

KISMA GOLD TZ LIMITED

Business Plan

For

Establishment of facility for Elution, Gold Refinery and Gold Mineral
Processing

JUNE 2024

Table of Contents

THE EXECUTIVE SUMMARY

- Basic Information and Details**
- Business Description**
- Financial Performance and Forecasts**
- Sales Forecast**
- Product Description**
- Location**

MARKET AND MARKETING

- Market overview**
- Clients Description**
- The Supplies**
- Competition**
- Costing and Pricing**

MANAGEMENT PLAN

- Business Profile**
- Management and key personnel**
- Support Personnel**

FINANCIAL PLAN

- Introduction**
- Considerations and assumptions**
- Sources of Funds**
- Uses of Funds**
- Financial Discussion(Liquidity)**
- Finance Required**

ANTICIPATED RISKS

- Competition**
- Remedies;**
- Price and Exchange Rate Fluctuations**
- Remedies;**

ECONOMIC AND ENVIRONMENTAL PRIORITIES

CONCLUSION AND RECOMMENDATION

THE EXECUTIVE SUMMARY

Basic Information and Details

Name of Business:	KISMA GOLD TZ LIMITED
Physical Address:	Plot No.564, Block B-HouseNo.10.
Postal Address:	P.O.Box1970,-DarEs Salaam
Telephone:	+255 758 123 127/ +255 745 045 018
Email:	info@kismagold.com
TIN:	174-139-075
Certificate of Incorp.No.:	174139075

Company Description

Kisma Gold TZ Limited Company is a privately owned company run by Indian and US management, and supported by US investors with the quest to establish a state of the art facility/processing plant for the mineral processing with the intention of establishment of elution and mineral refinery for gold and other precious minerals

The company is committed to use the latest technology and offer quality and reliability to its customers all over the world.

Services Description

The Company is set to engage into the business of mineral processing through establishment of the state of the art facility for elution and gold refinery and processing of other minerals as well in Geita Region.

Location

The company is located at Plot No 564 Asenga Road , in Mikocheni - Dar Es Salaam. However, the company will engage in the processing of minerals and gold refinery in Geita region and Mwakitolyo, Shinyanga area.

The company has chosen such an area due to it being an industrial area and fit for the purposes of the intended production.The area is easily accessible and would make it easy to transport the products and the availability of raw materials which makes it a likable area on which many large and artisanal miners are engaged into the activities related to mining to which the Company wishes to specialize into through optimization of the state of the art and latest technology and machinery for gold-processing and extraction methods.

MARKET AND MARKETING

Market Overview

The targeted clients are corporate companies, artisanal miner and the whole population including when production peaks up to export abroad.

The company is determined to take part in combating the widening gap between demand and reliable state of the art facilities for gold elution and refinery through utilization of advanced equipment that are less hazardous to the environment and maintaining cost effectiveness on the overall in the production to the final products ready for commercial consumption.

Clients Description

The business' existing and potential clients list include one-time clients and contract clients from all parts of the country and across the borders.

Our company will concentrate on creating a clientele base and retain it through offering quality services on demand and meeting standards and precision of the customer needs at a cost effective rate on the overall.

Some of the possible clients will include artisanal miners, Mining companies, corporate companies engaged in the gold refinery business etc.

The shareholders expects that these clients will continue with their loyalty to the company's services and that it will be able to raise an expanded clients' base by penetrating the market to attract new clients.

The revenue will be made throughout the year because the needs for these services are not seasonal. This implies a constant consumption of our services.

Competition

The company expects a reasonable competition from other service providers, however the company is deeply committed to making lasting impression by ensuring it meets the competitive advantage and providing top notch services in the mining industry.

Competitive edge is the positioning strategy with clients. This will be done by building a business based on long-standing relationships with satisfied clients simultaneously building defenses against competition. The longer the relationship stands, the more it helps clients understand what the business offer them and why they need it.

Above all the mentioned factors, the business has a competitive pricing position as it obtains inputs at competitive prices from its market pooling, research and sourcing strategy.

In addition, the competitive advantage to this company is the strategic location of the business, client loyalty, competent experienced motivated staff and the speed and quality with which it offers its services utilizing the latest state of the art technology in elusion and gold refinery.

