



Business plan 2024

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Purpose of the business plan

A business plan is a policy document that helps to concretize the company's business concept and create an overall picture of the business. The business plan is divided into different sections that describe the company's vision, market, target group, management and finances. In this way, a better understanding of the company and its conditions is obtained.

The business plan is a basic document in the business that should be supplemented with various appendices, such as budget and liquidity planning, marketing plan and competitive analysis.

Apart from providing a better picture of the business, a business plan can also be important when applying for external capital. Even potential partners can ask to see a business plan to get a better idea of the company and its future. The business plan is a living document, which means that it should be revised regularly. It should also be adapted to changing external factors or sudden changes in the business.

1. Business idea

- Mining in graphite.
- Capitalize on the opportunity to obtain the necessary permits, purchase land and equipment to extract graphite.
- Export and sell graphite.
- Sales of sand

The company must not only extract and sell raw materials, but also work for sustainability, consideration for the environment and everyone's equal value. Be a long-term and reliable partner with our customers and suppliers through a stated goal of equality, responsibility and respect. Our ambition is to condemn child labour, racism and the reckless exploitation of natural resources.

2. Vision & goal

- Based on current market conditions, the company will work to realize the business plan regarding the financing and construction of a mine for the extraction of graphite.
- The company will work to create long-term and trusting relationships between suppliers and buyers.
- The company's goal is to turn over 900-1 200 metric ton of graphite per month.

3. Company description

- The company is managed from Dar Es Salaam, where we rent suitable premises. The practical operations are conducted from Moshi where the mining area and operations are planned.
- A company is registered as PITA Africa Limited Co. in Tanzania.
- A company is registered as APP Minerals Limited Co. in China.
- The company consists of 3 partners with equal ownership stakes.
- The need for staff is calculated according to what is stated in Appendix 1**.
- Purchases of goods and services are calculated in accordance with what is stated in Appendix 1**.

** Appendix 1

4. Customers

- A LOI** has been signed with Covenant Metals LTD regarding the delivery of the entire production. It is in our opinion a company with good financial resources and short decision-making paths. A partner that is long-term, flexible and reliable.

Other potential buyers are:

- | | | |
|--------------------------------|-------------------------|--------------------------|
| - Toyo Tanso | - SGL Group | - Tokai Carbon |
| - Mersen | - BIDEN | - Enetgris |
| - Nippon Carbon | - SEC Carbon | - GrafTech |
| - Morgan | - Schunk | - Fangda Carbon |
| - Datong Inceng | - Sinosteel | - Henan Tianli |
| - KaiYuan Special Graphite | - Zhongnan Diamond | - Qingdao Tennry Carbon |
| - Dahua Glory Special Graphite | - Hemsun High Purity G. | - Harbin Electric Carbon |

Residual products from the extraction of graphite are sold to local buyers on an ongoing basis.

** Appendix 2

5. Market

- The global graphite market size was valued at USD 7.32 billion in 2023 and is projected to grow from USD 7.80 billion in 2024 to USD 13.35 billion by 2032, exhibiting a CAGR of 6.9% during the forecast period. Asia Pacific dominated the graphite market with a market share of 55.74% in 2023.

Graphite is a lightweight, naturally soft element with metallic and nonmetallic properties, making it ideal for various industrial applications. Its metallic properties include high thermal and electrical conductivity. In contrast, nonmetallic properties include inertia, high resistance to chemicals, corrosion, and temperature, and excellent cleavage and lubricity. With a melting point of 3,927°C, it is used in applications that require high-temperature environments. Owing to its high melting point, it is used to manufacture materials for high-temperature environments, such as kilns, incinerators, reactors, and blast furnace linings. Its high utilization in refractories and the surging demand for Electric Arc Furnaces (EAF) are expected to drive the market growth during the forecast period.

The outbreak of the COVID-19 pandemic served as a significant challenge for the industry in 2020 as supply chains were disrupted due to trade restrictions, and consumption declined due to lower demand from end-use industries. Major end-use industries, such as automotive, refractory, steel, and metallurgy, faced a similar

supply chain crisis due to the pandemic. Moreover, several players in the sector reported struggling to keep their operations running. Supply chain disruptions caused by lockdown restrictions forced market players to reduce production or shutdown their manufacturing facilities. In addition, several industries suffered from labor scarcity, resulting in delays in manufacturing and massive losses.

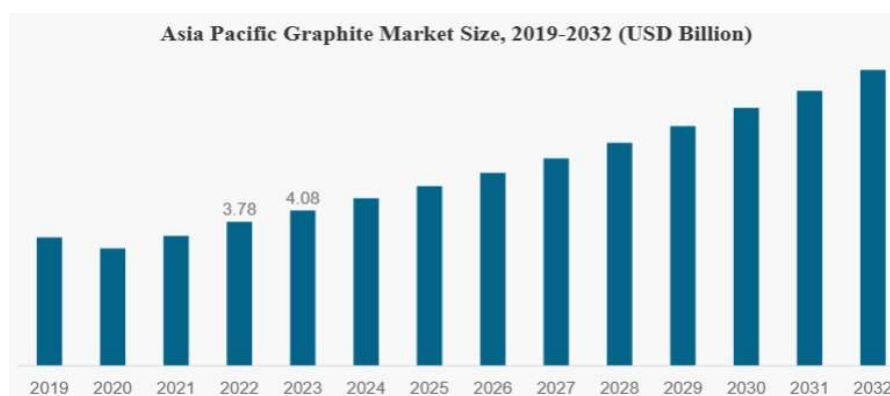
Due to low demand from end-use industries, the market faced a significant decline in year-on-year growth in 2020. However, post-COVID-19, the market witnessed a quick recovery owing to the momentum of electric mobility. Moreover, demand from the foundry and steel industries has aided in market recovery after the relaxation of lockdowns.

