

# The Business Plan

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## Mining & Processing of Gold at Bokore - Serengeti

**May, 2024**

**PAPAR MINING COMPANY LIMITED**  
P.O Box 1424  
Mwanza, Tanzania

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## The Glossary of Terms

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CEO	Chief Executive Officer
DPI	Distributed-to-Paid-In Capital Ratio
DSCR	Debt Service Coverage Ratio
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
IRR	Internal Rate of Return
Kg	Kilograms
PAT	Profit-After-Tax
QTY	Quantity
TZS	Tanzanian Shillings
USD	United States Dollars

## THE EXECUTIVE SUMMARY

### Background

PAPAR MINING COMPANY LIMITED “PAPAR” is a new company established and registered in Tanzania and has already acquired some licenses for mining gold at Bokore in Serengeti District. PAPAR intends to establish a medium to large scale underground gold mining and processing at Bokore. The year 2025 will be used to procure, install plants and machineries as necessary to allow commercial production of gold from January 2026.

PAPAR intends to procure modern machines and equipment that will enable medium to large scale production of gold. The planned production is targeted to produce from 8kg to 50kg of gold per month at a medium scale level. However, the machines to be procured has higher capacities and capable to produce more than 50Kg a month dependent on the gold mineralization /concentration in the rock veins.

### Funding Sought

The company is seeking an investment amount of **USD 7.0 million** for undertaking the project as summarized in the table below:

PROJECTED INVESTMENT COSTS				
		YEAR 1	YEAR 2	YEAR 3
Description		USD	USD	USD
Cost of Machinery and Equipment		5,749,007		2,319,398
Cost of Buildings		300,000		40,000
Pre-Operational Cost		588,500		
Contingency	5%	331,875	-	117,970
Sub Total		6,969,382	-	2,477,368
<b>Total Investment Amount</b>		<b>7,000,000</b>	-	<b>2,500,000</b>

During the third year, PAPAR will expand the project by investing further a total of **USD 2.5 million** for project expansion. This funding shall be sourced from the internal sources of the company. The project expansion plan will enable the company to produce more gold and hence be able to repay the funding in less time than what has been projected in this business plan.

### Proposition to the Investor

The investor should consider to invest in the project the whole funding sought of **USD 7.0 Million**. The company proposes to accept the Investment funding in form of a loan repayable in a period of 5 years with an interest of 12% per annum. The investor will have shareholding of **60%** for dividend distribution on a yearly basis for the period of 5 years.

ANALYSIS OF RETURNS TO THE INVESTOR							
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	Total Return
		USD	USD	USD	USD	USD	USD
Principal Loan Repayments		559,736	1,224,895	1,380,242	1,555,291	1,750,999	
Loan Interest Payments		781,502	643,639	488,292	313,243	115,993	
Dividend to Investor	<b>60%</b>	3,200,803	8,372,727	9,952,055	9,596,143	9,596,466	
		4,542,041	10,241,260	11,820,588	11,464,676	11,463,458	<b>49,532,024</b>
						Amount Invested	7,000,000
						<b>DPI</b>	<b>7.08</b>

As shown in the table above, the Investor will carry away at least USD 49.5 Million which is 7.0 times (DPI) of the amount s/he invested in the project within the five years projected.

### Investor's Exit Options

After the first five years, the investor will have an option to Exit the project or to remain as an Equity shareholder at the same shareholding stake of 60%.

However, the Exit options shall include the following:

- Sell all shares or part of shares to the company
- Sell all shares or part of shares to interested individuals or companies in the local or foreign markets.

### Envisaged Production Levels

The company projects to commence commercial production from Jan in 2026 by producing a monthly minimum of **8 Kg** of gold and shall be increased on monthly basis to reach the monthly target of **50 Kg** by the fourth quarter of the second year.

