

Business Plan

PREPARED BY: TENDAJI MINING COMPANY LIMITED

Content

| | |
|--|----|
| 1. Project Objective..... | 1 |
| 2. Brief Profile of Investors..... | 1 |
| 3. Details of Investment Costs..... | 2 |
| 4. Source of Funds | 5 |
| 5. Source of Technology | 5 |
| 6. Project Financial Analysis | 5 |
| 7. Financial Projections | 6 |
| 8. Production Process | 6 |
| 9. Environmental Impact Assessment | 9 |
| 10. Expected Employment Generation..... | 9 |
| 11. Training Program..... | 10 |
| 12. Implementation Schedule | 11 |

1. Project Objective

The purpose of this business plan is mainly to develop a Heavy Mineral Sand mining and processing business and to engage in support activities for mining and processing, which will create hundreds of employment opportunities, improve various skills of local workers, expand the production of Heavy Mineral Sand and provide a financial boost to the local economy. **TENDAJI MINING COMPANY LIMITED** (“the Company”) is a Dar es Salaam based corporation that will prospect and exploit in the granted Prospecting License No: PL11588/2021 and Mining license Nos. ML698/2023, ML699/2023, and ML700/2023 with a total area of 69.48 km² for the exploration, mining and processing of Heavy Mineral Sand at Kigamboni, Mkuranga, Pwani District.

2. Brief Profile of Investors

The Company was founded in Dar es Salaam on 5th day of February, 2021, with a registered capital of Tanzania Shillings 2,000,000,000/= . The company is comprised of two Chinese entities. Details of subscribers are shown as follows in the filling:

| NAMES, ADDRESS AND DESCRIPTIONS OF SUBSCRIBERS | NUMBER OF SHARES TAKEN BY EACH SUBSCRIBERS |
|---|---|
| HAI NAN NORSON MINERAL EXPLOITATION CO., LTD HOUSE 303,BLOCK 2,PLOT 84, XIUYING AVENUE, HAIKEN STREET, LONGHUA DISTRICT,HAIKOU CITY, HAINAN PROVINCE, CHINA | 9,000 |

| | |
|--|--------------|
| KONO (HAI NAN) INTERNATIONAL SUPPLY CHAIN TECHNOLOGY CO., LTD HOUSE 302,BLOCK 2,PLOT 84, XIUYING AVENUE, HAIKEN STREET, LONGHUA DISTRICT,HAIKOU CITY, HAINAN PROVINCE, CHINA | 1,000 |
|--|--------------|

HAI NAN NORSON MINERAL EXPLOITATION CO., LTD was registered in HAI NAN province, China, with capital of 20,000,000 RMB. The company focuses on the prospecting, mining, processing, trading of mineral resources and technical consultation, technical transformation, technical services and so on, which is a resource-based enterprise. The company has cutting-edge equipment in prospecting and mining, highly efficient and professional with specialized teams of Chinese experts with project experience all around the world. The team has more than 20 years of heavy mineral sand mining experience.

KONO (HAI NAN) INTERNATIONAL SUPPLY CHAIN TECHNOLOGY CO., LTD, one of the company's founders, was registered in HAI NAN province, China, with capital of 5,000,000 RMB. The company focuses on customs supervision of goods warehousing services (exclusive of dangerous chemicals and goods); internet information services; port management; export supervised warehouse operation; import and export of technologies; import and export agency; import and export of goods; import and export of foods; import and export of state-operated trade management goods.

3. Details of Investment Costs

The project cost is divided into capital costs and operating costs. Capital mining and processing cost includes purchasing of equipment for construction of the open cast mine and processing; ore haulage system to central processing plant; and auxiliary equipment and tools; tailing dam and accommodation sites construction. Tables 3-1 to 3-5 show the costs of the project in different phases.