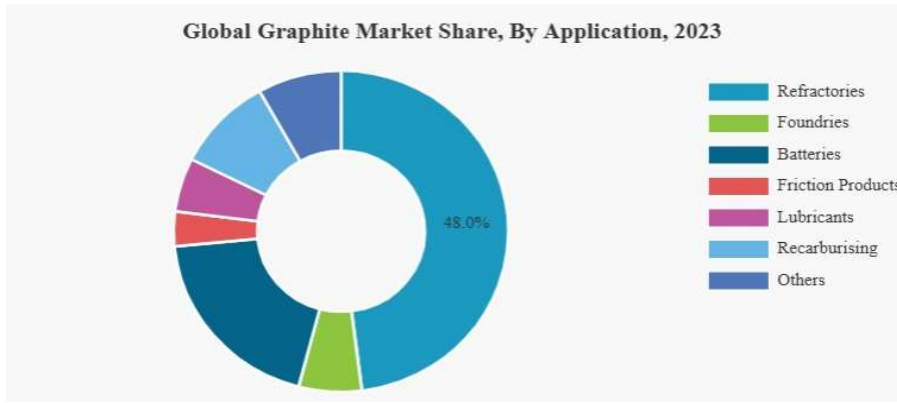
GRAPHITE MARKET TRENDS

Trend of Battery-Powered Vehicles to Impel Market Growth

Graphite is a solution in the automobile industry for manufacturing lithium-ion , which are used to fuel new-generation electric vehicles and increase energy density while reducing charging times. It is also used to make thermally conductive polymers, which are used to replace metal in manufacturing automotive components. As per the sales data released by the International Energy Agency, the electric vehicle industry has witnessed quick growth in the past five years, expanding annually at 50%. Momentum toward clean energy has propelled humongous investments in the automotive industry electrification.

A lithium-ion battery is the heart of the electric vehicle, offering the required energy to drive it. The product is a necessary ingredient in the lithium-ion battery, and its demand is expected to rise in the coming years in line with the adoption of electric vehicles and lithium-ion battery applications.



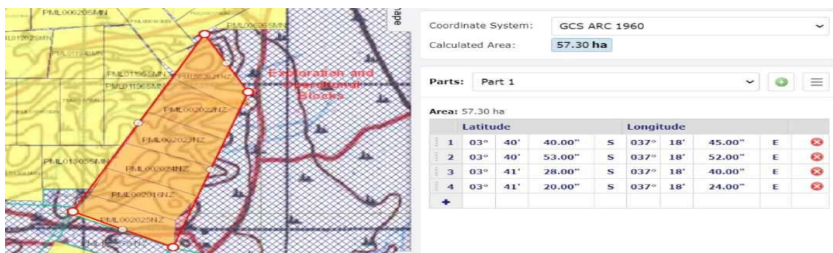


Source: Fortune Business insights

6. Location and geological survey

- We are planning to build the plant near Moshi which is a municipality and the capital of Kilimanjaro region in the north eastern Tanzania. In the last official census of 2022, the municipality had a population of 221,733. The municipality is situated on the lower slopes of Mount Kilimanjaro, a dormant volcano that is the highest mountain in Africa. The name Moshi has been reported to refer to the smoke that emanates from the mountain nearby. The municipality covers approximately 59 square kilometres (23 sq mi) and is the smallest municipality in Tanzania by area.

We have been offered to acquire a graphite extraction land area covering 57.3 ha. A connecting area of an additional 20 hectares will also be included. This land is owned by Maasai people and the compensation provided is for encroachment.



The area currently has no active mines for the extraction of graphite but has been identified by us as an interesting place. During the period 16-18 September 2024, a representative of the company has made a general field inventory that showed good availability of graphite. A decision was then made to hire a geologist to be able to confirm the deposit by an independent party. The report is presented as an appendix** and confirms that our goal of extraction of 30-40 metric tons of graphite daily is possible.

In 2020, Tanzania's estimated graphite reserves were at 17 million tonnes, ranking 6th in the world after Turkey (90 million tonnes), China (73 million tonnes), Brazil (70 million tonnes), Madagascar (26 million tonnes), and Mozambique (25 million

tonnes). Total global reserves of graphite were estimated to be 323.8 million tonnes, with Tanzania accounting for about 5% of them.

Tanzania's largest identified graphite deposits are located in the central and southeast regions of the country. Active graphite projects include Bagamoyo, Bunyu, Chilalo, Epanko, Nachu, and Lindi Jumbo. Production stages have not been reached yet. Tanzania's graphite reserves are being explored and developed by Australia-based graphite developers, namely Black Rock Mining, EcoGraf, Evolution Energy Minerals, Magnis Resources, Volt Resources and Walkabout Resources.

- The report recommends supplementary geological surveys. Here we have two different methods to choose from.
 1. Extended geological mapping, geophysical surveys, and a targeted drilling.
 2. Begin mining of graphite and carry out the extended geological survey in-house on an ongoing basis.
- Based on costs and that we gain time, a decision has been made to proceed according to option 2 above. An extended geological survey briefly involves drilling and examining samples in a laboratory. The examination from order to completion takes an estimated 3 months. If we carry out the same action during ongoing mining, the cost and result will be almost the same, but instead of putting the costs on consultants, we can invest in the business and build up a stock of graphite ore for further processing.

**Appendix 3

7. Economy

- The costs have been divided into two stages to minimise the need for liquidity during the construction phase of the plant. Step 1:

Investment – step 1	Pcs	Price	Sum
PML Mining Licence	6	8 333 USD	50 000 USD
Masai compentation	1	7 500 USD	7 500 USD
NEMC (Enviromental)	1	10 000 USD	10 000 USD
Business license	1	2 000 USD	2 000 USD
TIC	1	2 000 USD	2 000 USD
Road cost	1	2 000 USD	2 000 USD
Land clearence	1	2 000 USD	2 000 USD
Geological report	1	2 000 USD	2 000 USD
Electricity setup	1	7 500 USD	7 500 USD
Well	1	10 000 USD	10 000 USD
Transformer	1	7 500 USD	7 500 USD
Excavator	2	25 000 USD	50 000 USD
Wheelloader	1	25 000 USD	25 000 USD
Trucks, dumpers	2	15 000 USD	30 000 USD
Forklift	2	8 000 USD	16 000 USD
Plant	0,3	320 000 USD	96 000 USD
Transportation	3	1 340 USD	4 020 USD
Warehouse	0,5	90 000 USD	45 000 USD
Office	0	20 000 USD	0 USD
Staff house	1	30 000 USD	30 000 USD
Management house	0	20 000 USD	0 USD
Kitchen/dining room	0	10 000 USD	0 USD
Furnitures	0,5	10 000 USD	5 000 USD
Pickup	1	20 000 USD	20 000 USD
Chainsaw/clearence	4	1 000 USD	4 000 USD
Workers clothes	100	30 USD	3 000 USD
Protection clothes	4	400 USD	1 600 USD
SUM			432 120 USD

