

## MINERSTATION (TZ) LIMITED

PROJECT PROGRESS REPORT FOR THE PERIOD  
JANUARY TO DECEMBER, 2023

## SUBMITTED TO

## TANZANIA INVESTMENT CENTRE

## 1. Planned Activities for the period:

- a) Purchase of land and house.
- b) Fencing of the project area
- c) Construction of gold processing plant
- d) Construction of Laboratory and equipment
- e) Construction of Elusion Plant
- f) Construction of Buildings, Installation of Electricity and Water.
- g) Building of workshop and equipment
- h) Procurement of motor vehicle, motor cycle and equipment.

## 2. Achievements made on the project implementation to date:

SN	Planned Activity	Implementation Status/Achievement	Cost (USD)
1	Purchase of land (house).	Land has been purchased about	17,000,000
		Office building which was formally rented has been purchased	71,000,000
2	Fencing of the project area	Not implemented	-
3	Construction of gold processing plant	Not implemented	-
4	Construction of Laboratory and equipment	Laboratory has been constructed and construction is at the final stage	142,089,873
5	Construction of Elusion Plant	Not implemented	-
6	Construction of Buildings, Installation of Electricity and Water.	Renovation of purchased office building has been done	36,000,000
7	Building of workshop and equipment	Not implemented	-
8	Procurement of motor vehicle, motor cycle and equipment.	Two (2) motorcycles have been purchased	8,385,000
	<b>Total Implementation Cost</b>		<b>274,474,873</b>

## 3. Provide updated information on the following aspects;

S/No.	Information	Description	Current Project Status
1.	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	<p><b>Name:</b> Aravinda Kattari <b>Nationality:</b> Indian <b>Percentage of Ownership:</b> 50%</p> <p><b>Name:</b> Kassim Juma Daud <b>Nationality:</b> Tanzania <b>Percentage of Ownership:</b> 25%</p> <p><b>Name:</b> Srinivasa Rao Avutapalli <b>Nationality:</b> Indian <b>Percentage of Ownership:</b> 25%</p>

2.	Company Communication Information	Email address	aravinda7777@minerstation.org
		Mobile Number	+255 742 405 558
		Land Line Telephone Number	
		Physical Address (Plot No., Block No, Street, District and Region)	Plot 10, Block 55, House No. 10, Mission Street, Kahama Road, Bukombe District, Geita Region
3.	Contact Person	Name	Srinivasa Rao Avutapalli
		Position	Executive Director
		Communication Details (Email, Mobile and telephone)	<b>Email:</b> <a href="mailto:aravinda7777@minerstation.org">aravinda7777@minerstation.org</a> <b>Mobile:</b> +255 742 405 558 <b>Telephone:</b> +255 744 886 688
4.	Incorporation	Certificate of Incorporation No.	141592823
5.	TIN information	TIN Certificate No.	141 – 592 – 823
6.	Project Objective	Project Core Activity	Mining Activities
7.	Capacity	Project Capacity per Year	
8.	Direct Employment	Foreign-Men	2
		Foreign-Women	0
		Local-Men	4
		Local-Women	4
9.	Indirect employment	Estimated Total No.	11
		Type/areas of Indirect Employment	<ul style="list-style-type: none"> <li>• Consultation and Auditing services</li> <li>• Casual Labourers</li> <li>• Security guards</li> </ul>

#### 4. Project Financial Expenditure todate (USD): 726,438

	Foreign (USD)	Local (Tshs)	Total (USD)
Land and Buildings	104,706.49	-	104,706.49
Plant and machinery	184.95	-	184.95
Vehicles/Aircrafts	3,299.50	-	3,299.50
Furniture	2,462.53	-	2,462.53
Office equipment	6,184.65	-	6,184.65
Insurance Cover	46.43	-	46.43
Pre-operational expenses	593,704.58	-	593,704.58
Working sub-total capital	8,238.83	-	8,238.83
<b>GRAND TOTAL</b>	<b>718,827.96</b>	-	<b>718,827.96</b>

#### 5. Project Financing

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

	Amount (USD)	Source Country
Local Equity	-	-
Local Loans	-	-
Foreign Equity	<b>718,827.96</b>	India
Foreign Loans	-	-
<b>Total Investment</b>	<b>718,827.96</b>	-

## **6. Problems and Solution**

### **6.1. Problems facing the mining industry (Challenges)**

#### **6.1.1. Commodity price volatility:**

The commodity price volatility in the mining sector has, an increasing prices of gold and affecting economic conditions, the industry has faced challenges from demand uncertainty and supply chain dynamics particularly affecting a logistics-dependent country abroad on a large scale.

#### **6.1.2. Infrastructure deficits:**

Persistent infrastructure deficits in mining industry bring about challenges, causing delays, extended costs, and logistical headaches in areas with insufficient transportation, electricity, and water infrastructure. Insufficient housing, healthcare, and academic facilities impacted staff's well-being and strained relationships with local groups. The lack of telecommunications infrastructure and regulatory delays hinder the adoption of advanced technologies.