Table 3-1: Costs Associated with Project Construction

| CONSTRUCTION COSTS | |
|---|-------------------|
| ITEMS | COST IN US\$ |
| Mining & processing equipment | 18,461.54 |
| Processing unit including drying yard, storage yard, warehouse and laboratory | 452,307.69 |
| Support infrastructure for Mining & Processing | 3,076.92 |
| Electricity in construction | 3,076.92 |
| Office and Accommodation | 61,538.46 |
| TOTAL COSTURCTION COST | 538,461.54 |

Source: TENDAJI Mining Company Limited

Table 3-2: Mining, Processing and Support Equipment costs

| EQUIPMENT COSTS | |
|--|---------------------|
| Description | Costs in US\$ |
| Main Machineries in Mining and Processing | 1,730,461.54 |
| Concentration equipment | 645,384.62 |
| Mining floating | 547,692.31 |
| Equipment in drying yard, storage yard, warehouse and laboratory | 222,000.00 |
| Transport equipment | 315,384.62 |
| Support Equipment for processing and Concentration | 418,461.54 |
| Electric Equipment | 230,769.23 |
| 30T truck crane | 141,538.46 |
| Spare parts | 46,153.85 |
| TOTAL EQUIPMENT COSTS | 4,297,846.15 |

Source: TENDAJI Mining Company Limited

Table 3-3: Equipment Installation Costs

| Equipment Installation Costs | |
|--|---------------------|
| Description | Costs in US\$ |
| Installation of the Main Mining and processing equipment | 126,153.85 |
| Installation of Concentrators | 36,923.08 |
| Installation of Dredge machines | 46,153.85 |
| Installation of laboratory equipment | 43,076.92 |
| land acquisition and compensation | 749,923.08 |
| Installation of support equipment | 30,769.23 |
| Electricity during Installation | 30,769.23 |
| TOTAL INSTALLATION COSTS | 1,063,769.23 |

Source: TENDAJI Mining Company Limited

Table 3-4: Yearly Operating Costs

| OPERATING COST | | | | | |
|---|-------------------|---------------------|--------------|---------------------|----------------------|
| Description | usage kwh | tonnage | Price rmb | Total US\$ | Total RMB |
| Electricity | 0.30 | 3,600,000.00 | 0.45 | 74,769.23 | 486,000.00 |
| power process zircon | 150.00 | 3,750.00 | 0.45 | 38,942.31 | 253,125.00 |
| power process zirconite | 150.00 | 15,000.00 | 0.45 | 155,769.23 | 1,012,500.00 |
| water in cubic meter | 5.00 | 3,600,000.00 | 0.20 | 221,538.46 | 1,440,000.00 |
| Sub total | | | | 491,019.23 | 3,191,625.00 |
| others utilities | | | | 49,101.92 | 319,162.50 |
| Total Utilities | | | | 540,121.15 | 3,510,787.50 |
| Transportation | | | | | |
| Material from site to processing factory | | 77,500.00 | 10.00 | 119,230.8 | 775,000.0 |
| Transport from site to freight to China | | 18,750.00 | 260.00 | 750,000.0 | 4,875,000.0 |
| SUB TOTAL | | | | 869,230.8 | 5,650,000.0 |
| Salaries and Allowances | No of Employee | | Yearly pay | Total pay usd | Total in RMB |
| Experts | 38.00 | | 150,000.00 | 876,923.08 | 5,700,000.0 |
| Local employee | 168.00 | | 10,800.00 | 279,138.46 | 1,814,400.0 |
| SUB TOTAL | | | | 1,156,061.54 | 7,514,400.0 |
| Equipment maintenance | | 27,936,000.00 | 0.03 | 128,935.4 | 838,080.0 |
| other Manintance | | 2,234,880.00 | 0.40 | 137,531.1 | 893,952.0 |
| SUB TOTAL | | | | 266,466.5 | 1,732,032.0 |
| Admistatrive costs | | cubic meter | unit price | TOTAL IN USD | TOTAL RMB |
| Rehabilitation cost on mining | | 2,329,041.86 | 0.50 | 179,157.1 | 1,164,520.9 |
| Secutities and office Matters | sales | 10,500,000.00 | 0.05 | 525,000.00 | 3,412,500.00 |
| sales costs | sales | 10,500,000.00 | 0.01 | 105,000.0 | 682,500.0 |
| TOTAL OPERATING COST | | | | 3,641,036.99 | 23,666,740.43 |

Source: TENDAJI Mining Company Limited

| Table 3-5: Cost Summary | |
|--|---------------------|
| Description | Costs in US\$ |
| Total Construction Costs | 538,461.54 |
| Mining and Processing Equipment | 4,297,846.15 |
| Machineries and equipment installation | 1,063,769.23 |
| SUB TOTAL CAPITAL COST | 5,900,076.92 |
| Operation Expenditure | 2,774,258.00 |

Source: TENDAJI Mining Company Limited

4. Source of Funds

HAI NAN NORSON MINERAL EXPLOITATION CO., LTD, one shareholder of TENDAJI MINING COMPANY LIMITED, aims to use the credit from ongoing business operations to get a loan from china to fund this project in Tanzania.