- Once the build-up phase is complete, additional capital remains up to total financing as shown in the table below. Step 2:

Investment – step 2	Pcs	Price	Sum
PML Mining Licence	6	8 333 USD	50 000 USD
Masai compentation	1	7 500 USD	7 500 USD
NEMC (Enviromental)	1	10 000 USD	10 000 USD
Business license	1	2 000 USD	2 000 USD
TIC	1	2 000 USD	2 000 USD
Road cost	1	2 000 USD	2 000 USD
Land clearence	1	2 000 USD	2 000 USD
Geological report	1	2 000 USD	2 000 USD
Electricity setup	1	7 500 USD	7 500 USD
Well	1	10 000 USD	10 000 USD
Transformer	1	7 500 USD	7 500 USD
Excavator	2	25 000 USD	50 000 USD
Wheelloader	2	25 000 USD	50 000 USD
Trucks, dumpers	4	15 000 USD	60 000 USD
Forklift	2	8 000 USD	16 000 USD
Plant	0,3	320 000 USD	96 000 USD
Transportation	3	1 340 USD	4 020 USD
Warehouse	1	90 000 USD	90 000 USD
Office	1	20 000 USD	20 000 USD
Staff house	1	30 000 USD	30 000 USD
Executives house	1	20 000 USD	20 000 USD
Kitchen/dining room	1	10 000 USD	10 000 USD
Furnitures	1	10 000 USD	10 000 USD
Pickup	1	20 000 USD	20 000 USD
Chainsaw/clearence	4	1 000 USD	4 000 USD
Workers clothes	100	30 USD	3 000 USD
Protection clothes	4	400 USD	1 600 USD
SUM			587 120 USD

To note: The cost of the plant is stated to be 0.3. The manufacturer contributes 70% to financing until the start of production**. Interest expenses for this have been included in the calculation of running costs.

- Running costs describe the business's monthly expenses for personnel, machinery and operation according to the table below. The costs apply when the business is in full operation.

Costs month	Pcs	Price	Sum
Salary plant workers	8	550 USD	4 400 USD
Salary operators	6	220 USD	1 320 USD
Salary personal assistant	3	290 USD	870 USD
Salary owners	3	4 000 USD	12 000 USD
Wages	30	300 USD	9 000 USD
Diesel	1	12 600 USD	12 600 USD
Food	50	100 USD	5 000 USD
Communication	1	200 USD	200 USD
Electricity	1	32 000 USD	32 000 USD
Travel expenses	1	3 000 USD	3 000 USD
Machine service	10	200 USD	2 000 USD
Insurance plant	1	166 USD	166 USD
Insurance staff	20	25 USD	500 USD
Loan	1	6 726 USD	6 726 USD
Bags and chemicals	1	15 800 USD	15 800 USD
Coal	1	5 500 USD	5 500 USD
Maintenance and unforeseen costs	1	20 000 USD	20 000 USD
SUM			131 082 USD

- The income consists of sales of graphite and residual material in the form of sand according to the table below.

Income month	Pcs/ton	Price	Sum
Graphite	900	930 USD	837 000 USD
Sand	9000	3 USD	27 000 USD
SUM			864 000 USD

Note: Income is reduced for tax/royalties to the Tanzanian government. The sales price we used in the calculation is lower than available price statistics.

** Appendix 4

8. Financing

- Financing, Step 1. Initially, in order to secure costs for company formation, certificates, various work materials, travel expenses, the geological report, etc., the partners have agreed to contribute USD 15,000 each. Abdu Nuha, who can be considered the entrepreneur behind the project, is not covered by this investment.
- Financing, Step 2. Investments and working capital during the build-up phase will require capital from third parties. A decision on a strategy for raising capital will be decided shortly.
 - Shareholders contribution (30% of total investment)
 - SIDA
 - Issuance of bonds
 - Bank loan
 - Private funding
 - Venture capital

9. Team

- Abdu Nuha**
 - Born 14 Januari 1989, Tanzanian
 - Bachelor degree in accounting
 - Skills in finance and marketing management
 - Skills in mining

- Ola Lundberg**
 - Born 16 Januari 1964, Swedish
 - Bachelor degree in forestry and education
 - Founder and owner of the Swedish company Lummba Invest AB
 - Former CEO and founder of Followit Holding AB (publ.)
 - Skills from international business
- Stefan Esbjörnsson**
 - Born 15 april 1965, Swedish
 - High School education
 - University Education in economics, statistics and IT
 - Skills in finance and insurance

** Appendix 5, 6, 7

10. SWOT-analysis

Internal factors		External factors	
Strengths	Weaknesses	Possibilities	Threats
High driving force	Liquidity	Rapid expansion	Lack of financing
Competence	Different locations	Refinancing	Competition
Flexibility	Language barriers	High yield	Changed market conditions
Local knowledge	Cultural differences	Low tax	Delays

11. Security

- The security situation in the region is considered good and no further investigation on the subject is considered necessary.

12. Company formation

- The company is divided into two different departments. One in Tanzania, where the operational activities are mainly conducted from, and one in China, where our suppliers and customers mostly come from. Both companies are registered for tax in Tanzania.
 - Pita Africa Co. LTD**
 - APP Minerals LTD**

**Appendix 8, 9, 10

13. Division of responsibilities

- Abdu – CEO and Board Member
- Supervisor
- Operational manager
Email: nuhaabdul@proton.me
Tfn: +255 625 775 602
- Ola – Chairman of the Board
- Documentation
- Strategic planning and fundraising
Email: ola.lundberg@proton.me
Tfn: +46 70 588 31 18
- Stefan – Board Member
- Fundraising
- Budget
- Accounting
Email: stefan.esbjorn@proton.me
+46 72 250 42 30

14. Agreements

- The following agreements has been drawn up:
 - Shareholders agreement**
 - NDA**
 - Purchase/lease agreement for land -Pending**
 - PML, Mining licence – Pending**
 - LOI – Covenant (appendix 2)
 - Quotation/Purchase agreement – NILE (appendix 4)

** Appendix 11, 12, 13, 14

15. Charity

- A decided part of the company's profit is proposed to be set aside for charity, which can be paid out upon application from private individuals, associations or other organizations if the purpose is considered justified.

