鑫海矿业（坦桑尼亚）有限公司

XIN HAI MINING TANZANIA COMPANY LIMITED

BUSINESS PLAN

EMPLOYMENT AND TRAINING PROGRAMME

1.0Overview

Xin Hai Mining (T) Co. Limited, plan is mostly focusing on the following:

- Skills needs analysis;
- Training requirements, schedule and cost estimates;
- Manpower resourcing and recruitment;
- Manpower planning;
- Work hours; and
- Rosters and rotation.

1.1 Employment

During development, construction and of the mine, the company will employ about 50 (unskilled) and 10 (skilled) labours. The number will be increased during mining operations. The priority will be given to local Tanzanians especially for those living within the project site. (Local Content Plan).

1.2 Tanzania Legal Framework

The Tanzania Labour Code and the Mining Code are the two main legal references for the company planning study. All applicable Xin Hai Mining (T) Co. Limited mining standards and procedures will comply with Tanzania legislation and international best practice.

1.3 Study Plan and Progress to Date

The study will develop a company plan that addresses the following: Tanzania legislative compliance;

- Job descriptions;
- Salary structures;
- Conditions of Employment standards;
- Recruitment and selection criteria – local skills development strategy;
- Training requirements and facilities;
- Code of conduct and disciplinary procedures;
- Work place code of ethics; and
- Compensation and benefits;

1.4 Training for all personnel

The HR champion will accomplish the following training objectives right before the beginning of mining operations:

- Establish the training requirements;
- Develop the training strategy which covers;

✓ Planning and development of the training packages;

✓ Health and Safety to workers;

✓ Work place safety training for the construction, mine, processing plant,

✓ Admin, camp;

✓ Specific construction training;

✓ Specific mine and process supervisor training;

✓ Specific mine and process operator training;

✓ Specific administration training;

✓ Training facilities either constructed by the Project or existing facilities within the community;

✓ External workplace training, utilizing other facilities to provide practical training for personnel;

The training programmes will be designed and be imparted for personnel who are local Tanzanians.

1.5 Special Training for Geologists, Engineers and Geo-technicians

Xin Hai Mining (T) Co. Limited is planning a detailed training program for local geologist, engineers and geo-technicians. This will mainly be on job training and will encompass the following:-

- Desktop studies (Reading previous geological and report;)
- Study and interpretation of available maps;
- Geochemical mapping;
- Geological mapping; Pitting and trenching in the areas with interesting soil, geochemical anomalies,
- Report writing
- Ground magnetic survey;
- Evaluation of results of exploration activities,
- Resource definition;
- Reserve estimation and calculation,
- Environmental Impact Assessment;
- Feasibility Report; and
- Mine design.

It is therefore, apparent that investment into PML Gold Mine Project is a viable undertaking and will provide more benefits to the local Tanzanians, community around the project area and the Tanzanian nation as a whole.

PROCUREMENT PLAN OF GOODS AND SERVICES

Xin Hai Mining (T) Co. Limited is committed to making a meaningful and material contribution to host communities through the development of local suppliers of goods and services (Local Content Plan). The plan will involve

i. Training and provide skills to local community around the mine to supply the mine with locally grown fresh foods that meet standards;
ii. Source supplies of Tanzanians goods and services. The company Engineers will work with Tanzanian manufactures in designing equipment to meet the specific requirement;
iii. Sources of machinery, equipment and other goods and services will be either locally or overseas depending on availability. In any case priority will be given to local equipment, local goods and services.

EXPECTED INFRASTRUCTURE REQUIREMENTS

According to the characteristics of gold deposit and its development conditions, the project intends to adopt "open-pit + underground" mining mode, which includes open-pit highway development, automobile transportation and underground shaft development. The processing plant can be divided into crushing, screening, grinding, leaching and adsorption and analytical electrolysis. Gold ore will be transported to the processing plant and use "flotation + cyanidation of flotation products" method for the beneficiation process of primary gold ore in PML licensed area.

By drawing an analogy with the ore type and beneficiation process of the adjacent Bulyanhulu gold deposit, it is recommended to use CIL method for primary ore and heap leaching method for oxide ore in PML licensed area.

The facilities will be constructed by the mining and civil works contractors. The mining infrastructure is detailed in in the design and EMP report as part of the general site plan. A layout of in-pit

and surface access roads will be developed. These roads allow access between the pits, process plant, mine laydown area and workshops, explosives magazine, ROM stockpile and waste dumps (WRD) and TSF area covering all the work activities associated with the mine operations.

PROGRAM FOR MINING OPERATIONS

Operating a mine involves a series of steps, from the discovery of the deposit to the closing of the mine. The steps are as follows:-

- Exploration and feasibility;
- Development and construction;
- Mining operations; and
- Closing and restoration.

The operation of the mine involves extracting ore from the deposit and processing it to obtain mineral product of value. At this point, various processes are undertaken to separate the useful minerals from waste rocks. Due to the distribution characteristics of the ore body, the occurrence of the ore, the geological conditions of the development of the deposit, the existing engineering technology, environmental impact and economic conditions, the project plans

to use open pit mining as the mining method for this gold mining project. However, later there is a possibility of advancing to apply underground mining method; this is according to occurrence of ore body and nature of production.

Initially, according to distribution of enriched ore zone in the project area, the mining operations will involve the removal of the overburden material by hydraulic shovels (excavators), jackhammers, blasting and hoisting equipment to reach gold ore body. Open cast mining will be undertaken to a depth of about 30m+, depending on geotechnical parameters. Bed rocks will be drilled and blasted resulting to rocks boulders consisting ore body and waste rocks. The ore body then will be hauled to plant for further processing to recover gold.