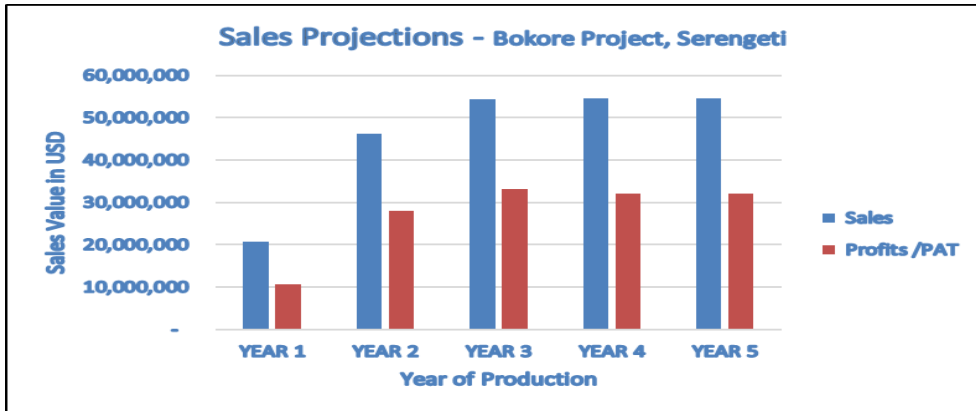
FIRST YEAR PRODUCTION PROJECTIONS													Year 1 - 2026
Month ->	1	2	3	4	5	6	7	8	9	10	11	12	
Kg Produced	8	10	12	14	16	18	20	22	24	26	28	30	228
Price /Kg	90,573	90,573	90,573	90,573	90,573	90,573	90,573	90,573	90,573	90,573	90,573	90,573	
SECOND YEAR PRODUCTION PROJECTIONS													Year 2
Month ->	1	2	3	4	5	6	7	8	9	10	11	12	
Kg Produced	32	34	36	38	40	42	44	46	48	50	50	50	510
Price /Kg	94,820	94,820	94,820	94,820	94,820	94,820	94,820	94,820	94,820	94,820	94,820	94,820	
THIRD YEAR PRODUCTION PROJECTIONS													Year 3
Month ->	1	2	3	4	5	6	7	8	9	10	11	12	
Kg Produced	50	50	50	50	50	50	50	50	50	50	50	50	600
Price /Kg	110,012	110,012	110,012	110,012	110,012	110,012	110,012	110,012	110,012	110,012	110,012	110,012	
FOURTH YEAR PRODUCTION PROJECTIONS													Year 4
Month ->	1	2	3	4	5	6	7	8	9	10	11	12	
Kg Produced	50	50	50	50	50	50	50	50	50	50	50	50	600
Price /Kg	124,693	124,693	124,693	124,693	124,693	124,693	124,693	124,693	124,693	124,693	124,693	124,693	
FIFTH YEAR PRODUCTION PROJECTIONS													Year 5
Month ->	1	2	3	4	5	6	7	8	9	10	11	12	
Kg Produced	50	50	50	50	50	50	50	50	50	50	50	50	600
Price /Kg	136,998	136,998	136,998	136,998	136,998	136,998	136,998	136,998	136,998	136,998	136,998	136,998	

## Sales Projections

From productions assumptions in the above tables, the projections of sales will be as tabulated.

SALES PROJECTIONS TABLE					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Sales	20,650,650	46,192,243	54,343,816	54,600,000	54,600,000
Profits /PAT	10,669,345	27,909,089	33,173,516	31,987,142	31,988,221

The graph below projects the comparison of sales against the Profit- After-Tax (PAT).



## The Expected Financial Performance

The project is expected to generate a profit-after-tax of USD 10.6 million in the first year rising to USD 27 million in the second year and to at least USD 33 Million in the third year with an IRR of 308%, NPV of USD 147 Million in the five years of projections with a ROI of 152% translation to 3 years return.

## **1. THE COMPANY**

PAPAR is a local company owned by Tanzanians who have an extensive experience in mining operations. The company is based in the City of Mwanza with the Strategic Management office in Dar es Salaam.

### **Vision Statement**

To become the best and sustainable mining operator in Tanzania.

### **Mission Statement**

To create and grow sustainable value for our stakeholders through the application of best practices in mining sector.

## **2. PRODUCTS & SERVICES**

### **2.1. The Products**

The company intends to mine and smelt gold at its own area. The smelter is expected to produce gold of 89% to 95% in purity. The gold will be smelted into Dore bars of 5kg to 10kg and sold to the local market mostly.

### **2.2. The Services**

The company will in the future consider to provide drilling services to artisanal small-scale miners around the mining site. There are over 1,000 other small-scale miners around the site who are currently using traditional mining methods.