The purpose is primarily humanitarian, but also to create a positive attitude towards the company among the general public, other companies and authorities. The method is used by many Western companies and is often economically motivated to create an image of seriousness, legitimacy and credibility.

This improves the conditions for price negotiations, marketing and creates competitive advantages. As a result, there are also increased opportunities for profit. A policy setting out the size of the fund, criteria for applications and grants is decided annually at the company's Annual General Meeting.

The fund is proposed to be named Africa For Future (AFF).

16. Strategy for investments

- Over a period of 12-18 months, the company will build a satisfactory capital. For these reasons, it is essential to identify at an early stage the possibilities of different investment opportunities. These can be:
 - Additional or expanding on-going mining project
 - Real estate
 - Investments on the stockmarket

17. Exit strategy

- Already at the start, it is advantageous to consider the fact that the founders will end their involvement in the company at some point in the future. In order to maximize compensation when this happens, continuous documentation, financial reporting and follow-up of daily operations are needed. A divestment of a company is a relatively complicated process depending on who the buying party or parties are, which can consist of either individual legal entities or take place as an IPO.

The basic documentation normally required is as follows:

- Business plan
- Marketing plan
- Agreements entered into
- Supplier and customer registers
- Annual reports on an ongoing basis
- Due diligence

A "Due diligence" can be described a detailed description of the company. It can be defined as a process and a method for collecting and analyzing information. The purpose is to gather and evaluate the state of the business in order to then be able to make a well-balanced decision when buying/selling.

If you can present legally correct and verified documents of high quality in a detailed and quality-assured manner, the probability of finding a buyer who is prepared to invest in the company is higher.

Apart from sales and profits, planned and initiated investments can often affect the price picture depending on the potential the investments can entail for the company's development. With an early and deliberate exit strategy, you can have a significant impact on the expected purchase price that will be received on the day the company is to be divested.

18. Policy

- In order to ensure the quality of the business and create consensus on the company's processes, a document must be created and then approved by the board. The definition of what a policy is can be summarised as a concise document that describes specific and important areas at an overall level. A policy provides guidance for decisions and governance within the subject.

Policy documents should include the following points:

- Safety
- Drugs and alcohol
- Code of conduct
- Communication
- Documentation
- Durability
- Work environment
- Leadership

19. Action plan

- In order to activate the business plan the following activities need to be carried out.
 1. Shareholders contribution, 2x15 000 usd (2024-09-24).
 2. Implementation of geological survey.
 3. Board meeting.
 4. Additional fundraising.
 5. Apply for business licence and activate bankaccount.
 6. Investment – NEMC, Massai compensation and mining license.
 7. Investment of machinery.
 8. Start of operational activities, extended geological survey and mining.
 9. Additional fundraising.
 10. Final investment and start of full-scale production.

20. Acquisition of land

Land in Tanzania is not the private property of a person. All land is public property entrusted to the President of the United Republic of Tanzania on behalf of its citizens (Sect.4(1) of the Land Act Cap.113 R.E 2019).

Therefore, land ownership by any person in Tanzania is by way of a leasehold system. Under this modality, any person whether citizen or foreigner may own/possess the land and be granted the right to use the same for such period of time say 33 years, 66 years or 99 years of lease renewable.

However, the procedure of land acquisition by foreign persons is a bit different from those applied to citizens as elaborated herein below.

Categories of Land in Tanzania

In Tanzania, the land is classified into three categories namely General Land, Village Land, and Reserved Land.

General Land

General Land is all public land that is not declared to be reserved land or village land (Section 2 of the Land Act). It includes unoccupied or unused village land. General land is considered to be 2% of the land of Tanzania, mainly under urban use and supporting around 20% of the population. General land is under the management of the Commissioner for Land. The Right of Occupancy may be granted to any citizen of Tanzania (individual or corporate) upon application for any designated use.

A foreign investor may be granted the derivative right of occupancy for investment activities through the Tanzania Investment Center (TIC).

Village Land

This is the land which has been declared to be village land under the Village Land Act Cap.114 R.E 2019. Village land consists of the land within the boundaries of a village registered under the Local Government (District Authorities) Act, the land designated as village land under the Land Tenure (Village Settlement) Act 1965, the land other than reserved land which the villagers have, during the twelve years prior to the year 1999, been regularly occupying and using as village land. Village land is considered to be 70% of the land of Tanzania, supporting 80% of the population. The administration and management of village land are vested in local government organs namely the Village Council, the Village Assembly, and the Land Adjudication Committee. Customary Right of Occupancy is granted to occupiers.

A foreign investor may acquire village land for investment by buying a piece of land from the villagers or the Village Council. However, such land should be changed from village land to general land.

Thereafter, the process of registration is done through TIC which will issue a derivative title to the investor.

Reserved Land

Reserved land is that land reserved, designated, or set aside for conservation, national parks, marine parks, urban planning, road reserve, public recreation grounds, hazardous land and land reserved for public utilities. Forests, national parks, and game reserves make up 28% of the total reserved land in Tanzania. Reserved lands are governed by a number of laws but the Commissioner for Land has ultimate powers of allocation of reserved land.

It is important to note that the President of the United Republic of Tanzania can transfer land between all three categories depending on government policies, general planning or upon application by interested persons including investors.

Land Acquisition Process for Foreign Investors

Foreign investors acquire land in Tanzania for a number of purposes such as establishing industries and developing housing, hotels, mining, and agriculture projects. Land acquisition and registration can be done in either of the following ways:

Granted Right of Occupancy: This is with respect to general land and is issued under the Land Act and Land Registration Act. A Title Deed with respect to a specified land is issued by the Commissioner for Land to a person to occupy and use the land for a term of 33, 66 or 99 years. The lease period is renewable. The Granted Right of Occupancy is issued to Tanzanian citizens and local companies. Foreign investors may be issued with the Granted Right of Occupancy provided that they are a company with local shareholders retaining 51% of the shares. A body corporate registered in Tanzania whose majority shareholder or owners are non-citizens is considered to be a foreign company (Sect.20(4) of the Land Act).