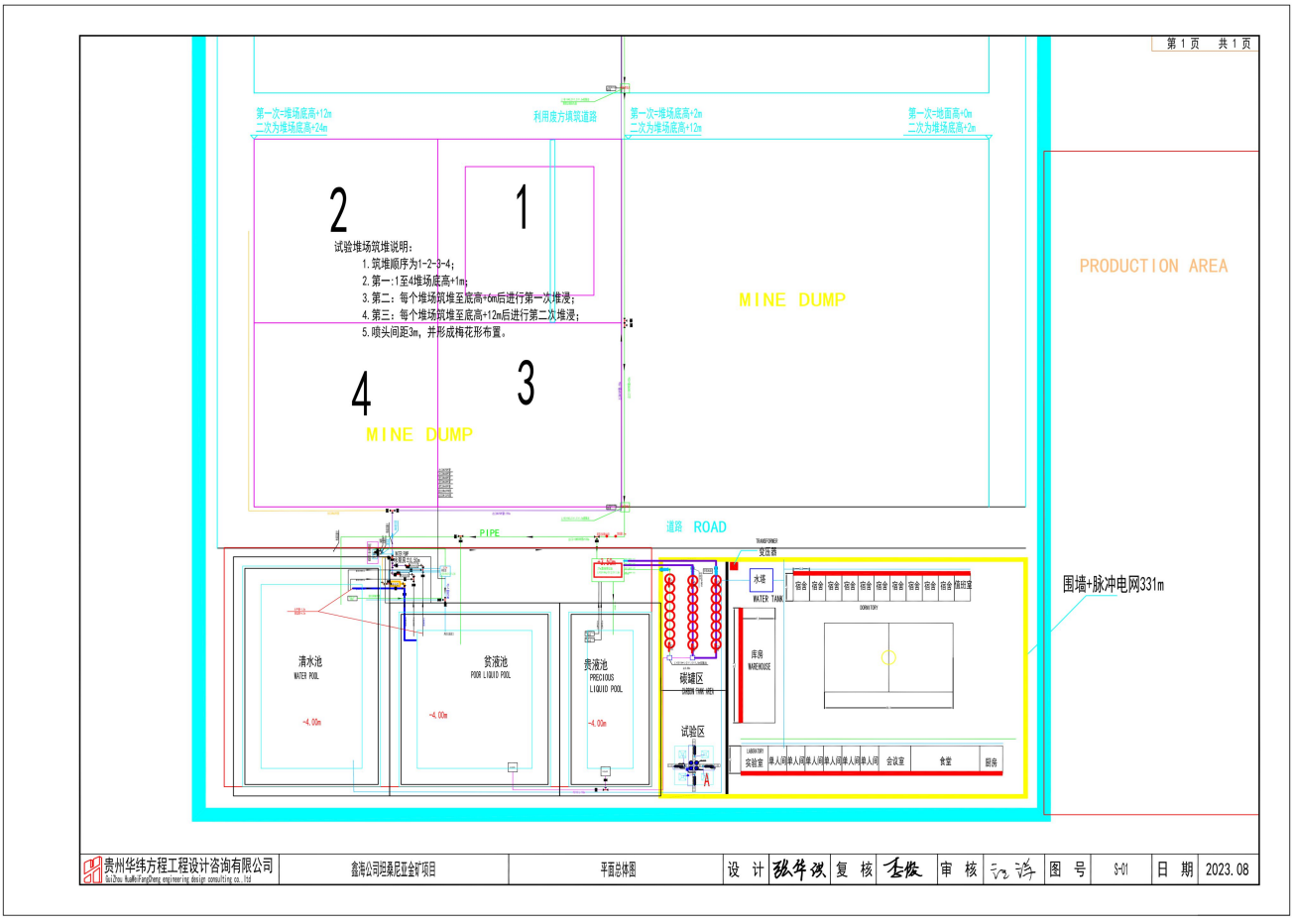
The project components and arrangements are necessary in identification of mineralized areas and implementation plan of mining operations. The following are core project operations;

- Exploration;
- Mining and haulage of mined materials;
- Ore processing and ore stock piling;
- Tailing deposition;

- Waste rock management and
- General waste management.

The project will be running following laws and regulation of medium scale mining including royalty, taxes and other charges payments.

Therefore, upon granting a mining licence, the programme for mining operations will commence after mine development stages and construction of mine. Mine development stages will involve characterization of the mineral resources, design the mine layout, conduct public consultation on the project, asses the financial and environmental impacts, obtain the necessary permits and conduct financial evaluation of the mine's operations.



MINING TECHINCAL CAPABILITIES

- **Key Professional Experts**

  The key professional experts will include mine project manager, chief mine geologist, mine geologists, chief surveyor, processing manager, environmental manager and mining engineers

- **Supporting Professional Experts**

  The supporting professional experts will include finance manager, Human Resources manager, Community Social Responsibility personnel, Chief accountant, accountants, Security guard and others. Generally, priority will be given to local Tanzanians.

AVAILABLE TECHNICAL RESOURCES

The structure of the company is composed of a Board of Directors that employs the CEO and project management

team based in the Company's offices located in Mwanza and Dar es Salaam, United Republic of Tanzania and at mine site.

The Company is engaged in the exploration and development of various minerals properties including gold deposits in Tanzania for a long time, thus has a competent team of exploration geologists, mining & resource geologists with vast experiences in the exploration & mining techniques and technicians with long experience in mineral exploration activities. The company also provides its expertise as needed when necessary to assist and augment the professional team responsible to conduct exploration and mining activities in Tanzania

Economic Evaluation

6.1 Project financing

Prior to the project investment, Henan Yukuang International Mining Investment (T) Co.Limited, intends to procure all intended machinery and equipments for mining, processing and material haulag from its company's capitalized equity and part of the finacing will be coming in form of loan. The infrastructure system for the mine that will include mine operation offices, processing plant offices, administration blocks and engineering offices will be financed from company's capitalized equity and loans from

commercial banks. The summary of the available investment subject to the mining operations is indicated in Table 8 and the proposed financing arrangement for Nyang'wale gold project is summarized in Table 9.

