment of the loan and start generating profit.

8.2. Policy Framework Support

The development of the LONG FORTUNE (PVT) LIMITED is designed to tape advantages of the current Tanzanian market-oriented reforms. The Project will be developed and established to accelerate the industrialization process. The vision 2025 emphasizes the importance of the allocation of public funds for strategic investments and private sector financing for development investments.

The 15 years Perspective Plan (2020-2015); Periodize private investment in the context of Public Private Partnership. The First Five Years Development Plan (2021-2025) recognizes the fundamental role of the private sector in enabling the government to allocate its fund to strategic projects to facilitate a higher level of development. MKUKUTA III (2020-2025) identifies Public Private Partnership as a means of increasing the level of stakeholder participation and of easing the financial burden on the government. It should be noted that existing public resources are clearly insufficient to meet Tanzanian's huge development needs. The increased use of private enterprises participation in development projects can help alleviate the financing gap. This approach is now applied by LONG FORTUNE (PVT) LIMITED to ensure development of one among the ultra-modern plant in Shinyanga Region. Private sector and investment have been recognized as the most significant potential source of additional funding required to facilitate development projects.

8.3. Conclusive Remarks and Way Forward

The development of this project will be funded by private finances. The company acting through its various shareholders and structures will provide the initial risk capital amounting to 50,915,632,83US$ and the amount of US$ 12,728,908.21 will be raised through borrowing from investment banks ether within or outside the country. The company will fund the development of the project minor rehabilitations of factory building, business offices, bulk storage facilities and purchasing machines as stated on this business plan. Before the Company engages into the development of this project as a private enterprise, it needs to accomplish the pre development activities to make way for the development of the designated project. The company has to accomplish the following;

a) Apply for TIC certificate

The company by using this Business Plan and other required supporting documents should apply for the TIC Certificate at Tanzania investment centre or Mwanza zonal

Office. With this certificate, the company will be able to access tax reliefs which to a large extent will help to in reducing project costs, particularly in the purchasing of machineries and minor building of area of proposed industrial area.

b) Conduct Environmental Impact Assessment.

The company has to engage a consultant to conduct EIA in order to ensure that environmental and possibly other sustainability aspects are considered effectively in policy, plan and project development. The EIA Directive aims at introducing systematic assessment of the environmental effects of strategic land use related plans and programs. It typically applies to regional and local, development, waste and transport plans, within the country. EIA ensures that plans and programs take into consideration the environmental effects they cause.

c) Minor rehabilitation to suit project Industrial requirement

The company should engage a firm to make minor rehabilitation of existing structure that will suit project manufacturing requirements. The structure should include all vital service facilities described in this business plan. When possible, the process of design of the facility should be consultative insomuch that it should allow and incorporate ideas from experienced professionals from the industry.

d) Mobilizing Funds

As previously discussed on the Financial Analysis, financing mechanism for plant should be scrutinized well before commencing the project implementation. There may be several options of financing the project development but the company will find the best option. The investment team should do consultation with relevant financial institutions (Banks and non-bank Financial Institutions), both within and outside the country. This exercise should be more effective if the team works closely with central government agencies, particularly TIC and the Ministry of Investment and facilitation.