Marketing Strategies

The company will make use of the following marketing strategies for the purpose of reaching mass of targeted clients and curb the existing competition.

Market oriented approach the company will employ market centered approach whereby officers from the company will search and arrange visits to various potential clients for familiarity and relationship building.

The company will make use of its own website and design social media pages for daily posting its products and services offered. This will make it easy for potential Clients to see when making choices. This will go hand in hand with other forms of marketing and customer relationship development and outreach efforts.

The company will search and lobby for partnerships and engagement into business with government authorities and organizations.

The company will also make use of promoting the use of its products by offering annual gifts for its best clients. This will be arranged and include media houses for the public to see and be inspired.

Costing and Pricing

The pricing of business products or/and services is important because it will have a direct effect on the success of any business. Though pricing strategy and computations can be complex, the basic rules of pricing are straight forward: All prices must cover costs.

- The best and most effective way for KISMA GOLD TZ LIMITED is lowering costs so as to lower the price to be affordable to the potential clients and compete in the market.
- Prices must reflect the dynamics of cost, demand, changes in the market and response to competitors.
- KISMA GOLD's prices are established to assure continued sales and growth. The company bases on cost plus approach in estimating prices for its services.
- Service utility, longevity, maintenance and end use must be judged continually, and target prices adjusted accordingly.

Also, the price is set to preserve order in the market place recognizing the market's current cost structure and competitive opportunities. The method of establishing price is cost-plus pricing, which assures that all costs, both fixed and variable are covered and the desired profit percentage is attained.

Table 2.1: Marketing Costs for the 2024/25

Details	Amount(TSHS)
LogoDesign	450,000
Website	1,600,000
PrintedMarketingPieces	6,000,000
TV&Radio	36,000,000
NetworkingEvents	9,800,000
Other	870,000
Total	54,720,000

NB: THE MARKETING COSTS PROJECTIONS ARE FOR TWO YEARS AND EMANATES FROM THE PRE OPERATIVEEXPENSES.

THE COSTS CAN VARY,GO LOWER OR A LITTLE BIT HIGHER, BUT GENERALLY PREDICTED TO REMAINS TABLE BASED ON THE REAL PRICE IDEXES IN THE MARKETING INDUSTRY.

MANAGEMENT PLAN

Company Profile

Kisma Gold's management is keen to keep up with the right strategies to be able to serve the market with what clients need and a good word of mouth circulating on one to one satisfied client to another. The company is determined to expand and acquire long term sustainable growth.

Recruitment and selection of people will be constantly made in a way to ensure those only competent, who are able to carry out the company's mission, are retained in the office.

Management and key personnel

The company is under the serious direction and control of its owners (shareholders). These are the general over seers of all business activities on day-to-day basis.

Anil Kumar Reddy. Y

Anil is a seasoned entrepreneur with over 15 years of background in the mining and minerals space with experience in ferrous and non-ferrous metals, precious metals, and other minerals including quartz and mica. Anil is the founder and CEO of AK Corporation, and other affiliated group companies in the gold, quartz and mica space with a focus on Africa. In addition, Anil has a

passion for ethical and sustainable development, including agricultural and biofuel social development projects in India and Africa as founder and CEO of Roshini Biotech Pvt Ltd.

Ishan Tignait

Ishan is a social entrepreneur with a passion for innovative businesses that deliver commercial results and lasting social impact across the value chain. He is a co-founder of Moka Origins, an award-winning bean-to-bar chocolate maker and specialty coffee roaster; and CEO of the Himalayan Institute, a leading global educational non-profit organization focused on yoga, meditation and holistic wellness as well as sustainable community development in India and Africa. Ishan's entrepreneurial background also includes founder and executive roles in digital media, mining/minerals processing, and sustainable agricultural projects.

Srihari Dandamudi

Srihari is a qualified engineer and technical project manager with 12 years of technical and management background in the mining and processing sector focused on gold, with exposure across Africa, including Tanzania, Zambia, DR Congo, and Mali. He has led successful implementation of gold processing plants in Tanzania, from concept to execution, and has experience working with artisanal miners. Srihari holds a Bachelor in Mechanical Engineering from Osmania University in Hyderabad (India).