Table 8: Summary showing the available financing and intended proposed financing at NYANG'WALE gold project

PID	Project Financing and the Capitalized Equity for NYANG'WALE Gold Project		
	Descriptions	Qty	Cost US$
1	Mining Equipments	16	8,000,000
2	Processing Plant and Machinery	50	19,600,000
3	Engineering and Technical costs	35	1,385,000
4	Safety Equipments	60	500,000
5	Administrative Costs	28	515,000
Grand Total		**189**	**30,000,000**

Table 9: Summary showing the proposed equity financing arrangement for NYANG'WALE gold project

Item №	PROPOSED FINANCING ARRANGEMENT FOR THE PROJECT		
	Descriptions	Qty	Cost US$
1	Equity	26,000,000	26,000,000
2	Working Capital	0	0
3	Short term Loan	4,000,000	4,000,000
Grand Total		**30,000,000**	**30,000,000**

6.2 Operating cost estimation

Operating costs estimates has included costs for purchasing consumables, equipments, labour and other supplies for mining operations. Annually, consumption of these consumables is estimated based on existing local and international market price. Consumables and all other equipments which will not be sourced locally, will be procured from foreign markets. However, professional judgment and experience on the existing gold mineral resource at NYANG'WALE gold project, have been used to come up with the cost estimates for the project.

6.2.1 Mining supplies

Mining supplies that will be required to produce 500 tonnes of gold ore per day and 150,000 tonnes of gold ore annually will be procured by the company depending on its quantity and capacity as indicated in Table 4, 5 and 7. The overall cost for all mining supplies is indicated in Table 8, which summarizes the project financing.

6.2.2 Direct mine labour cost

To be able to produce 150,000 tonnes of gold ore materuials annually, a significant number of professionals and unskilled labour

will be employed by Henan Yukuang International Mining Investment (T) Co. Limited. Table 10 summarizes the direct labour costs to be incurred annually during mining operations. Direct mine labour cost is projected for the entire 10 years of the life of mine (LOM) as indicated in Appendix 2, however, the table below summarizes the mine direct labour cost in one year of the mining operations.

Table 10: Summary showing the projected mine direct labour cost in one year of mining operations

Departments	Title	Qty	Cost (US$)	Month (US$)	Year 1 (US$)
Management	General Manager	1	5,000	5,000	60,000
	Finance & Admin. Manager	1	4,000	4,000	48,000
	Mine Manager	1	4,000	4,000	48,000
	Processing plant manager	1	4,000	4,000	48,000
	Maintenance manager	1	4,000	4,000	48,000
Mining &Processing Plant	Mining Engineer	1	1,000	1,000	12,000
	Processing plant Enginner	1	1,000	1,000	12,000
	Mine Foreman	1	1,000	1,000	12,000
	Driller	2	500	1,000	12,000
	Offsiders	2	300	600	7,200
	Excavator Operator	2	400	800	9,600

	Truck Operators	2	400	800	9,600
	Pickup 4WD driver	1	350	350	4,200
Maintenance and worshops	Mechanical Foreman	1	700	700	8,400
	Electricians	1	350	350	4,200
	Mechanics	2	300	600	7,200
	Fitter mechanics	2	300	600	7,200
	Plumbers	2	300	600	7,200
	Mechanical Enginner	1	1,000	1,000	12,000
	Welders	3	350	1,050	12,600
Technical Services	Geologist	2	1,000	2,000	24,000
	Technicians	2	350	700	8,400
	Surveyor	1	1,000	1,000	12,000
	Ass. Surveyors	2	350	700	8,400
Safety & Environment	HSE Officer	1	1,000	1,000	12,000
	SHE Attendants	1	350	350	4,200
	Medical attendants	2	750	1,500	18,000
	Medical doctors	1	1,000	1,000	12,000
Finance and Administration	Accountants	1	1,000	1,000	12,000
	Receptionist	1	450	450	5,400
	Supplies Officer	1	1,000	1,000	12,000
	Stores Clerk	2	400	800	9,600
	Public Relations officer	1	1,000	1,000	12,000
	HR officers	1	1,000	1,000	12,000
	Security guards	2	350	700	8,400
Grand Total		**50**	**40,250**	**46,650**	**559,800**

6.2.3 Administrative overhead costs

These are expenses incurred in running the mining operations at Nyang'wale gold project, including financial transactions, legal, consultancy fees and statutory obligations related to the mining operations, geological, administration and management. Table 11 summarizes all expenses expected to be incurred during the first five years of mining operations with the projected expenses for the entire life of mine as indicated in Appendix 2.

Table 11: Summary showing projected administrative overhead expenses to be incurred in 5 years of mining operations

Descriptions	Year 1 (US$)	Year 2 (US$)	Year 3 (US$)	Year 4 (US$)	Year 5 (US$)
Bank, inventory proc. Const and stationery	10,000	10,000	10,000	10,000	10,000
License and Legal fees	50,000	50,000	50,000	50,000	50,000
Travelling & Accomodation (TZ)	10,000	15,000	15,000	15,000	15,000
Light Vehicles	25,000	25,000	25,000	25,000	25,000
Building Repairs & Civil Works	80,000	80,000	80,000	80,000	80,000
Consultancy fees	15,000	15,000	15,000	15,000	15,000
Public relation and community support	15,000	15,000	15,000	15,000	15,000
Medical and Heath care cost	50,000	50,000	50,000	50,000	50,000
Workers Canteen	30,000	30,000	30,000	30,000	30,000

Grand Total	**285,000**	**290,000**	**290,000**	**290,000**	**290,000**

6.2.4 Utility expenses

These expenses will be incurred during mining operations by some other departmental sections which include: geology, survey, environment and HSE. The cost of these expenses is summarized in Table 12 with the projected expenses for the entire life of mine (LOM) as indicated in Appendix 2.