Customary Right of Occupancy: This is issued under the Village Land Act by the Village Land Council. The land under the customary right of occupancy is not subject to allocation by the Village Council since it has already been occupied. RELATED: Tanzanian Law Reform Commission Urges Citizens to Provide Feedback on Laws Needing Amendments Foreign Investors may acquire any part of village land by buying it from the owners or by buying vacant land from the Village Council. After the investor has purchased the land from the village, the process of conversion of land to general land should be done whereby the land will be registered under TIC and a derivative right of use will be issued to the investor.

Derivative Right of Occupancy: This is the right to occupy and use the land created out of a Granted Right of Occupancy and includes a lease, a sub-lease, a license, a usufructuary right and any interest analogous to those interests. Section 20(1) of the Land Act provides that a non-citizen of Tanzania shall not be allocated or granted land unless it is for investment purposes under the Tanzania Investment Act, 2022. It was intended that the land for investment purposes be identified, gazetted, and allocated to TIC by way of the right of occupancy. TIC grants a derivative right of occupancy to the foreign investor. The derivative right may be granted for a period of 10 days less than the period (years) for which the granted right of occupancy has been granted. Therefore, if TIC has a Granted Right Occupancy of 99 years, the investor will be given a derivative right of occupancy of 99 years less 10 days.

Procedures For Acquisition Of Derivative Right Of Occupancy: Registration of the Investment Project with TIC The application for a Certificate of Incentive is done in terms of Section 17 of the TIC Act. It is important to know that, before TIC can proceed to issue a Derivative Right of Occupancy, the foreign investor must have already registered his investment project in accordance with the Tanzania Investment Act, 2022 and a Certificate of Incentives must have been issued. It is advised that once the investor has located the land and

after having been assured of its acquisition, he must proceed to register with the TIC and get a Certificate of Incentive. The certificate of incentives is given to the investor who has a capital investment of not less than USD 500,000.

Land Acquisition Process: The land acquisition involves a number of steps especially when the intended land is village land. Investors are advised to seek the service of an attorney to guide them through the process.

If the investor has not spotted any piece of land, is advised, through his attorney, to make an inquiry to TIC specifying his area of interest and his desire to acquire land in a certain locality. TIC normally provides a list of available land whether government (TIC) owned or privately owned and advises accordingly.

If the land required is village land, application for acquisition is done through the local government in which the intended land is located. The Local Government will identify the land and provide the intended buyer with the requirements, contracts will be signed, and payments made under the supervision or through the Local Government Authority.

After the purchase process is done, the process of conversion of village land into general land is to be done in association with the local government, the investor and TIC (the facilitator). Upon conversion, the land will be registered under TIC for 33, 66 or 99 years and TIC will grant the derivative right to the investor for the same period less 10 days.

It is important to note that the process of change of land use from village land to general land takes a long time say a year or so. However, during this period, the investor is allowed to occupy and use the land.

The process of granting the derivative right to investors in respect of land which is already registered under TIC takes a short period say 3 to 4 months only.

Other Forms of Land Acquisition: Foreign investors have other options through which they can acquire land for their investment purposes.

These options include a long lease arrangement whereby a foreign investor signs a lease agreement with local landowners for the most part of the term of the right of occupancy.

The second option is to register the company jointly with Tanzanian(s) and allow them to retain 51% of the shares to allow the company to be a local company.

Residence in Tanzania for Foreign Investors Via The Acquisition of Land and Real Estate:

Introduction: On June 30, 2023, the Tanzanian Minister of Home Affairs published the Immigration (Amendment) Regulations, 2023, via GN. No. 428 of 2023, hereinafter referred to as “the Regulations.” These amendments introduce significant changes to various immigration matters, with a special emphasis on the issuance of resident permits in Tanzania.

Understanding these regulatory changes is crucial for anyone looking to acquire land, invest in real estate, or obtain residence in Tanzania.

Changes: Class C-11 Residence Permit: The Second Schedule to the Regulations introduces

residence permit class C-11, allowing a foreigner to acquire a residence permit class C by purchasing a house worth USD 100,000 in Tanzania.

Typically, residence permit class C is granted to foreigners who do not qualify for residence permits class A and B. Class A is issued to investors, while class B is issued to employees. Class C is designated for students, interns, researchers, parties and witnesses in courts and tribunals, individuals attending medical treatments, NGO employees, retired persons, volunteers, and artists.

The new regulations add “buyers of real estate” to the list of individuals eligible for residence permit class C. According to Regulation 2, which amends the principal regulations, foreigners who do not qualify for residence permit class A or B, and are not students, interns, researchers, witnesses, patients attending medical treatments, or others previously eligible, can now obtain residence permit class C-11 by purchasing a house worth USD 100,000.

Legal Implications on Immigration and Investment Laws: Under the Regulations, a foreign individual can stay, acquire, and own land in Tanzania through residence permit class C-11 without being an investor (shareholder) with a resident permit class A and a certificate of incentives from the Tanzania Investment Centre (TIC).

According to the Regulations, the applicant of residence permit class C-11 is required to have;

- Police clearance form from the country of origin or place of residence;
- Tax clearance from relevant institutions;
- A recommendation letter from the Tanzania Investment Center (TIC) in Mainland Tanzania (and the Zanzibar Investment Promotion Authority (ZIPA) in the case of Zanzibar);
- Proof that the value of the purchased property is not less than USD 100,000;
- A title deed or certificate of occupancy must be submitted.

Paradoxically, Section 20(1) of the Tanzanian Land Act, the principal legislation governing land matters, limits land ownership to Tanzanian citizens only. Foreigners can own land in Tanzania solely for investment purposes through derivative rights granted by the Tanzania Investment Center (TIC) or the Export Processing Zones Authority (EPZA). This is the only permissible way for a foreigner to own land in Tanzania.

To obtain a certificate of incentives from TIC for projects wholly owned by foreign investors or joint ventures, the minimum fixed investment capital required is USD 500,000. Similarly, EPZA requires a minimum capital of USD 500,000, with the investment located within special economic zones and at least 80% of goods produced intended for export.