This interest shall encompass a specific financial and operational model that will be affordable and accommodative to the artisanal small-scale miners.

### 3. PLANT SETUP & PROCESSING

#### 3.1. Site Selection;

The site is accessible by road throughout the year. The setup will comprise the boulders area, stone crushing area, washing area, the CIP area, smelter area, tailings area and waste disposal area.

The processing will make use of hazardous chemicals such as Cyanide, Sulphuric acid, nitric acid and caustic soda. The design of the plant will include a system for (chemically) destroying the residue of the chemicals into other compounds that are safe for human and organisms contact.

However, the company is exploring the possibility to use less harmful chemicals such as the CNLite aimed to replace Cyanide and is environmentally friendly.

#### 3.2. Sourcing of Equipment and Machinery

The Company is already communicating with plant manufacturers who are ready to supply the machinery to Tanzania. In order to transfer skills in operating the machines, the supplier is willing to relocate some of its staff expertise to travel to Tanzania for the installations and training and transfer of skills to our local team for a period of six months and up to one year.

#### 3.3. Buildings

All buildings shall be constructed in adherence to the respective ISO standards. The main buildings shall be for:

- The Plant area
- Storage /magazine facilities
- Staff Services and Change area
- Laboratory
- First AID Area
- Waste disposal area

BUILDINGS				
	Description	YEAR 1	YEAR 2	YEAR 3
		USD	USD	USD
1	Rest Houses	40,000	-	40,000
2	Workshop Building	25,000	-	-
3	Store & Magazinne	70,000	-	-
4	Elution Plant Building - 4 Coumns	45,000	-	-
5	Waste disposal system	120,000	-	-
<b>Cost of Buldings &amp; Facilities</b>		<b>300,000</b>	<b>-</b>	<b>40,000</b>

#### 3.4. Infrastructure setup

##### 3.4.1. Road Access

The plant must have the main road passable throughout the year. PAPAR will do minor maintenances on a few bridges and the road especially during the third year.

##### 3.4.2. Electricity and Water systems

A 3-phase electric power of at least 5MW is required for the smooth operations of the plant and its surrounding facilities. PAPAR will ensure it installs electric power during the second year. Installations must be performed by the Class-1 electrical contractors.

A borehole shall be constructed and a proper water system shall also be installed to supply at least 10,000 liters per day. Water storage tanks of at least 10,000 liters must be installed at the site on a tall tower to ensure adequate water pressure is obtained in all water pipes.

### **3.4.3. Waste Disposal system**

The site shall comprise of a premises to be used exclusively for burning or converting all waste disposals and in a manner which does not cause environmental pollution or any imbalance in the eco-system.

## 4. MARKET ANALYSIS

### 4.1. The Market Size

The local market size for gold is enormous, any amount of gold of up to 1,000 Kg can be sold in the local market per month. Some export markets have demanded a supply of at least 500kg a month. The projected production capacity can thus be absorbed by the local market.

### 4.2. The Market Trends

A lot of clients in the export markets are already asking for gold from Tanzania. Potentially, PAPAR can use straight forward procedures and controls to ensure we capture the foreign market by over 30%.

### 4.3. The Competition

In the gold business, there is almost no competition because of the model through which the gold is sold in the market. Every producer will sell their gold at the market price and at times each could fetch a slightly different /better price than the market price.

### 4.4. The Target Customers

The potential target customers in Tanzania will be as follows:

- ✓ Goldsmiths in Mwanza and Dar es Salaam.
- ✓ Export market in Singapore and Dubai

### 4.5. The Gold Prices Projections

	GOLD PRICE PROJECTIONS in USD							
YEAR ->	2024	2025	2026	2027	2028	2029	2030	
Mid-Year	2,135	2,624	3,152	3,198	3,564	4,053	4,401	USD per Ounce
Year-End	2,324	2,867	3,188	3,295	3,809	4,216	4,684	
Mid-Year	75,310	92,559	111,184	112,806	125,717	142,965	155,241	USD per Kilogram
Year-End	81,977	101,131	112,453	116,228	134,359	148,715	165,223	
Ref.	1 Oz =		28.3495 g					
	<i>Source: NASDAQ, Bloomberg, JP Morgan Chase &amp; Co, May 2024</i>							