Table 12: Summary showing projected utility expenses projected to be incurred during mining operations

Descriptions	Qty	Unit Price (US$)	Year 1 (US$)
Warehouse Equipments	1	40,000	40,000
Workshop equipment and tools	1	35,000	35,000
Survey equipment (Plotters, Total Station, & accessories)	2	20,000	20,000
Geology equipments	2	15,000	15,000
Fuel storage tanks & pumps	1	60,000	60,000
Electric power extension and transformer	1	35,000	35,000
Water supply system	1	30,000	30,000
Access roads construction	2	25,000	25,000
Gen set light 1 set	2	15,000	15,000
Laboratory Equipments	2	45,000	45,000
Safety Equipment and accessories	40	500	20,000
Mine Rescue equipment and accessories	2	25,000	25,000

Mine Rehabilitation works	1	50,000	50,000
Grand Total			**415,000**

6.3 Revenue generation and expenditure

6.3.1 Projected Revenue Generation

Henan Yukuang International Mining Investment (T) Co.Limited, intends to generate its revenue from direct sales of gold ounces from its future planned open pit at NYANG'WALE gold project which constitutes a resource of 1,500,000 tonnes of gold ore at an average grade of 3.64 g/t Au. The revenue estimates for gold ore to be mined is very much dependent on the grade of mined and processed gold ore. Since Nyang'wale gold project is characterized by medium-high grade of gold ore materials, Henan Yukuang International Mining Investment (T) Co.Limited, intends to generate sustainable revenues for the entire life of mine (LOM), based on the depicted facts below. Table 13 summarizes the projected anticipated revenues to be generated during the first 6 years of mining operations and Appendix 1 summarizes the revenues generated during the entire life of mine (LOM).

The market price of troy ounces as indicated below depends on the current world market price of gold per Troy Ounce.

- Market price of gold per Troy Ounce is taken @ US$ 1,635

- Projected full annual production of gold ore is taken @ 150,000 tonnes
- Average grade of gold is taken @ 3.64g/t Au
- Projected full annual production of gold ounces after recovery is taken @ 12,650 Oz
- Annual Revenue generation is taken @ US$20.7 million
- Direct Production cost per Ounce is taken @ US$ 450
- Gold Recovery is taken @ 83.15%

Table 13: Summary showing projected production overview, sales and cash inflows to be generated in 6 years of mining operations

NYANG'WALE Gold Mining Project: Production and Sales Overview					
1: Production of Gold				Monthly	Annually
Monthly production schedule (Tonnes)				12,500	72,089
Gold Mining and Production for 10 Years shall be as Follows:					
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
130,000	140,000	150,000	150,000	150,000	150,000
2: Projected production schedule			Per Day	Monthly	Year 1
Projected production of gold			59	1,463	15,214
Plant Recovery			83%	83%	83%

Gold produced after recovery (Ounce)		49	1,216	12,650
3: Projected production and Sales overview annually	Year 1	Year 2	Year 3	Year 4
Run of mine (Tonnes)	130,000	140,000	150,000	150,000
Ore grade (g/t)	3.64	3.64	3.64	3.64
Gold produced (g)	473,200	509,600	546,000	546,000
Gold produced (Ounces)	15,213.7	16,384.0	17,554.3	17,554.3
Plant recovery (%)	83%	83%	83%	83%
Gold produced (Ounces)	12,650	13,623	14,596	14,596
Revenues from Sales (US$)	20,683,093	22,274,100	23,865,107	23,865,107

6.3.2 Direct operating costs

Subject to the mining operations, an average production cost of US$ 450 per troy ounce of gold is anticipated during the entire life of mine as indicated in Appendix 2. Direct operating costs is subject to all mining operations which includes production, material haulage, onsite laboratory analysis, administrative costs, equipment maintenance and processing gold ore materials.

6.4 Projected income and Loss

Through the entire life of mine, Nyang'wale gold project is expected to generate sustainable revenues throughout the entitre mining operations. The project intends to generate estimated revenues of

US$6,681,270, US$7,291,010 and US$7,900,749 as retained earnings during the first, second and third year of mining operations. Immediately, during the fifth year of investment, the company expects to accumulate US$38,683,686 more than its investment capital as indicated in the company's projected income and loss in Appendix 3. The Table 14 below summarizes the projected retained earnings generated in the first two years of mining operations. Therefore Appendix 3 summarizes the projected revenues with all taxes and government carriages including short term loan during the entire life of mine at NYANG'WALE gold project.

Table 14: Summary showing the projected retained earning overview generated in 2 years of mining operations

PROJECTED INCOME AND LOSS STATEMENT (US$)			
ITEM/YEAR	**0**	**1**	**2**
	US$	**US$**	**US$**
INCOME			
Gold (Ounces)	–	12,650	13,623
TOTAL INCOME	**–**	**20,683,093**	**22,274,100**
Direct production costs/Ounce	–	5,692,594	6,130,486

Utilities Cost		–	1,259,800	1,259,800
Total Invariables		**–**	**6,952,394**	**7,390,286**
Contribution Margin		–	**13,730,699**	**14,883,814**
OVERHEADS				
Royalty	6%	0	1,240,986	1,336,446
Local Government Levies	0.30%	0	62,049	66,822
Clearance	1%	0	206,831	222,741
TOTAL OVERHEADS		**0**	**1,509,866**	**1,626,009**
CAPITAL CHARGES				
Short Term Loan		4,000,000	858,128	858,128
Interest Long Term Loan		0	0	0
TOTAL CAPITAL CHARGES		**4,000,000**	**858,128**	**858,128**
TOTAL OPERATING OVERHEADS		**4,000,000**	**2,367,994**	**2,484,137**
NET PROFIT BEFORE TAX			**11,362,705**	**12,399,677**
TAXATION (30%)			**3,408,811**	**3,719,903**
NET PROFIT AFTER TAX			**7,953,893**	**8,679,774**
GoT FREE CARRIAGE (16%)			**1,272,623**	**1,388,764**
RETAINED EARNINGS			**6,681,270**	**7,291,010**
CUMMULATIVE EARNING			**6,681,270**	**13,972,280**

6.5 Payback Period

As indicated in Table 6-1 & 6-2, the total investment capital of the project is approximately US$30 million. From the projected income and loss analysis as indicated in Appendix 3, the project intends to

accumulate US$38.7 million in the fifth year of mining operations. This indicates that, the project recoups its investment capital in the fourth year of mining operations where the company intends to accumulate a lumpsum of US$30.3million. This means that, the project will start making profit from the fifth year of mining operations (See Appendix 3).