Support Personnel

Besides the Directors and shareholders the company has been pegged on the services of 52 women to be casual and skilled labour combined working for man days on a scheduled arrangement who, in their respective positions will keep the business growing from one stage to another.

The company looks forward to hire and have on board also 98 men, combining both skilled and casual labour working form an days on scheduled arrangements.

The directors are keen to maintain calm relationships with the employees by keeping a friendly environment for them to work and constantly responding to employee needs, ensuring a safe workspace that guarantees freedom and a chance to reap full potential regardless of the sex, ethnicity, religion or any other forms of discrimination, as such the company will work closely to ensure compliance to labour laws and ethical standards and promoting a holistic work culture across the facility.

FINANCIAL PLAN

Introduction

This section covers various aspects in relation to the company's financial performance, plans and projections. It gives a summary of the owner's assumptions and the projected cash flows and other financial matters.

Considerations and assumptions

The following assumptions hold for the financial projections presented in the following sections and the attachments;

- a) It is assumed that inflation rate will remain at 7% over the year 2024-2025-2026
- b) The company operational expenses will increase by the inflation rates
- c) Exchange rates will remain fairly stable at the current rates
- d) The legal and regulatory frame works remain stable for all the coming twelve months
- e) Sales of the business will grow at an average rate of 30% per year.
- f) Cost of sales (running the business and the facility) is approximately 15% of the sales revenue
- g) Ending inventory will be 30% of the total purchases of the year.
- h) The company will have receivables of 30% of the sales at the end of the year.
- i) 30% of the year corporate tax payable will be paid after the preparation of the financial statements and deduction of expenses.

Three (3) years Sales Forecast

The sales forecast gradually increases over the year 2024/25 and comprises total sales of TZS 376,977,435. Yearly forecasts are summarized in the table below.

Table2: Sales Forecasts

	2024/25	2025/26	2026/27
SALES(TZS)			
Government and corporate clients	500,000,000	500,000,000	500,000,000
Normal average citizenry(artisanal miners)	100,000,000	100,000,000	100,000,000
OTHERS	70,000,000	70,000,000	70,000,000
Total Sales	670,000,000	670,000,000	670,000,000
Cost of Sales	- 100,500,000	- 100,500,000	- 100,500,000
Gross Profit	569,500,000	569,500,000	569,500,000
CORPORATE TAX 30%	170,850,000	170,850,000	170,850,000

Figure1: Sales forecasts from 2024-2026

NB: The profits before computation of corporate taxes as due.

This amount will complement the equity funds planned for increasing the working capital so as to be able to reach the highly demanding markets in the wider Tanzania that is still under supplied with the services.

Sources of Funds

The major source of funds for KISMA GOLD TZ LIMITED as to start with is the equity capital as injected in by the founding shareholders of the company, also will be based on sales revenues from clients in their categories. This will continue to be the main source for the coming three years with the expanded service dimensions on similar product line. It is estimated that the business will be able to increase its revenue by 30% in each financial year after the initial 2 trial years.

Uses of Funds

A large portion of the funds is expected to be used for acquiring land, importing equipment, constructing the processing plant, and covering the operation expenses including marketing. Other uses are routine expenditure during the operations of the business including purchase of vehicles and machinery and equipment's to run the project whose summary for the twelve months to come is as presented in the financial projections.

(a) Profitability

As per the business's projections, revenues will grow at 30% yearly while many expenses account outside the costs of sales will remain around the same figures or increase at a very small rate. Gross margin will be at 60% while Net profit margins will be at 40%. This is a desired outcome for the company as it leads to maximization of her wealth. Therefore, the business is in line with the company's interest.

(b) Stability (Financial Position)

The business's financial position is projected to be stable for the whole of the year 2024/25 and the other consecutive two years later. Financing of assets will be a mixture of business entity' equity and the bank loan (which will finance the expansion of the project and acquisition of more land)

The company is used to buy in cash from the named business partners in the above discussion. However, the increased operations capacity may push the management to

discuss and negotiate with the major partners for attractive and affordable credit terms. These are not included in the cash flow projections because they will depend on availability of the terms upon acceptance of the proposal.