### 4.6. The Projected Gold Selling Prices

PROJECTED SELLING PRICES AGAINST MARKET PRICES							
Assumed Selling Price to be	10%	below Market Price					
YEAR ->	2024	2025	2026	2027	2028	2029	2030
	USD	USD	USD	USD	USD	USD	USD
Market Price	78,643	96,845	111,819	114,517	130,038	145,840	160,232
Assumed Purity	90%	90%	90%	92%	94%	95%	95%
Market Selling Price	70,779	87,160	100,637	105,356	122,235	138,548	152,220
<b>Our Selling Price</b>	<b>63,701</b>	<b>78,444</b>	<b>90,573</b>	<b>94,820</b>	<b>110,012</b>	<b>124,693</b>	<b>136,998</b>

## 5. OPERATIONS

### 5.1. Operational Standards

The Company shall implement all of the necessary ISO standards to ensure that the products indeed meet and comply with the ISO Management System (SHEQ -Safety Health Environment and Quality). The desired Standards include the following:

- ✓ ISO 9001 - Quality Management System, includes testing standards for quality assurance on products
- ✓ ISO 14001 - Environmental Management System
- ✓ OHSAS 18001 - Occupational Health and Safety

### 5.2. Risks Identifications and Management

The Company has already identified the operational risks for the business and for staff as well. Control measures shall be implemented to mitigate the risks at all times. Any residual risks shall be covered via insurance and any other method as may be recommended by the business and the operations from time to time.

List of Common Risks in the Gold Mining Industry	
The Risks	Risk Mitigation
- Death hazards due to collapsed underground mining sites	- Regular trainings and workshops for the mining crew
- Health hazards due to disease outbreaks	- Life and health insurance cover
List of Common Risks in Gold Processing Industry	
The Risks	Risk Mitigation
- Health hazards due to inhalation of the Cyanide chemicals	- Regular and consistent use of Personal Protective Equipment (PPE)
- Health hazards due to touching or body exposure to the highly concentrated acids	- Life and health insurance cover
	- Regular trainings and workshops for the processing crew

### 5.3. The SWOT Analysis

SWOT ANALYSIS	
<b>STENGTHS</b> - Gold & Processing experience - Gold selling experience and track records - Strong relationships with best gold buyers abroad and in the local market - Highly skilled Workforce through regular trainings	<b>WEAKNESSES</b> - Inadequate capital for investment in medium scale mining - Poor infrastructure development at the village around the mine - Inadequate automation and investment in new technologies that lead to efficiency and capturing a significant market share - Lack of an integrated mining information system
<b>OPPORTUNITIES</b> - Large gold market both locally and abroad - Customer loyalty with gold buyers abroad - Government's green drive for the mining sector - Stable country's inflation rate	<b>THREATS</b> - Change in Political and legislative policies which otherwise sustain the mining business for a longer period - Staff mishandling the casnogenic chemicals such as Cyanide and the concentrated Acids in the processing steps - Leaking of Cyanide into the neighboring environment - High attrition rate of the skilled workforce - Pandemic outbreaks such as Corona Virus threatening business environment in the World

#### **5.4. Maintenance Process**

The Operations department shall oversee and employ effective machine maintenance schedules just to ensure that all machines operate optimally at all times. In order to enhance this, adequate spare parts shall be made readily available.

Incident tracking and regular checking shall be used so that breakup and servicing trends are established.