Cash flow statement and balance sheet book performed for the project indicates that, the company intends to accumulate cash inflows of US$42.3 million in the fourth year of mining operations with total resources of US$36.7 million generated in the first year of mining operations. Appendices 4&5 summarizes the cash flow statement and balance sheet book of the generated cash inflows and total resources for NYANG'WALE gold project (MGP).

6.6 Cash flow Analysis and Discount Rates

The expected revenues and cost estimates as depicted in section 6.2 and section 6.3, which were based on the proposed and anticipated schedule of mining operations were evaluated. A discounted cash flow analysis was prepared to determine the Net Present Value (NPV) and the Internal Rate of Return (IRR) of the project.

Using an internal discount factor (IDF) of 10%, the Net Present Value (NPV) of the project was calculated using the retained earnings of the project through the entire life of mine (LOM). The NPV was calculated to determine the value of the project and its investment. During calculation, the project returned a positive Net Present Value (i.e. US$ 18.8 million), and therefore, this indicates that, NYANG'WALE gold mining operations are considered to be economically viable throughout the entire life of mine (Appendix 6). Using investment capital and retained earnings in the projected income and loss account, internal rate of return (IRR) was calculated assuming the net present value of the project equals zero. Utilizing the assumption of NPV = 0, the retained earnings returned an internal rate of return (IRR) of 23%. Since IRR>IDF, this indicates that, the project adds value and is economically viable for this kind of investment (Appendix 6).

Appendix 4 and 5 are cash flow analysis and bank statement of the project and presents a picture of the schedules of costs and revenues, based on the following assumed financial parameters:

- Internal discount factor for the project taken @ 10%
- Internal Rate of Return (IRR) calculated @ 23%
- Royalty taken @ 6%

- Clearance fee taken @ 1%
- Local Government Levies taken @ 0.3%
- Income Tax Rate taken @ 30%
- Government free Carriage taken @ 16%
- Life of Mine (LOM) taken @ 10 years
- Tax exemption on fuels, oils, and other imported supplies have not been considered and when incorporated will also greatly boost the cash flow of the project.

Based on the above parametres the project has shown to have good potential to generate cash as summarized in some of the important economic indicators as indicated in Appendix 6.

6.7 Sensitivity

Sensitivity of the cash flow as indicated in Appendix 4 provides a picture of the level of risks the project might undergo if some of the economic parameters change. These economic parameters such as price of gold per ounce, local and world demand, change in grade of ore materials and exchange rates will greatly influence the profit margins of the project. Sensitivity analysis conducted on the quality of ore materials in mining projects is undertaken to determine the volatility of the discount rate, price of a troy ounce and size of the ore body of which affects the Net Present Value of

the project. This means that in case of any volatility in price (i.e. increase or decrease) of gold price per ounce, the Net Present Value of the project will rise or drop accordingly with or without affecting the economic viability of the project. To some extent, if the price of gold per ounce drops significantly, will automatically drop the Net Present Value and decrease the IRR accordingly and therefore increase the risk of investment.

Based on the projected production, if the size of the ore body decreases, will significantly decrease the production rate, and hence decrease the Net Present Value of the project, however, the variability of these sensitivity parameters will affect the viability of the project depending on how robust they are at the present market (Figure 18).

