

# HUANENG POWER ENGINEERING COMPANY LIMITED

## MINING OPERATIONS BUSINESS PLAN

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Drawn By:

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## 1. EXECUTIVE SUMMARY OF THE PROJECT

### 1.1. Introduction

Huaneng Power Engineering Company Limited (the Company) is a private company with registration number 170608232, incorporated under the Companies Act, No. 12 of 2002, on 6 December 2023.

The main objectives of the Company are to conduct mining operations, establishing of a prefabricated concrete facility and hot-dip galvanizing plant as well as cold rolling mill for manufacturing, selling, and importing of Zinc, steel, and factory.

The Company is established for the purpose of mining operations in Msata within Pongwe village, Tanzania Mainland. The Company will engage in the extraction and processing of minerals in the region. This will involve establishing mining facilities and infrastructure for exploration, extraction, and processing activities. The key vision behind this project is to become one of the leading mining companies in Tanzania Mainland, known for its efficient and sustainable mining practices, adherence to safety and environmental standards, and positive contribution to the local economy and community development.

### 1.2. The company and the shareholders.

Huaneng Power Engineering Company Limited is jointly owned by two shareholders, namely **Bingsheng Wang** owning 75%, and **Betha Andrew Bugumba** owning 25% of the shares. The project will mainly be sponsored through owner's equity from shareholders by providing a gradual injection of the capital that may amount up to United States Dollars Five Hundred Thousand (USD 500,000). As the Company continues with its operations and where the need arises, the Company may apply for bank facilities from both local and international banks to boost the operations and investment within the Company projects.

### 1.3. Economic and Social Benefits Expected from the Project

- i. Increased visibility for the Pwani Region as a mining destination, achieved through quality and professional mining standards and training initiated by our Company at local, regional, and global levels.
- ii. The Company's goal is to enhance the positive contribution to the economy of the Pwani Region by providing a hub for various stakeholders to engage in mining-related activities.

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- iii. Creation of employment opportunities for residents of the Pongwe Msungula specifically in Msata within the Pwani Region, as the Company intends to recruit its workforce and management from the local population.
  - iv. Contribution to the growth of the local economy through the payment of taxes and levies to local government and other government institutions.
  - v. Commitment to environmental protection in the area through the implementation of sustainable mining practices aimed at minimizing the environmental footprint throughout the mining process.
  - vi. Increasing awareness among stakeholders about the importance of responsible mining practices for preserving the natural beauty and ecological balance of the region.
  - vii. Engaging in Corporate Social Responsibility (CSR) projects to give back to the surrounding communities in the Pwani Region where the Company operates, supporting initiatives such as education, healthcare, infrastructure development, and other social developments.

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## 2. PROJECT DESCRIPTION AND LOCATION

### 2.1 Project Name

The name of the project is Huaneng Mining Operations.

### 2.2 Design and Layout

In light of Tanzania's support for mining activities and the presence of numerous mining sites, our company aims to establish a granite mining project in the Pwani Region, specifically at Msata in Pongwe, Msongora village.

Through our project, the company intends to develop a mining complex designed to accommodate various stakeholders involved in mining operations to extract granite.

The Company shall also import the manufacturing and mining equipments and machines for purpose of executing operations of the project in Tanzania.

The Company intends to establish batching plants and use advanced machines that shall easily simplify in excelling the mining process and production as a whole.

Further to that, the company aims to develop comprehensive mine plans and designs to optimize the extraction process, including determining the optimal location of mining pits, access roads, and infrastructure.

The company is committed to implementing state-of-the-art extraction and processing methods to extract granite from ore deposits efficiently and prepare them for further refinement.

Also, the company is looking forward to the establishment of a prefabricated concrete industry delivering high-quality and innovative precast concrete solutions.

Further to the above the company aims at marketing and selling of prefabricated concrete products.

Lastly, the company will introduce a hot-dip galvanizing plant that shall go through **Zinc coating**, and a cold rolling mill for manufacturing, selling, and importing of Zinc, steel, and Metals.

Concurrently, we prioritize robust environmental management practices aimed at minimizing the impact of mining activities on the surrounding

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ecosystem. This includes proactive measures such as land reclamation and rehabilitation initiatives, ensuring that our operations are conducted responsibly and sustainably while preserving the natural environment for future generations.