5. Source of Technology

For the technical experts, most likely it will be local personal only but in case of dire need we may be open to appoint expatriates from HAI NAN NORSON MINERAL EXPLOITATION CO., LTD, but for a minimum period only.

For the technical equipment, we anticipate buying the equipment either locally or abroad depending on the availability of our requirements, but in any case priority will be given to local goods.

6. Project Financial Analysis

The financial analysis of the project shall be considered on factors which are involved prospecting results and mining operations. These factors include the choice of mining and processing methods, mine site selection which all will involve costs until the minerals of interest are taken to the market.

At the first stage, the company is going to carry on prospect operations, feasibility study of mining, Environmental impact Assessment. At this stage, HAI NAN NORSON MINERAL EXPLOITATION CO., LTD plans to provide more than \$300,000 of private funds for the development of the Company's mineral mining operations.

At the second stage, the company plans to get a loan from China to start to mine after significant heavy mineral sand deposit is sought. As the project becomes profitable it will make substantial reinvestments into the Company's sand mining

infrastructure. Additionally, the Company may seek to acquire additional mineral rights on proven grounds for sand mining.

7. Financial Projections

The company expects a strong rate of growth after the start of mining. Below are the expected financials over the next nine years.

Table 7-1: Project Cash Flow for Life of Mine

| YEAR | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|-------|---------|----------|----------|----------|----------|----------|----------|---------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| Ilmenite Production (t) | 0 | 7500 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 7,500 |
| Zircon production (t) | 0 | 1,875 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 1,875 |
| Yearly sales Ilmenite US\$ '000 | 0 | 1,800 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 1,800 |
| Yearly sales Zircon US\$ '000 | 0 | 2,813 | 5,625 | 5,625 | 5,625 | 5,625 | 5,625 | 5,625 | 2,813 |
| Total Yearly Sales (US\$) (000) | 0 | 4,613 | 9,225 | 9,225 | 9,225 | 9,225 | 9,225 | 9,225 | 4,613 |
| Less: | | | | | | | | | |
| Royalty (6%) and service 1%US\$ (000) | 0 | 322.875 | 645.75 | 645.75 | 645.75 | 645.75 | 645.75 | 645.75 | 322.875 |
| Operating Costs (US\$) (000) | 0 | 1,821 | 3,641 | 3,641 | 3,641 | 3,641 | 3,641 | 3,641 | 1,821 |
| Less: | | | | | | | | | |
| Principal Amount US\$ (000) | 5,900 | 590.0 | 295.0 | 295.0 | 295.0 | 295.0 | 295.0 | - | - |
| Gross income (000) | 0 | 1,879 | 4,643 | 4,643 | 4,643 | 4,643 | 4,643 | 4,938 | 2,469 |
| Loan and interest Deduction US\$ (000): | 0 | 811 | 811 | 811 | 811 | 811 | 811 | 811 | 811 |
| Taxable Income US\$ (000) | 0 | 1,068 | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 | 4,127 | 1,658 |
| Taxes (30%)US\$ '000' | 0 | 320 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,238 | 497 |
| After-Tax-Income US\$ '000 | 0 | 748 | 2,682 | 2,682 | 2,682 | 2,682 | 2,682 | 2,889 | 1,161 |
| Less Depreciation US\$ (000) 5% | 0 | 37.4 | 134.1 | 134.1 | 134.1 | 134.1 | 134.1 | 144.4 | 58.0 |
| Profit (000) | 0 | 710 | 2,548 | 2,548 | 2,548 | 2,548 | 2,548 | 2,744 | 1,103 |
| Less 16% Government shares | 0 | 113.6 | 407.7 | 407.7 | 407.7 | 407.7 | 407.7 | 439.1 | 176.4 |
| Total Profit | 0 | 596.54 | 2,140.58 | 2,140.58 | 2,140.58 | 2,140.58 | 2,140.58 | 2,305.37 | 926.12 |

Source: TENDAJI Mining Company Limited

8. Production Process

The design for the project Beach sand mining will apply dredging method to carry out mining operations in the area. The method uses a floating ship with flash shooting gun of water jet to the mine face which cause loosening up of the sand materials which are suctioned through the pipes to the concentration plant.