#### **6.1.3. Regulatory and policy uncertainty:**

Regulatory and policy uncertainty poses a significant challenge to mining sector, causing disruptions and delays as governments consider or implement changes.

#### **6.1.4. Environmental and social concerns:**

Environmental problems and social issues caused by mining can lead to protests and conflicts between mining companies and communities around mining areas. Mining has often been associated with deforestation, land degradation, air pollution, and disruption of the ecosystem.

#### **6.1.5. Technological adaptation and workforce skills:**

Technological innovation is reshaping mining industry, with an increased focus on advanced technology like automation and artificial intelligence for improved performance and safety. The company faces the dual challenge of making an investment in new technologies while also making sure that the workforce is equipped with the necessary abilities.

#### **6.1.6. Technical Considerations**

Gold industry is mainly characterized by deep-level hard-rock mining. This is the inherent technical constraints and the difficulties of labor-intensive mining working away have put a lot of pressure to increase efficiencies in terms of productivity improvements.

#### **6.1.7. Financial Considerations**

Gold mining requires large capital investment and specialized equipment and is associated with long lead times from development to actual production of gold and there is a delay in bank loan approval which could assist to faster project activities

#### **6.1.8. Human Capital Considerations**

Perhaps the greatest concern now facing the gold industry is the degree and rapidity of shrinkage in personnel.

### **1.1. Ways to address challenges faced by the mining industry (Solution)**

#### **6.2.1. Investment in infrastructure:**

Infrastructure development is a key driver for progress and a critical enabler for productivity and sustainable economic growth. Improvements in these critical areas will reduce delays, reduce costs, and improve the operational efficiency of moving cargo.

#### **6.2.2. Political stability measures:**

Political changes can significantly impact mining companies' share prices and commodity prices in a country. Therefore, efforts should be made to enhance political stability in areas where uncertainty is common.

#### **6.2.3. Technological innovation:**

Technological innovations in mining reduce costs, minimize environmental impact, boost production, and enhance mineral recovery; however, understanding barriers and enablers is crucial for successful implementation and sector sustainability. This will not only reduce costs but also increase safety. Remote-controlled or autonomous mining equipment can increase safety by removing humans from dangerous tasks and preventing accidents.

#### **6.2.4. Environmental and social responsibility:**

Mining companies must adopt sustainable practices to mitigate environmental issues, such as eco-friendly practices, reducing deforestation, and promoting sustainable land use. Community participation programs should be strengthened to address social issues and conflicts.

#### **6.2.5. Geopolitical risk management:**

Mining companies can mitigate political risk by diversifying operations across multiple sectors, fostering good relationships with local communities, government agencies, and industry associations, and implementing robust risk management measures such as political risk insurance, scenario planning, and legal expertise to ensure prompt response to challenges.

#### **6.2.6. Government intervention needed**

Government intervention can reduce land transportation costs, promote local procurement and incentives, and ensure that local input costs are contained.

The tax regime should also favor local industry. Mining firms should be provided with favorable tax breaks and other incentives such as no value added tax (VAT) payments.

Since markets in minerals are generally imperfect due to the condition dominated by multinational monopolies, developing countries need to be vigilant to protect the national interest.

Government is responsible for laying out the necessary infrastructure such as energy supply, roads, water, rail, ports etc. These facilities should be in favor of firms which export raw ores, but also for the support for domestic firms in the value chain.

## **2. Future Plans**

- Exploratory drilling over mineralized zone derived from trenching operations
- Drilling sample analysis, demarcation of mineralized zone with the drilling data
- Conduct feasibility study
- Application of mining license
- Implementation of activities that were planned to be implemented but not yet implemented as shown in paragraph 1 & 2 above.

## **3. Recommendations and any other comments:**

The company should focus on its achievements to date and suggest a series of steps to be phased in over a year period, which will place the Company on the path of increased operational capacity and long term sustainability, and will provide increased value to Company's industry.

The highlighted financial and human resource issues that will challenge the extensive knowledge, creativity and resourcefulness should be acted upon so that they may not affect the sustainability of the company.

Introducing initial funding and resources into the industry will provide the opportunity to aggressively brand the organization in operating style, research and educational activities that will provide a useful blueprint for company to follow.

Introducing new measures that will help the company manage through economic uncertainty by establishing an operating reserve; the measures increase its human resources and project coordination capacity, and strengthen governance in research and educational priority setting. Taken together, these new measures help brand the company as increasingly responsive to industry's mining needs and enable greater success in attracting mining funding and positioning the company as a driving force with the mining industry.

**Furthermore,** We are looking forward to getting our project certificate of incentives extended and enjoy exemption from TIC and TRA so that we can contribute more to the development of the mining sector



**Name:** Srinivasa Rao Avutapalli

**Position:** Executive Director

**Company stamp:**