### 2.3 Summary Sector Performance

The mining industry in Tanzania has demonstrated steady growth and resilience, contributing significantly to the country's economy. Key indicators of sector performance include:

- **Production Growth;** Tanzania's mining sector has witnessed consistent growth in mineral production, driven by increased investment and exploration activities. Major minerals mined in Tanzania include gold, diamonds, coal, gemstones, and various industrial minerals.
- **Contribution to GDP;** The mining industry is a significant contributor to Tanzania's gross domestic product (GDP), generating substantial revenue through mineral exports and royalties. The sector plays a vital role in supporting economic development and diversification.
- **Investment Inflows;** Tanzania has attracted significant foreign direct investment (FDI) in the mining sector, with multinational companies investing in exploration, development, and production activities. The government's efforts to improve the investment climate and regulatory framework have facilitated increased investment inflows.
- **Employment Generation;** The mining industry provides employment opportunities for thousands of Tanzanians, both directly and indirectly, through mining operations, support services, and related industries. Efforts to promote local employment and skills development have contributed to job creation and socioeconomic empowerment.
- **Infrastructure Development;** Mining activities have spurred infrastructure development in Tanzania, particularly in remote mining areas where infrastructure such as roads, power supply, and water facilities have been improved to support mining operations. These investments have positive spillover effects on local communities and regional development.
- **Regulatory Environment;** The Tanzanian government has implemented reforms to enhance the regulatory environment for the mining sector, including the introduction of new mining laws and regulations aimed at promoting transparency, accountability, and sustainability in the industry. However, challenges remain, particularly in ensuring consistent enforcement and

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addressing regulatory uncertainties.

- **Environmental and Social Responsibility;** Mining companies in Tanzania are increasingly focusing on environmental and social responsibility, implementing measures to minimize environmental impact, mitigate community grievances, and promote sustainable development. Efforts to align mining operations with environmental conservation and community development goals are gaining prominence.

## 2.4 Market Analysis

The mining industry in Tanzania presents promising opportunities driven by the country's rich mineral resources, supportive government policies, and increasing investor interest. Key findings from the market analysis include:

- **Abundant Mineral Resources;** Tanzania boasts vast reserves of minerals including gold, diamonds, coal, gemstones, and various industrial minerals, positioning the country as a significant player in the global mining sector.
- **Favorable Investment Climate;** Tanzania offers an attractive investment climate for mining companies, supported by transparent regulatory frameworks, favorable tax regimes, and incentives for exploration and development activities.
- **Growing Foreign Investment;** The mining sector in Tanzania has witnessed a surge in foreign direct investment (FDI) from multinational companies, attracted by the country's geological potential and conducive business environment.
- **Rising Demand for Minerals;** Global demand for minerals continues to grow, driven by industrialization, urbanization, and infrastructure development, providing a strong market for Tanzanian mineral exports.
- **Regulatory Landscape;** While Tanzania has made strides in improving its regulatory environment for the mining sector, challenges remain, including regulatory compliance, transparency, and legal certainty, which require careful navigation by mining companies.
- **Infrastructure Development;** Adequate infrastructure such as transportation networks, power supply, and water facilities is essential for the success of mining operations. Efforts to improve infrastructure in Tanzania's mining regions are underway to support industry growth.
- **Social and Environmental Considerations;** Mining activities must be conducted responsibly, taking into account environmental conservation and community development. Adherence to social and environmental standards is crucial for maintaining positive relationships with stakeholders and ensuring sustainable mining practices.

Overall, the Tanzanian mining market presents significant growth potential for investors, but success hinges on navigating regulatory challenges, investing in infrastructure, and adopting sustainable practices to promote long-term viability and inclusive growth.

## 2.5 Location, Site Description, and Size of the Land

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The project will be conducted at Pongwe Msongolwa, Msata District within the Pwani Region with an area of 78.8 hectares.

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## 2.6 Management and Supervision

The company is fully committed to operating its mining activities with a focus on long-term success and plans for expansion, supported by the following key strategies:

**Operational Management** - Shareholders and directors of the company will actively oversee the management of the mining operations, ensuring prompt responses to any issues or maintenance requirements. Local resources will be utilized efficiently to address repairs and maintenance promptly, while also ensuring timely collection of fees and maintaining accurate accounting records.

**Innovative Services** -The company will enhance its profitability by introducing innovative practices aimed at adding value to its mining operations. This includes strategic partnerships with stakeholders, selective expansion of the business portfolio, and a focus on cost-effective and risk-managed growth. Emphasis will be placed on improving operational efficiency and exploring new opportunities for vertical and horizontal development. Collaboration with the local community and integration of sustainable practices will be prioritized, attracting environmentally and socially conscious stakeholders.

## 2.7 Staff and Training

**Staff Development and Training:** The human resources department of the company will invest in recruiting and retaining skilled and competent team. Competitive compensation packages will be offered to employees, along with ongoing training programs to enhance their proficiency.