The beach sand materials sent to the concentration plant are processed by gravity separator to remove the oversize materials whereas the remaining materials pass through the cyclone plant for achieving the heavy mineral sand materials concentrates (See Fig. 8-1 and 8-2).

At this stage, the heavier materials with the density $> 2.7\text{g/cc}$ of silica sand will be separated from the silica sand and go for electrostatic and magnetic separation. The electrostatic separation will separate the conductors and non-conductors whereas the titanium bearing minerals namely Ilmenite will be separated as conductors and the zircon will be separated as non-conductors.

While the Zircon will reach the final stage and go to the market, the Ilmenite and Rutile will be separated magnetically as the rutile is nonmagnetic and hence will be separated from Ilmenite as final stage for going to the market (see figure 8-1).

The main advantages in dredge mining are considered to be low unit operating costs and high throughput. Dredging is also preferred when the water table is relatively close to the surface as the dredge can operate in its own 'pond' and effectively mine below the water table.

Disadvantages of dredge mining are its inflexibility to selectively mine high-grade areas of the ore body; inability to cope with indurate ore; and lower tolerance for high slimes content.



Figure 8-1: Beach Sand minerals concentration plant

Source: JXSC Mine Machinery

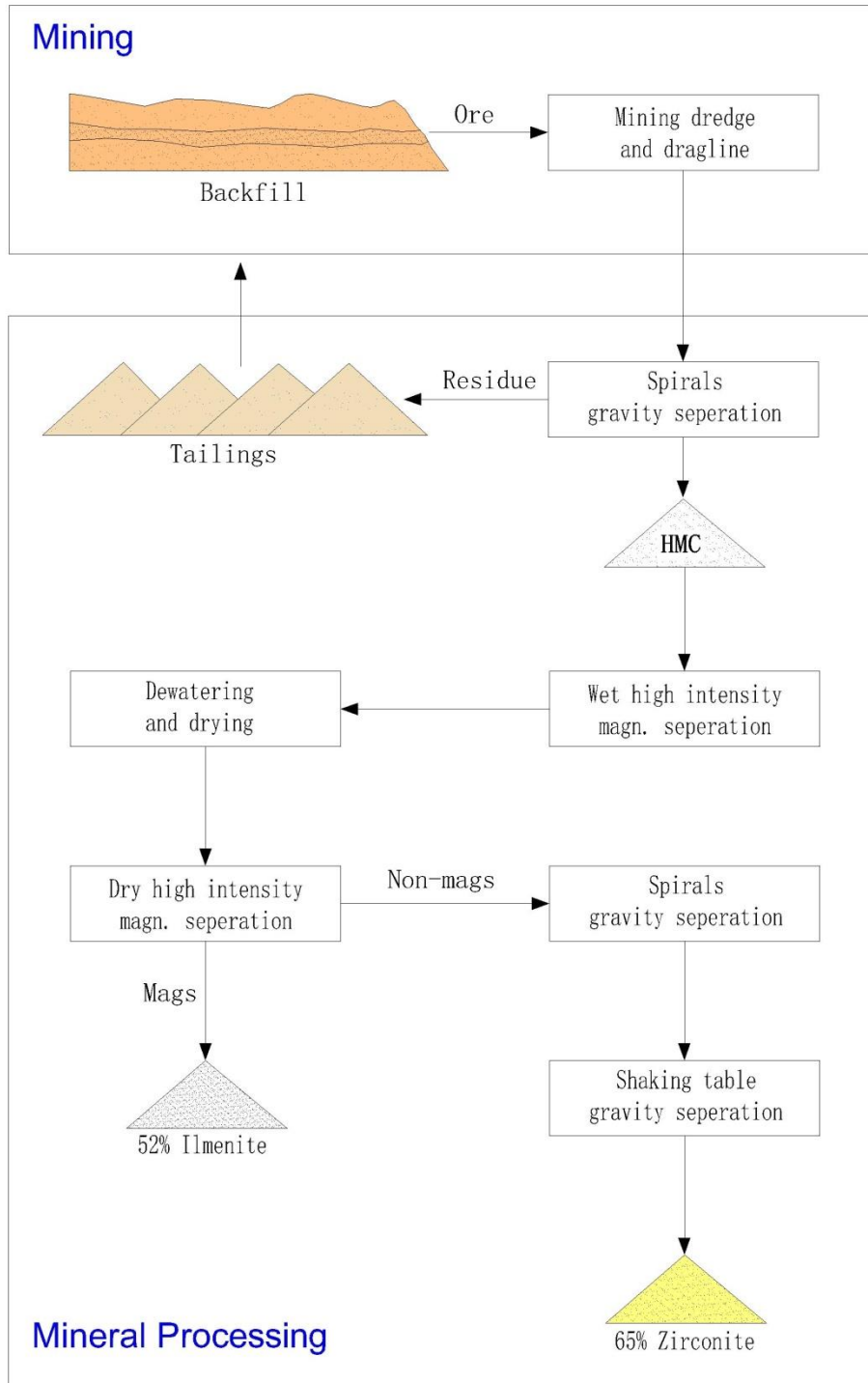


Figure 8-2: Beach sand minerals processing flow sheet

Source: TENDAJI Mining Company Limited

The pumped ore from the spiral concentrator machine will go through a series of spirals for enhanced concentration. The spiral concentrator works on gravity method. The non-magnetic concentrate, post drying, will undergo conventional magnetic and

electrostatic separation processes that will result in a rutile product and a small additional ilmenite stream.

9. Environmental Impact Assessment

Environmental and social economic issues were considered and analysed during the EIA process. The Environmental Impact Assessment (EIA) prepared and submitted to NEMC (National Environmental Management Council), and issued a certificate with registration No. EC/EIA/2021/4285.

The impacts identified were analyzed and assessed in a tabular form on their magnitude, significance, durability, mode of occurrence (direct/indirect), beneficial, likelihood to occur (cumulative or not) and extent of remediation (reversible/irreversible). Impacts were identified in all project phases which are construction, operation, decommissioning and closure.

10. Expected Employment Generation

Workforce hiring will be divided. Some will be directly hired and others will be on contractual assignments depending on the current work. There will be 38 foreign professional workers at the beginning and about 168 local workers. Number of workforce is divided at 82% local and 18% foreign.