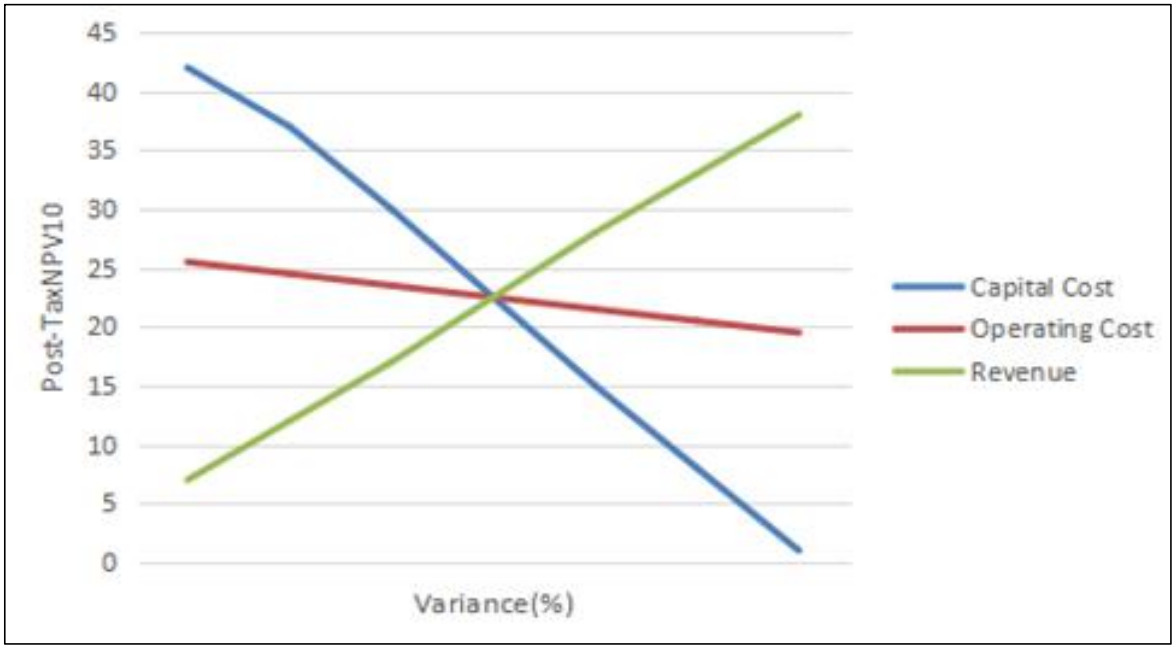


Figure 18: Sensitivity analysis of project net present value

CHAPTER 7

7. Conclusion

The proposed Nyang’wale mining license is located 15 kilometers southeast of Nyang’wale districtz and 100 kilometers south east of Geita town, the administration city of Geita region.The project is located in the eastern end of the outer arc of the intermittently oval shaped Sukumaland Greenstone Belt. The deposit represents a typical orogenic gold deposit and is largely comprised of Upper and Lower Nyanzian sequences.

From detailed exploration programs undertaken by Henan Yukuang International Mining Investment (T) Co.Limited (hereinafter referred to as "HYIMIL"), NYANG'WALE gold deposit which forms part of the combined resource, reported a resource of 1.50 million tonnes of gold ore materials at an average grade of 3.64 g/t Au which is equivalent to 176,542.5 ounces. Utilizing a block model developed during mineral resource estimation, a medium scale open pit and waste dump together with site layout were designed. Using standard parametres with stripping ratio of 2:1, an open pit was designed to ensure maximum gold ore recovery throughout the

entire life of the mine. Considering the amount of waste (i.e. 75,000 tonnes) to be stripped annually, a waste dump of 0.10 km2 was designed. Implementing the mine design and its development, mining equipments along with an appropriate work force were considered. To be able to produce150,000 tonnes of ore materials and 75,000 tonnes of waste materials annually, 91 equipments with 50 labour working force were considered. The mining equipments included production equipment, engineering, safety, security, geology, survey and administrative equipments. The mine employees are inclusive of professionals and nonprofessionals.

Prior to pit and waste dump designs, Henan Yukuang International Mining Investment (T) Co.Limited (hereinafter referred to as “HYIMIL ") intends to invest US$30.0 million in order to extract a resource of 1.5 million tonnes of ore materials from NYANG'WALE gold project. Through this investment, the projected daily based production is expected to be 500 tonnes of ore materials which will generate an income of US$95,670.9. Henan Yukuang International Mining Investment (T) Co.Limited (hereinafter referred to as ("HYIMI") intends to generate revenues of US$ 20.7, US$ 22.3 and US$ 28.9 million from 130,000, 140,000 and 150,000 tonnes respectively during the first three years of mining operation. Based on projected

income and loss analysis, the project will generate approximately US$6.7 million as retained earnings during the first year of mining operation. The projected income and loss analysis performed by the company, indicates that, during the fifth year of operation, the company intends to accumulate US$38.7 million which is more than its investment capital. Therefore, this indicates that the project will recoup its investment in the fifth year of mining operations. Understanding the project value and its economic viability, the company conducted discounted cash flow analysis. Based on discounted cashflow analysis, the project returned positive Net Present Value (NPV) at internal discount factor of 10%. Using the investment capital and retained earnings, the Internal Rate of Return (IRR) was calculated and returned 23% greater than the internal discount factor (IDF). With positive Net Present Value and Internal Rate of Return>internal discount factor, this indicates that the project adds value and is economically viable throughout the entire life of mine (LOM).

Appendices

Appendix 1: Summary of production and sales overview for Nyang'wale gold project

NYANG'WALE Gold Mining Project: **Production and Sales Overview**			**Assumptions**		
			Price of Gold/Oz	1,635	US$
1: Production of Gold	Monthly	Annually	Av. Ore Grade	3.64	g/t
Monthly production schedule (Tonnes)	12,500	72,089	Recovery	83%	

Gold Mining and Production for 10 Years shall be as Follows:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 1
Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonne
130,000	140,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,00

2: Projected production schedule	Per Day	Monthly	Year 1	Year 2

Projected production of gold	59	1,463	15,214	16,384
Plant Recovery	83%	83%	83%	83%
Gold produced after recovery (Ounce)	49	1,216	12,650	13,623

3: Projected production and Sales overview annually	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year
Run of mine (Tonnes)	130,000	140,000	150,000	150,000	150,000	150,000	150,000	150,00
Ore grade (g/t)	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64
Gold produced (g)	473,200	509,600	546,000	546,000	546,000	546,000	546,000	546,00
Gold produced (Ounces)	15,213.7	16,384.0	17,554.3	17,554.3	17,554.3	17,554.3	17,554.3	17,554
Plant recovery (%)	83%	83%	83%	83%	83%	83%	83%	83%
Gold produced (Ounces)	12,650	13,623	14,596	14,596	14,596	14,596	14,596	14,59
Revenues from Sales (US$)	20,683,093	22,274,100	23,865,107	23,865,107	23,865,107	23,865,107	23,865,107	23,865,

Appendix 2: Summary showing projected operating costs during the entire mining operations at Nyang'wale proposed mining license including local government taxes and clearance fees

NYANG'WALE Gold Project: Projected Operating Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Ye
	1	US$	US$	US$	US$	US$	US$	US$	US$	
a) Direct Production cost/Ounce	5,692,594	6,130,486	6,568,378	6,568,378	6,568,378	6,568,378	6,568,378	6,568,378	6,568,378	6,5
Sub Total	**5,692,594**	**6,130,486**	**6,568,378**	**6,568,378**	**6,568,378**	**6,568,378**	**6,568,378**	**6,568,378**	**6,568,378**	**6,5**
b) Taxes										
Royalty (6%)	1,240,986	1,336,446	1,431,906	1,431,906	1,431,906	1,431,906	1,431,906	1,431,906	1,431,906	1,4
Local GoT. Levies (0.3%)	62,049	66,822	71,595	71,595	71,595	71,595	71,595	71,595	71,595	7
Clearance (1%)	206,831	222,741	238,651	238,651	238,651	238,651	238,651	238,651	238,651	23