## 6. MANAGEMENT

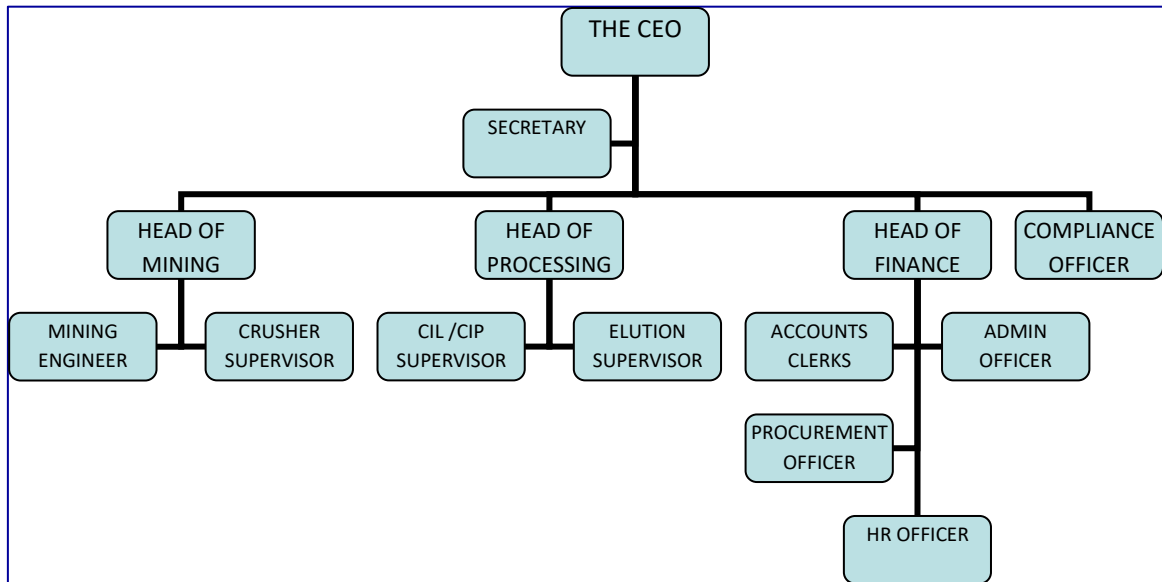
### 6.1. Key Personnel

The key personnel shall comprise of technical resources in various sections of the company. These are well experienced in the gold mining industry. However, this excludes any experts that shall be attached to the project and made available by the supplier of machineries.

### 6.2. Management Team

The business will be managed by the Chief Executive Officer (CEO) assisted by the management team of directors. The CEO shall be managed by the Board of directors on a regular basis.

### 6.3. The Organization Structure



## 7. FINANCIAL PLAN

### 7.1. The Requirements

As shown in the table below, the project financing will be in two phases as follows:

**Phase 1** - Funding of **USD 7.0 Million** for the commencement the project.

**Phase 2** - Funding of **USD 2.5 Million** for the project scale-up in the third year.

PROJECTED INVESTMENT COSTS				
		YEAR 1	YEAR 2	YEAR 3
Description		USD	USD	USD
Cost of Machinery and Equipment		5,749,007		2,319,398
Cost of Buildings		300,000		40,000
Pre-Operational Cost		588,500		
Contingency	5%	331,875	-	117,970
Sub Total		6,969,382	-	2,477,368
<b>Total Investment Amount</b>		<b>7,000,000</b>	<b>-</b>	<b>2,500,000</b>

### 7.2. Sources of Funds

The Phase 1 funding of **USD 7.0 Million** is sought for the commencement of the project preferably in form of **Equity from an investor**. The funding shall be considered a **LOAN** at a very minimal interest of **12%** as the cost of funding and shall be fully repaid in five years' time.

While Phase 2 funding of **USD 2.5 million**, shall be sourced from the internal revenue.

### 7.3. LOAN Repayment Schedule

The amount funded under phase 1, and which is considered a Loan to the company, shall be fully repaid in five years' time and as shown in the DSCR table in the section below.

### 7.4. The DSCR Ratio

The two years' average Debt-to-Service Coverage Ratio (DSCR) will be **22.9** implying a high capability to repay the loan.

Debt Service Coverage Ratio /DSCR					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Interest Repayments	781,502	643,639	488,292	313,243	115,993
Principal Repayments	559,736	1,224,895	1,380,242	1,555,291	1,750,999
<b>Total Debt Service</b>	<b>1,341,237</b>	<b>1,868,534</b>	<b>1,868,534</b>	<b>1,868,534</b>	<b>1,866,992</b>
<b>Annual EBITDA</b>	<b>17,284,535</b>	<b>42,440,038</b>	<b>50,264,597</b>	<b>48,569,778</b>	<b>48,569,778</b>
Annual DSCR	12.89	22.71	26.90	25.99	26.01
			<b>5 Years' Average DSCR</b>		<b>22.90</b>