(c) Finance Required

The finance being requested in case the company opts for a loan is for financing a major expansion of the business where by the administration intends to increase working capital and expand the operations that will require additional marketing efforts, facilities and manpower. The company expects to benefit from the economies of scale by buying in bulk and consequently reduce operating costs like ordering costs.

(d) Financial Discussions (Liquidity)

Cash position of the business is expected to be good and positive with the business being able to meet its recurring obligations in time. However, the expansion plan will need extra funding, the amount being requested which will boost its working capital after repayment of the loan (in case the company advances a credit facility) and accumulated profit ploughed back into the business, in which case the company opts for expansion for a loan.

The attached cash flow projections reveal that the business's liquidity will remain sound with ability to meet all financial obligations together with the cost of the external financing funds.

ANTICIPATED RISKS

The following are some of risks relevant to these business undertakings:

(a) Competition

This is a threat that cannot be avoided as the business seems to be profitable and worth of an undertaking. Due to growing economy, new entrants are expected to emerge and add up to the existing threat from the existing competitors discussed above.

Remedies;

The management is prepared to face the competition by offering the best quality services and products it can in order to build a good clients' loyalty. It will also make sure that it renders services on time in order to win clients' interests and satisfaction.

(b) Price and Exchange Rate Fluctuations

This has recently marked a big problem in business operations; prices and exchange rates keep on rising irregularly and affect the business performance together with the income and expenditure estimates.

Remedies;

The business's strategy to overcome this risk is for negotiations of prices with the suppliers so as to where possible, fix the purchase prices in advance using the forward contracts with the suppliers.

ECONOMIC AND ENVIRONMENTAL PRIORITIES

The business's operations are environmentally friendly since they do not have a direct impact as regards to environmental degradation or pollution. It is in the company's policies to adhere to all country and safety regulations including environmental conservation. The materials used will be those authorized by TBS and following NEMC guidelines.

Social and Environmental Benefits of our Gold Processing Methodology:

Our innovative approach to gold processing has significant social and environmental benefits compared to conventional gold processing. These include:

- Access to multiple gold processing technologies including high-efficiency cyanide methodology, and cyanide-free processing approach
- Water efficient
- Lower carbon and environmental footprint by utilizing process efficiencies that reduce reaction times and thus decrease the amount of power and consumables vs a conventional setup of the same throughput
- Supporting artisanal miners with access to resources, infrastructure, and innovation so their work is more efficient, safe, economically-viable and sustainable

CONCLUSION AND RECOMMENDATION

The detailed discussion in the previous sections reveals a potential for the company's service market. This shows that the company will be able to sale the services and realize its investment and returns and pay the applied external finance accordingly.

The management team is well experienced and equipped to lead the organization towards achieving these objectives and also it has a competent work force to support the move.

Financial analysis also depicts that the business is profitable and will be able to collect funds from sales to fully service the loan facility (in case the company borrows) and meet all other obligations as they fall due. This can be referred to in the projected financial statements.

APPENDICES

1. Projected Income Statement

KISMA GOLD TZ LIMITED				
PROJECTED FINANCIAL PERFORMANCE				
		2024/25	2025/26	2026/27
REVENUE				
	Estimated Sales	670,000,000	670,000,000	670,000,000
	Less(Discounts, Errors, etc)	-	-	-
	Service Revenue	-	-	-
	Other Revenue	-	-	-
	Net Sales	670,000,000	670,000,000	670,000,000
	Cost of sales	100,500,000	100,500,000	100,500,000
	Gross Profit	569,500,000	569,500,000	569,500,000
EXPENSES				
	Administrative General	10,000,000	10,000,000	10,000,000
	Location /Office	5,000,000	5,000,000	5,000,000
	Marketing	-	-	-
	Labor	20,000,000	20,000,000	20,000,000
	Other	-	-	-
	Total Expenses	35,000,000	35,000,000	35,000,000
	Income Before Interest & Taxes	534,500,000	534,500,000	534,500,000
	Income Tax(30%)– corporate tax	160,350,000	160,350,000	160,350,000

(NB: The real value of corporate taxes is computed at 30% after the all expenses are accounted for and realized which for this case will depend on the actual on the actual after commencement of operations as would fall due.)