Sub Total	**1,509,866**	**1,626,009**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,153**	**1,7**
c) Utilities										
Warehouse Equipments	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	4
Workshop equipment and tools	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	3
Survey equipment (Plotters, Total Station, & accessories & accessories	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	2
Geology equipments	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	1
Fuel storage tanks & pumps	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	6
Electric power extension and transformer	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	3
Water supply system	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	3
Access roads construction	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	2
Gen set light 1 set	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	1
Laboratory Equipments	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	4
Safety Equipment and accessories	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	2
Mine Rescue equipment and	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	2

accessories										
Mine Rehabilitation works	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	5
Sub Total	**415,000**	**415,000**	**415,000**	**415,000**	**415,000**	**415,000**	**415,000**	**415,000**	**415,000**	**41**
d) Administrative Costs										
Bank, inventory procurement costs and stationery	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	1
License and Legal fees	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	5
Travelling & Accomodation (TZ)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	1
Light Vehicles	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	2
Building Repairs & Civil Works	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	8
Consultancy fees	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	1
Public relation and community support	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	1
Medical and Heath care cost	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	5
Workers Canteen	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	3
Sub Total	**285,000**	**285,000**	**285,000**	**285,000**	**285,000**	**285,000**	**285,000**	**285,000**	**285,000**	**28**

e) Salaries										
General Manager	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	6
Finance & Admin. Manager	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	4
Mine Manager	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	4
Processing plant manager	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	4
Maintenance manager	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	4
Mining Engineers	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
Processing plant Engineers	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
Mine Foreman	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
Drillers	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
Offsiders	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7
Excavator Operators	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9
Truck Operators	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9
Pickup 4WD driver	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4
Mechanical Foreman	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8

Electricians	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4
Mechanics	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7
Fitter mechanics	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7
Plumbers	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7
Mechanical Engineers	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
Welders	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	1
Geologists	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	2
Technicians	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8
Surveyors	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
Ass. Surveyors	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8
HSE Officer	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
Assistant HSE	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4
Nurses and Laboratory Technicians	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	1
Medical doctors	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
Accountants	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1

Receptionist	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5
Purchasing Officers	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
Stores Clerk	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9
Public Relations officers	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
HR officers	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	1
Security guards	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8
Sub Total	**559,800**	**559,800**	**559,800**	**559,800**	**559,800**	**559,800**	**559,800**	**559,800**	**559,800**	**55**
Total Utilities Cost	**1,259,800**	**1,259,800**	**1,259,800**	**1,259,800**	**1,259,800**	**1,259,800**	**1,259,800**	**1,259,800**	**1,259,800**	**1,2**

Appendix 3: Summary showing the projected income and loss account throughout the entire 10 years of mining operations at Nyang'wale proposed mining License

PROJECTED INCOME AND LOSS STATEMENT (US$)

ITEM/YEAR		0	1	2	3	4	5	6	7	8	9
		US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
INCOME											
Gold (Ounces)		–	12,650	13,623	14,596	14,596	14,596	14,596	14,596	14,596	14,59
TOTAL INCOME		**–**	**20,683,093**	**22,274,100**	**23,865,107**	**23,865,107**	**23,865,107**	**23,865,107**	**23,865,107**	**23,865,107**	**23,865,**
Direct production costs/Ounce		–	5,692,594	6,130,486	6,568,378	6,568,378	6,568,378	6,568,378	6,568,378	6,568,378	6,568,3
Utilities Cost		–	1,259,800	1,259,800	1,259,800	1,259,800	1,259,800	1,259,800	1,259,800	1,259,800	1,259,8
Total Invariables		**–**	**6,952,394**	**7,390,286**	**7,828,178**	**7,828,178**	**7,828,178**	**7,828,178**	**7,828,178**	**7,828,178**	**7,828,1**
Contribution Margin		–	**13,730,699**	**14,883,814**	**16,036,929**	**16,036,929**	**16,036,929**	**16,036,929**	**16,036,929**	**16,036,929**	**16,036,**
OVERHEADS											
Royalty	6%	0	1,240,986	1,336,446	1,431,906	1,431,906	1,431,906	1,431,906	1,431,906	1,431,906	1,431,9
Local Government Levies	0.30%	0	62,049	66,822	71,595	71,595	71,595	71,595	71,595	71,595	71,59
Clearance	1%	0	206,831	222,741	238,651	238,651	238,651	238,651	238,651	238,651	238,6
TOTAL OVERHEADS		**0**	**1,509,866**	**1,626,009**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,1**

CAPITAL CHARGES										
Short Term Loan	4,000,000	858,128	858,128	858,128	0	0	0	0	0	0
Interest Long Term Loan	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL CHARGES	**4,000,000**	**858,128**	**858,128**	**858,128**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL OPERATING OVERHEADS	**4,000,000**	**2,367,994**	**2,484,137**	**2,600,281**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,153**	**1,742,1**
NET PROFIT BEFORE TAX		**11,362,705**	**12,399,677**	**13,436,648**	**14,294,776**	**14,294,776**	**14,294,776**	**14,294,776**	**14,294,776**	**14,294,**
TAXATION (30%)		**3,408,811**	**3,719,903**	**4,030,995**	**4,288,433**	**4,288,433**	**4,288,433**	**4,288,433**	**4,288,433**	**4,288,4**
NET PROFIT AFTER TAX		**7,953,893**	**8,679,774**	**9,405,654**	**10,006,343**	**10,006,343**	**10,006,343**	**10,006,343**	**10,006,343**	**10,006,**
GoT FREE CARRIAGE (16%)		**1,272,623**	**1,388,764**	**1,504,905**	**1,601,015**	**1,601,015**	**1,601,015**	**1,601,015**	**1,601,015**	**1,601,0**
RETAINED EARNINGS		**6,681,270**	**7,291,010**	**7,900,749**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405,3**
CUMMULATIVE EARNING		**6,681,270**	**13,972,280**	**21,873,030**	**30,278,358**	**38,683,686**	**47,089,015**	**55,494,343**	**63,899,672**	**72,305,**