## 7.5. The Projected Profit & Loss Statement

PROFIT & LOSS STATEMENT	USD				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Revenues	20,650,650	46,192,243	54,343,816	54,600,000	54,600,000
<b>Total Revenues</b>	<b>20,650,650</b>	<b>46,192,243</b>	<b>54,343,816</b>	<b>54,600,000</b>	<b>54,600,000</b>
Cost of Sales or Direct Costs	1,951,004	1,951,004	1,951,004	3,902,008	3,902,008
<b>Cost of Sales</b>	<b>1,951,004</b>	<b>1,951,004</b>	<b>1,951,004</b>	<b>3,902,008</b>	<b>3,902,008</b>
<b>Gross margin (Net revenues)</b>	<b>18,699,646</b>	<b>44,241,239</b>	<b>52,392,812</b>	<b>50,697,992</b>	<b>50,697,992</b>
Marketing	22,989	22,989	22,989	22,989	22,989
Staff costs	1,334,622	1,714,713	2,038,846	2,038,846	2,038,846
Travel costs	36,000	36,000	36,000	36,000	36,000
Office costs	12,000	12,000	12,000	12,000	12,000
Equipment & maint. costs	6,000	12,000	14,880	14,880	14,880
Third Party cost	3,500	3,500	3,500	3,500	3,500
Other costs	-	-	-	-	-
<b>Operating Costs</b>	<b>1,415,111</b>	<b>1,801,201</b>	<b>2,128,214</b>	<b>2,128,214</b>	<b>2,128,214</b>
<b>Income from Operations /EBITDA</b>	<b>17,284,535</b>	<b>42,440,038</b>	<b>50,264,597</b>	<b>48,569,778</b>	<b>48,569,778</b>
Principapl Loan Repayments	559,736	1,224,895	1,380,242	1,555,291	1,750,999
Interest Payments	781,502	643,639	488,292	313,243	115,993
Depreciation	701,377	701,377	1,005,327	1,005,327	1,005,327
<b>Non-operating costs</b>	<b>2,042,614</b>	<b>2,569,910</b>	<b>2,873,861</b>	<b>2,873,861</b>	<b>2,872,319</b>
<b>Gross Profit</b>	<b>15,241,921</b>	<b>39,870,128</b>	<b>47,390,737</b>	<b>45,695,917</b>	<b>45,697,459</b>
<b>Profit Before Tax</b>	<b>15,241,921</b>	<b>39,870,128</b>	<b>47,390,737</b>	<b>45,695,917</b>	<b>45,697,459</b>
<b>Profit tax</b>	<b>4,572,576</b>	<b>11,961,038</b>	<b>14,217,221</b>	<b>13,708,775</b>	<b>13,709,238</b>
<b>Net profit (PAT)</b>	<b>10,669,345</b>	<b>27,909,089</b>	<b>33,173,516</b>	<b>31,987,142</b>	<b>31,988,221</b>

## 7.6. The Projected Cash Flow Statement

CASH FLOW STATEMENT	USD				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>Beginning Cash Position</b>	-	12,589,974	39,850,573	69,884,724	100,905,640
<b>Revenues</b>	20,650,650	46,192,243	54,343,816	54,600,000	54,600,000
<b>Cash IN</b>	<b>20,650,650</b>	<b>46,192,243</b>	<b>54,343,816</b>	<b>54,600,000</b>	<b>54,600,000</b>
Operations Cost	1,415,111	1,801,201	2,128,214	2,128,214	2,128,214
Cost of Sales /Direct Costs	1,951,004	1,951,004	1,951,004	3,902,008	3,902,008
Fixed asset purchases	5,800,153	-	2,263,447	-	-
<b>Cash OUT</b>	<b>9,166,268</b>	<b>3,752,205</b>	<b>6,342,665</b>	<b>6,030,222</b>	<b>6,030,222</b>
<b>Subtotal</b>	<b>11,484,382</b>	<b>42,440,038</b>	<b>48,001,150</b>	<b>48,569,778</b>	<b>48,569,778</b>
<b>In</b>					
Loans received		-	-	-	-
External share capital paid in	7,000,000	-	-	-	-
<b>Out</b>					
Loan Principal Repayments (No Interest)	559,736	1,224,895	1,380,242	1,555,291	1,750,999
Dividend payments	5,334,672	13,954,545	16,586,758	15,993,571	15,994,111
<b>Subtotal</b>	<b>1,105,592</b>	<b>15,179,439</b>	<b>17,967,000</b>	<b>17,548,862</b>	<b>17,745,110</b>
<b>Cash flow per year</b>	<b>12,589,974</b>	<b>27,260,599</b>	<b>30,034,151</b>	<b>31,020,916</b>	<b>30,824,668</b>
<b>Ending cash position</b>	<b>12,589,974</b>	<b>39,850,573</b>	<b>69,884,724</b>	<b>100,905,640</b>	<b>131,730,308</b>