However, the current Regulations create a legal implication by allowing a foreigner/non-citizen to own land in Tanzania without needing a certificate of incentives from TIC or EPZA and a residence permit class A (investor’s permit).

This contradicts the principal legislation (the Land Act, Cap 113). In other words, under the current regulations, a foreigner can own landed property and reside in Tanzania without going through TIC or EPZA, unlike before. This presents an apparent conflict between the regulations and the principal legislation on land matters.

The regulations seem to be inapplicable to some extent and in apparent conflict with the principal legislation, specifically Section 20(1) of the Land Act and Section 19 of the Tanzania Investment Act.

The requirements for a foreigner to own land in mainland Tanzania are unclear. It is uncertain whether the amended regulations or the principal legislation will take precedence. The regulations are limited, particularly concerning the transfer of land to a foreigner in Tanzania. This creates challenges in facilitating a successful transfer of land without violating the principal legislation, skipping necessary procedures, or facing objections from the Commissioner for Land.

To acquire land in mainland Tanzania, a foreign investor typically uses one of three available avenues described earlier in this article: obtaining derivative rights from the Tanzania Investment Centre (TIC), securing a government-granted right of occupancy, or subleasing.

The standard process for obtaining derivative title through land purchasing involves filing specific forms outlined in the Land Regulations of 2001, namely Form No. 29, Form No. 30, and Form No. 35. The title of the purchased land is then surrendered, and the land is designated for investment purposes through Form No. 1. The National Land Allocation Committee allocates the land to TIC, registers it in the name of TIC, and TIC issues a derivative right to the respective investor.

The hardship that most practitioners have encountered and foresee is evident in the whole process of purchasing land from the locals in order to transfer it to a foreigner before he/she processes the recommendation letter from the Tanzania Investment Centre as provided under the regulations. There are several issues not addressed under the Land Act and its regulations, such as:

Acceptance of Land Transfer: It is unclear whether the Commissioner for Land will accept the transfer of land to a non-citizen for the purpose of residence without it passing through the National Land Allocation Committee, which is a common practice in granting derivative rights.

Category of Tenure: There is uncertainty regarding what category of tenure the Commissioner for Land will grant to non-citizens who purchase land solely for residence. The Granted Right of Occupancy (GRO) and Customary Right of Occupancy (CRO) are typically enjoyed by citizens only, while Derivative rights are issued to investors either through the Tanzania Investment Centre or Export Processing Zones Authority. In both cases, the investor must be registered with these Authorities. However, under the amended regulations, the foreign real estate buyer requires only a recommendation letter to obtain the Residence permit.

Purpose of Land Acquisition: The regulations are silent on whether the acquisition of land for residence permit C-11 is limited to residential use only or includes other usages.

These ambiguities pose significant challenges in the process of acquiring and transferring land to foreigners in Tanzania, potentially conflicting with established practices and regulations. For expert guidance on land acquisition and residence permits in Tanzania,

Source: Victory Attorneys & Consultants

21. Mining licence

Over the years in Tanzanian jurisdiction, natural resources have been bestowed on the President of the State as a Trustee on behalf of the citizens. This reflects the intention to safeguard the national cake on behalf of all Tanzanians. In turn there has been enactment of a number of laws to regulate the operations surrounding mining activities in Tanzania.

Mining is governed by a number of natural resources laws and we shall go through the nature of licenses and the licensing requirements in Tanzania's mineral sector and the requirements for minerals trading in Tanzania.

Minerals Licensing

The law establishes the Minerals Commission which has been put in charge of regulating all matters relating to mineral licensing. The following mining rights/licenses are available for persons who are prospecting to invest in the mining business:

- Prospecting mining licenses
- Special mining licenses
- Mining licenses
- Primary mining licenses

A prospecting mining license is one which allows one to enter a prospecting mining area favouring the minerals to which the license applies and carry out operations and such work as necessary for that purpose, including the removal and excavation of soil and earth. It may be applied for and issued for minerals falling under groups as specified under Mining Act (metallic minerals, energy minerals, gemstones excluding kimberlitic diamond, kimberlitic diamond, industrial minerals or building materials) and the license will state the group and type of mineral to which it applies.

Prospecting Mining Licence

A prospecting license is granted for an initial period of four years and may be extended for a further three years, after which no further extension is possible. At the end of the two aforementioned periods, the area covered by the license reverts to the government and a prospecting license is issued to a local mining company, which shall be designated by the Minister subject to approval by the Cabinet. Any person intending to conduct exploration work in such an area must do so through arrangements made with a local mining company, subject to prior approval from the Cabinet.

The following conditions apply to a prospecting mining license:

- Restriction to hold not more than 20 licenses, provided that the cumulative prospecting areas do not exceed 2,000 square kilometres;
- Commencement of operations within three months of the prospecting license being granted or within such period as the licensing authority may allow;
- Giving notice to the licensing authority of the discovery of any mineral deposit with a potential commercial value;

- Adherence to the prospecting programme attached to the prospecting license; and
- Ensuring expenditure on prospecting operations of not be less than USD 500 per square kilometre during the initial period and of not less than USD 2,000 per square kilometre after the first renewal.

Where further prospecting is allowed, the minimum expenditure is USD 6,000 per square kilometre. Note that minimum expenditure under a prospecting license is USD 100 for industrial minerals and building materials and USD 250 for prospecting for gemstones.

Special Mining Licence

A special mining license will be granted for large-scale mining operations in which capital investment exceeds USD 100 million. The license grants an exclusive right to the holder to conduct operations in the mining area for the minerals specified in the license. It is granted for the estimated life of the holder indicated in the feasibility study or any other such period as the licensee request, whichever is shorter. A special mining license is renewable, and an application for renewal may be submitted at any time, but no later than one year before expiry of the license.

The conditions that may apply to a special mining license include the following:

- To develop the mining area and commence production in substantial compliance with the programme of mining operations and environmental management plan;
- To employ citizens of Tanzania and implement a succession plan on expatriate employees in accordance with proposals submitted during application for the license, which are also appended to the license;
- To demarcate, and keep demarcated, the mining area as prescribed;
- To prepare and update mine closure plans as prescribed;
- To implement a proposal plan for relocation, resettlement and compensation of people within the mining areas in accordance with the land act;
- To post a rehabilitation bond if so required by the ministry responsible for minerals;
- To obtain an environmental certificate in line with the terms of the environment management act;
- To have a plan with respect to the employment and training of citizens of Tanzania; and
- To comply with the terms of a development agreement if one has been entered into.