Appendix 4: Summary showing projected cash flow and accumulated retained earnings for the entire mining operations

PROJECTED CASH FLOW STATEMENT (US$)									
ITEM/YEAR	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
INFLOWS									
Equity Contribution	0	26,000,000	0	0	0	0	0	0	0
Short Term Loan	0	4,000,000	0	0	0	0	0	0	0
Overdraft Facility	0	0	0	0	0	0	0	0	0
Net Profit After Tax & GoT Free Carriage	0	6,681,270	7,291,010	7,900,749	8,405,328	8,405,328	8,405,328	8,405,328	8,405,328
Economic Depreciation (10%)	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
TOTAL CASH INFLOWS	**0**	**39,681,270**	**10,291,010**	**10,900,749**	**11,405,328**	**11,405,328**	**11,405,328**	**11,405,328**	**11,405,32**

OUTFLOWS									
Invest	0	30,000,000	0	0	0	0	0	0	0
Loan Repayment	0	0	0	0	0	0	0	0	0
Change in Working Capital	0	0	0	0	0	0	0	0	0
TOTAL OUTFLOWS	**0**	**30,000,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
NET CASH INFLOWS	**0**	**9,681,270**	**10,291,010**	**10,900,749**	**11,405,328**	**11,405,328**	**11,405,328**	**11,405,328**	**11,405,32**
CUMULATIVE CASH INFLOWS	**0**	**9,681,270**	**19,972,280**	**30,873,030**	**42,278,358**	**53,683,686**	**65,089,015**	**76,494,343**	**87,899,67**

Appendix 5: Summary showing the projected net balance sheet of total assets of the company during the entire life of mine of Nyang'wale gold project

PROJECTED BALANCE SHEET (US$)										
ITEM/YEAR	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US**
Fixed Assets at Cost	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000

Accumulated Depreciation	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000
NET BOOK VALUE	**0**	**27,000,000**	**27,000,000**	**27,000,000**	**27,000,000**	**27,000,000**	**27,000,000**	**27,000,000**	**27,000,000**	**27,000**
CURRENT ASSETS										
Cash and Bank Balances	0	6,681,270	7,291,010	7,900,749	8,405,328	8,405,328	8,405,328	8,405,328	8,405,328	8,405
Stock/Debtors	0	0	0	0	0	0	0	0	0	0
TOTAL CURRENT ASSETS	**0**	**6,681,270**	**7,291,010**	**7,900,749**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405**
CURRENT LIABILITIES										
Trade Creditors	0	0	0	0	0	0	0	0	0	0
Bank Overdraft Facility	0	0	0	0	0	0	0	0	0	0
TOTAL CURRENT LIABILITI	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
NET CURRENT ASSETS	**0**	**6,681,270**	**7,291,010**	**7,900,749**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405**
TOTAL ASSETS	**0**	**33,681,270**	**34,291,010**	**34,900,749**	**35,405,328**	**35,405,328**	**35,405,328**	**35,405,328**	**35,405,328**	**35,40**
Represented By										
Owner's Equities	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000
Retained Earnings	0	6,681,270	7,291,010	7,900,749	8,405,328	8,405,328	8,405,328	8,405,328	8,405,328	8,405

NET WORTH	**30,000,000**	**36,681,270**	**37,291,010**	**37,900,749**	**38,405,328**	**38,405,328**	**38,405,328**	**38,405,328**	**38,405,328**	**38,40**
Long Term Loan Due	0	0	0	0	0	0	0	0	0	0
TOTAL RESOURCES	**30,000,000**	**36,681,270**	**37,291,010**	**37,900,749**	**38,405,328**	**38,405,328**	**38,405,328**	**38,405,328**	**38,405,328**	**38,40**

Appendix 6: Summary showing the positive Net Present Value and Internal Rate of Return calculated at 15% of internal discount factor, indicating the project value and its economic sustainability.

Internal Discount Rate	10%

PROJECTED DISCOUNTED CASH (US$)									
ITEM/YEAR	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	
Inflows									
Profit After Tax and Govn. Free Carriage	0	6,681,270	7,291,010	7,900,749	8,405,328	8,405,328	8,405,328	8,405,328	8
Capital Charges	0	0	0	0	0	0	0	0	
Salvaged Value	0	0	0	0	0	0	0	0	

Recovery of Working Capital		0	0	0	0	0	0	0	
TOTAL INFLOWS	**0**	**6,681,270**	**7,291,010**	**7,900,749**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405,328**	**8**
Ouflows									
Investment & Re-Investment	-30,000,000	0	0	0	0	0	0	0	
Working Capital (Inc/Decrease	0	0	0	0	0	0	0	0	
TOTA OUTFLOWS	**-30,000,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
NET CASH FLOWS	**-30,000,000**	**6,681,270**	**7,291,010**	**7,900,749**	**8,405,328**	**8,405,328**	**8,405,328**	**8,405,328**	**8**
Discounting Factor	1	0.909090909	0.826446281	0.751314801	0.683013455	0.620921323	0.56447393	0.51315812	0.
PV	**-30,000,000**	**6,073,882**	**6,025,628**	**5,935,950**	**5,740,952**	**5,219,048**	**4,744,589**	**4,313,263**	**3**
NPV	**18,779,757**								
Internal Rate of Return (IRR)		**23%**							