The company will prioritize hiring locally to maintain a positive relationship with the community. Key positions will be identified, and employees will undergo training through a "train-the-trainer" program to impart their knowledge and skills to the team effectively.

Initially, the company plans to employ up to 15 staff members, with at least 1 staff member assigned to each operational area, such as mining operations, security, and maintenance. As the business expands, the company intends to increase its workforce and collaborate with other local service providers, suppliers, and professionals in the mining industry.

All staff will be compensated in accordance with statutory regulations, including taxes, social security subscriptions, and levies as required by the laws of Tanzania.

The Tanzanian mining industry offers substantial growth potential, backed by favorable geology, government backing, and continuous investment. However, addressing regulatory, infrastructural, and social challenges is vital for sustainable and inclusive sectoral advancement.

### 3. FINANCIAL EVALUATION INVESTMENT COST

#### 3.1. Proposed Financial Plans

In the initial two years, the company anticipates generating a profit of USD 100,000 each year. This accounts for the high expenditures incurred at the beginning of the mining project, which may limit immediate profit-making opportunities. Subsequently, for the remaining three years, the company projects a significant increase in profitability, aiming to generate an annual profit of USD 2,000,000.

Year	Revenues in USD	Activities and Reasons to:	Expense	Net Profit	Net Loss
1	200,000	Initial exploration and development phase	300,000		100,000
2	500,000	Commencement of mining operations	400,000	100,000	
3	1,000,000	Increased production and efficiency gains	600,000	400,000	
4	2,000,000	Continued growth in production and market demand	800,000	1,200,000	
5	3,000,000	Optimization of operations and increased market share	1,000,000	2,000,000	

To sustain this type of operation, an initial 10 Tanzanian staff will be hired to set up and manage their respective departments. Department coordinators report to the Country Manager who oversees day-to-day operations.

Overall, positions include General Manager (1), Production Coordinator (1), Quality Control Coordinator (1), Logistics Coordinator (1), Accountant (1),. To sustain the projected rapid growth of the company, an additional 15+ full-time positions will be hired for over the course of the next year. The overall strategic and operational management as well as production increase and business development are the responsibility of the CEO and COO.

Employment and job creation projections 2024 – 2025

	By the end of 2024	By end of 2025
Tanzanian Staff Employed	5	20+
Chinese Staff Employed	2	7

Jobs created for Tanzanian mining industry workers	100	150+
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**Project investment plan:**

The project will be financed through an initial investment of \$1000,000 which is comprised of the following Capital and Asset Particulars;

<b>Capital/Assets Particulars</b>	<b>USD</b>
Working Capital (Acquiring Land & Raising Site Buildings)	200,000
Product Inventory/Stock	50,000
Accounts Receivable	100,000
Equipment & Machinery	500,000
Vehicles	100,000
Startup Costs	50,000
<b>Total Investment Cost:</b>	<b><u>1,000,000</u></b>

The initial investment provided is more than adequate to effectively execute the proposed business plan and growth trajectory detailed in the preceding sections of this document. Considering the nature of the project, manpower is essential for initiating the business, resulting in a high demand for laborers, machinery operators, and drivers to facilitate the start-up process.

Looking ahead, there will be a critical need for professionals such as mining engineers, environmental officers, land surveyors, geologists, and health professionals. This underscores the significant contribution this project is poised to make to socio-economic development.

Profits generated from sales will be reinvested into the company to implement and sustain all planned activities to scale the business and bring it to sustainability.

**4. Project Financing Plan;**

<b>Capital/Assets Particulars</b>	<b>USD</b>
Debt Financing	350,000
Joint Venture Partnership	100,000
Equipment & Machinery	500,000
Export Credit Agencies	50,000
<b>Total Investment Cost:</b>	<b>1,000,000</b>

## 5. Project Implementation Schedule;

DATE	ACTIVITY
April 30 <sup>th</sup> 2024	Acquiring/ Obtaining of Certificate of Incentives from the TIC
May 31 <sup>st</sup> 2024	Exporting of Machines from China to Tanzania
June 28 <sup>th</sup> 2024	Site Preparation, Clearing of Bushes, and site setting for machinery operation sketch
July 31 <sup>st</sup> 2024	Commencement of the project.

## 6. Conclusion

In conclusion, Huaneng Power Engineering Company Limited is poised to embark on a transformative journey towards sustainable mining operations in Tanzania. Through meticulous planning and strategic foresight, our comprehensive business plan has addressed all aspects necessary for successful project implementation.

From legal formation to sector analysis, market assessment, and project description, every facet of our endeavor has been meticulously crafted to ensure alignment with industry standards and regulatory requirements. Our commitment to transparency, environmental stewardship, and socioeconomic development underscores our dedication to responsible mining practices.