The government is entitled to have not less than 16 per cent non-dilutable free carried interest shares in the capital of a mining company; this requirement is dependent on the type of minerals and the level of investment. Though the wording of the relevant provision is to the effect that the level of investment and the type of minerals will determine the percentage of free carried interest, the provision does not detail how the type of minerals and the investment level will affect determination of the percentage. It would suggest, therefore, that projects for certain minerals may attract a higher percentage of free carried interest. In addition, the government is entitled to acquire up to 50 per cent of the shares of a mining company, calculated on the basis of the total value of tax expenditure extended to the mining company.

Tax expenditure is defined as ‘the quantified value of tax incentives granted to a mining company by the government’. This means that the more tax incentives that a mining company is granted, the higher the percentage of shares the government will be entitled to acquire in that company, up to a limit of 50 per cent.

The Mining Public Offering Regulations mandate that 30 per cent of a shareholding by holders of special mining license be locally owned and that a minimum local shareholding should be obtained through a public offer made under the Capital Markets Securities Authority. The term local shareholding with respect to a natural person is defined as a citizen of Tanzania, and in relation to a body corporate it is defined as shares held by a company in which citizens of Tanzania or the government own a beneficial interest of at least 50 per cent of the shares of the company. The regulations empower the Minister to grant a waiver if the holder of a license fails to secure the minimum local shareholding following an unsuccessful public offer. The waiver is granted on application by the license holder and upon recommendation by the Capital Markets and Securities Authority.

Mining Licence

A mining license confers on the holder the exclusive right to carry on mining operations in the mining area for minerals specified in the license, and is granted for operations for which the capital investment is between USD 100,000 and USD 100 million. It is granted for a maximum initial period of 10 years and may be renewed once for a period not exceeding 10 years. An application for renewal should be made not later than six months prior to expiry of the license and must be accompanied by the prescribed fee and tax clearance certificate issued by the tax authority in respect of operations to be conducted during the renewal period.

The conditions that may apply to the holder of a mining license include the following:

- The right to enter into the mining area and undertake mining operations;
- The right to erect equipment, plant and buildings;
- To dispose of the minerals recovered;
- To carry out prospecting within the mining area;
- To stack or dump any waste in accordance with the environmental management plan;
- To pay royalties, taxes and other charges;
- To implement the proposed plan for relocation, resettlement of and payment of compensation to people within the mining areas if they are occupied by surface rights holders; and
- To employ and train citizens of Tanzania and implement a succession plan for expatriate employees in accordance with the labour laws.

Primary Mining Licence

A primary mining license confers on the holder the exclusive right to carry on prospecting and mining operations in the mining area. It is granted for an initial period of up to seven years and is renewable. The law does not specify either the number of years for which the license may be renewed or the number of times that it may be renewed. In practice, however, a primary mining license is normally renewed for the same period as the initial period for

which it was granted. This type of license is granted only to citizens of Tanzania or to companies that are exclusively composed of Tanzanians, whose directors are Tanzanians and in which control of the company is exercised from within Tanzania by persons who are all citizens of Tanzania. A primary mining license may be converted into a mining license.

The conditions that may apply to the holder of a primary mining license include:

- The right to erect the necessary equipment, plant and buildings for the purposes of mining, transporting, dressing or treating the minerals recovered during the course of mining operations;
- To pay the royalties due to the government;
- To stack or dump any mineral or waste product in a manner consistent with the Environmental Management Act;
- To implement the proposed plan for relocation, resettlement of, and payment of compensation to people within the mining areas if the area is occupied by surface rights holders; and
- The right to prospect within that mining area for any minerals other than gemstones.

There are also **dealers' licenses** and a **brokers' licenses**. A dealer's license allows the holder to acquire minerals and sell them, including the right to export, and a broker's license allows the holder to acquire minerals and sell them, but not to export. A broker's license can only be issued to Tanzanians.

Assignment of Mining Rights

Mineral rights are transferable; however, special and mining licenses may only be assigned if the consent of the Commission is obtained, unless the assignment is to an affiliate or a financial institution. Consent of the Commission can only be given where there is proof that substantial developments have been effected by the holder seeking to transfer his or her mineral right.

Cancellation of Mining Rights

Once granted, a mineral right cannot be suspended or cancelled except for just cause and after following due process.

Causes that may justify the cancellation or suspension of a license include:

- Non-compliance with binding provisions of the Mining Act, regulations or license conditions;
- Failure to comply with a lawful direction given under the legislation or the regulations; and
- Failure to comply with conditions relating to a license that may be contained in a development agreement.

However, before a license can be cancelled or suspended, the Commission is required to issue a default notice and allow the license holder not less than three months to remedy the default, or, if a default cannot be remedied, the license holder must be given an opportunity to offer reasonable compensation for the default.

Foreigners Mining Rights

Foreign parties may be granted any type of mineral right, subject to compliance with general licensing requirements, with the exception of primary mining licenses, gemstone mining licenses and broker's licenses. As stated above, a primary mining license cannot be granted to foreigners; however, if a holder of a primary mining license requires technical support to conduct operations and the technical support cannot be sourced from Tanzania, the holder is allowed to contract a foreigner to provide that support. Such an agreement requires approval in advance by the Commission, given on the recommendation of a resident mines officer. Likewise, the Commission may grant the license in an arrangement in which a foreigner owns not more than 50 per cent of participating shares. For the Commission to proceed in this manner, it must be demonstrated that the development of gemstone resources in the respective area is likely to require specialized skills, technology or a high level of investment.

Mineral Processing

Under the provisions of the Mining Act, a mineral right-holder undertaking mining activities is required to construct secure storage facilities on site for storing extracted raw minerals. Stored minerals can be kept in a storage facility for a maximum of five days, after which they must be moved to the Government Minerals Warehouse to wait for beneficiation (a process by which **valuable constituents of an ore are concentrated by means of a physical separation process**) or, if the government so permits, export. Beneficiation and processing of minerals is governed by the Mining (Mineral Beneficiation) Regulations, which provide for application and granting of a processing, smelting or refining license.