TENDAJI is committed to training local Tanzanians in all the fields of the work that will be carried out on the site. Training program will be made available when the work starts. Priorities will be given to communities around the project in the aspect of empowering them for employment and supplies of goods and services. During mining phase, the company will cooperate with the Local Government Village Authority to contribute to social development projects for the benefit of social welfare of the community surrounding the project area. The company also will cooperate with the Kigamboni Government Authority for participating in the

meetings which will be discussing on social development issues in the District.

11. Training Program

TENDAJI is committed to training local Tanzanians in all the fields of the work that will be carried out on the site. Training program will be made available when the work starts. Priorities will be given to communities around the project in the aspect of empowering them for employment and supplies of goods and services.

Training and professional development programs will be installed. One of the primary aims of these training programs is to employ and continuously train Tanzanian staff, with the objective of developing them into future senior managers of the project.

Areas that will be covered by the professional training programs include: -

- Health, safety and environmental awareness training;
- Training and development of all employees;
- Operator training and multi-tasking;
- Graduate training; and
- Supervisor training.

Professional development programs will be open to all employees within the organization but will be primarily directed towards the development of national employees to higher levels of professional competence and qualification. The type of profession development programs that will be available include:

- Practical skill advancement. This will result in selected employees being given the opportunity to develop increased levels of skill and advancement in their existing classification or job.
- Higher level educational development. This will apply to employees who work in a position requiring a higher education or academic standards. Examples include geologists, surveyors, metallurgists and engineers.

Tanzanian personnel will be trained in the operation and maintenance of mining and process equipment, and in administrative functions.

12. Implementation Schedule

YEAR 2023

- (a) Acquire the Land.
- (b) Purchase the relevant equipment for mining.

YEAR 2024

- (a) Build the relevant plants for sand producing.
- (b) Start to mine.

YEAR 2025

- (a) mining and business expansion.
- (b) prospecting in the remaining license area.

YEAR 2026

- (a) mining and business expansion.....

YEAR 2027

- (a) mining and business expansion.....