The license holder has the right to process, smelt or refine minerals and for that purpose is allowed to buy, acquire, sell and dispose of minerals, including by exporting them. The license holder is mandatorily required to employ and train Tanzanians and implement a succession plan on expatriate employees. Further, the holder must prepare and implement a plan that ensures procurement of goods and services that are available in Tanzania.

Sale, importation and exportation of extracted and processed minerals

Among the rights granted to holders of mineral rights for conducting mining activities is the right to dispose of minerals including the right to export minerals. However, the disposal of minerals comes with conditions. As stated above, mineral right-holders can only keep minerals for five days, after which they have to be moved to a government warehouse. Under the provisions of the Mining (Minerals and Mineral Concentrate Trading) Regulations of 2018, holders of mining and special mining licenses, holders of processing, refining and smelting licenses and holders of dealer's licenses may export or import minerals subject to obtaining an export or import permit under the law. Import and export permits are issued upon receipt of evidence that the applicable royalties have been paid. In addition, non-residents who have purchased minerals from an authorised miner or a licensed dealer may upon application be issued with special permits for exporting acquired minerals, should they wish to. However, special permits cannot be issued to the same person more than twice in any one year.

Source: ABC Attorneys

22. Export regulations

1.1 Export of Gold and other Minerals from Tanzania

The exportation of minerals in Tanzania is governed by the provisions of the Mining Act, 2010 ('the Act') and the Mining (Mineral Trading) Regulations, 2010 ('the Regulations'). Any person with an interest to export minerals in Tanzania has to abide by the conditions stipulated under the Act and Regulations. This article provides guidelines and pre-requisites for the exportation of minerals in Tanzania in line with the conditions laid down under the Act and Regulations.

1.2 Right to export Gold and other minerals and their categories out of Tanzania

The right to export minerals is granted to the following categories of mineral rights holders:

1.2.1 Holders of Mining Rights in Tanzania

Holders of special mining license, mining license, primary mining license, processing license, smelting license, and refining license have the right to trade or dispose of their mineral products; including, by way of export.

Any person who falls in any of the following categories may apply for and be granted an export permit;

- Primary Mining license
- Mining License
- Special Mining License
- Smelting License
- Processing License, and
- Refining License

The holder of any of the above mining License has the right to trade or dispose of even export the mineral and mineral Products obtained from their mining centers.

1.2.2 Licensed Minerals Dealers and Brokers

On the other hand, holders of dealer and broker licenses have the right to buy, acquire, sell or dispose of minerals (Section 76 and 83 of the Act). Therefore, the right to export minerals is granted to holders of mineral rights and licensed dealers.

1.2.3 Non-Residents on Special Permits

Further to the mineral rights holders and dealers stated above, non-residents are authorized to export minerals subject to the conditions provided under Regulation 16 of the Regulations. A special export permit is granted to non-residents to export minerals from Tanzania.

A non-resident with a tourist visa is permitted to export minerals after paying the required export permit fee for minerals not exceeding USD 1,000(See Regulation 16(2)). The application fee is USD 200 for minerals worth USD 1,000 but if the value of minerals is above USD 1000 the amount of fee payable is USD 2,000.

The major limitation is that a non-resident shall not be permitted to export minerals more than twice in a year.

Furthermore, non-residents may export minerals purchased at the Gem Trade Fair (as per Regulation 17). Export permit for minerals from Gem Trade Fair is granted after payment of requisite fees and royalty.

1.3 Royalty for export of Minerals

Royalty for export of Gold and other minerals refers to the amount of payment made in percentage to the Government by an exporter or dealer of minerals in Tanzania. The Government is the owner of minerals in Tanzania and charges royalty based on two aspects: one is the gross value of the minerals to be exported and the second the kind or type of minerals to be exported.

The following are royalty rates chargeable for the export of minerals:

Exportation of gemstone and diamonds is charged 5% of the gross value of the consignment.

For gold, copper, silver, and platinum minerals the rate is 4%.

Gem is charged 1% of the gross value.

All minerals within industrial mineral, including building material and salt are chargeable at a rate of 3%.

1.4 Online Mining Cadastre Transactional Portal

This portal is made for registration of mineral right holders of Division A, B, C, and D. It is through this forum, and upon being registered on it, the mineral right holders can maintain their existing rights, submit report and production returns electronically. To use the portal, one has to register in person through Head office of the Ministry for Division A and B but for Division C and D can register through regional offices. The goal of this portal is to provide an electronic platform for all stakeholders in the mining sector in Tanzania to engage directly with the Ministry of Energy and Minerals.

1.5 Precautionary issues for export of minerals

Like any other business, the exportation of minerals in Tanzania involves some risks; one of them is dealing with fraudsters. We have noted that on many occasions foreigners engage in mineral export transactions without seeking legal guidance and consulting the appropriate authorities. Consequently, some foreigners end up being exposed to a risk of fraud by certain impostors without trading licenses.

Further information;

A mineral Export permit is a vital document that will allow the dealers and miners to export the Minerals out of Tanzania, without which they cannot export the minerals. However, it is better to note that, a mineral export permit is issued only once per each consignment, and is valid only for the period given, so there is no permanent export permit.

The mineral export permit will not be issued if the applicant has not paid for the export permit application fee and the Government royalty. These are the fee paid to the government before the consignment is to be exported.

Warning: Gold and other minerals can not be sold or transported out of Tanzania without Government Involvement. All gold sold in the black market or in Hotels has proved to be a scam. Thereabove are the only ways to export Gold and other minerals out of Tanzania.

Source: ABC Attorneys

23 Attachments

- Initial budget appendix 1
- LOI appendix 2
- Geological report appendix 3
- Quotation plant appendix 4
- Passport copy - Abdu appendix 5
- Passport copy - Ola appendix 6
- Passport copy - Stefan appendix 7
- BRELA - PITA appendix 8
- BRELA - APP appendix 9
- Proof of registration APP appendix 10
- Shareholders agreement appendix 11
- NDA appendix 12
- Purchase/lease agreement - land appendix 13
- PML – Mining licence appendix 14