## 7.7. The Projected Balance Sheet Statement

BALANCE SHEET	USD				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>ASSETS</b>					
Net Fixed Assets (purch. - depr.)	5,098,776	4,397,399	5,655,519	4,650,192	3,644,865
Cash	12,589,974	39,850,573	69,884,724	100,905,640	131,730,308
Inventory	206,506	461,922	543,438	546,000	546,000
Current Assets	12,796,481	40,312,496	70,428,162	101,451,640	132,276,308
<b>Total Assets</b>	<b>17,895,257</b>	<b>44,709,895</b>	<b>76,083,682</b>	<b>106,101,832</b>	<b>135,921,173</b>
<b>LIABILITIES &amp; EQUITY</b>					
Current Liabilities					
Outstanding loans	559,736	1,224,895	1,380,242	1,555,291	1,750,999
Fixed Liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>559,736</b>	<b>1,224,895</b>	<b>1,380,242</b>	<b>1,555,291</b>	<b>1,750,999</b>
Profits current year	10,669,345	27,909,089	33,173,516	31,987,142	31,988,221
Retained earnings	5,334,672	13,954,545	16,586,758	15,993,571	15,994,111
External share capital paid in	7,000,000	-	-	-	-
Other equity	5,668,496	1,621,366	24,943,166	56,565,828	86,187,842
<b>Total Equity</b>	<b>17,335,522</b>	<b>43,485,001</b>	<b>74,703,440</b>	<b>104,546,541</b>	<b>134,170,174</b>
<b>Total Liabilities and equity</b>	<b>17,895,257</b>	<b>44,709,895</b>	<b>76,083,682</b>	<b>106,101,832</b>	<b>135,921,173</b>

## 7.8. The Financial Ratios

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>PROFITABILITY RATIOS:</b>					
Return on Sales	74%	86%	87%	84%	84%
Return on Owners' Equity i.e. ROI	88%	92%	63%	44%	34%
Return on Assets	60%	62%	44%	30%	24%
<b>SOLVENCY RATIOS:</b>					
Acid Test (Quick of Liquid ratio)	22.5	32.5	50.6	64.9	75.2
Cash to Current Liabilities	22.5	32.5	50.6	64.9	75.2
<b>EFFICIENCY RATIOS:</b>					
Sales to Total Assets	1.15	1.03	0.71	0.51	0.40
Sales to Inventory (Inventory Turnover)	100.0	100.0	100.0	100.0	100.0
Sales to Total Labor expense	0.06	0.04	0.04	0.04	0.04

INTERNAL RATE OF RETURN (IRR) :						
Financing Amount =	7,000,000	Annual Net Cashflows				
	Loan/Invest.	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	(7,000,000)	12,589,974	39,850,573	69,884,724	100,905,640	131,730,308
<b>IRR =</b>	<b>308%</b>					

NET PRESENT VALUE (NPV) :						
		Annual Net Income				
Discount Rate	Loan/Invest.	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
10%	(7,000,000)	20,650,650	46,192,243	54,343,816	54,600,000	54,600,000
<b>NPV =</b>	<b>147,248,071</b>					

## 8. APPENDICES

### 8.1. LIST OF MACHINES, EQUIPMENT & TOOLS

	Equipment	YEAR 1			YEAR 2			YEAR 3		
		QTY	U /Cost	USD	QTY	U /Cost	USD	QTY	U /Cost	USD
1	Transfer & Government Fees	1	250,000	250,000						
2	Land Costs	1	300,000	300,000						
3	EIA - Paper Works	1	50,000	50,000						
4	Winch	1	145,300	145,300				1	145,300	145,300
5	Winch - small	2	18,000	36,000				1	18,000	18,000
6	Jacklegs and Spares - by PHQGlobal - Canada	25	6,700	167,500				15	6,700	100,500
7	Water Pumps	30	4,200	126,000				10	4,200	42,000
8	Steel - U-Channel, H-Beam, Black pipes etc	1	76,471	76,471				1	76,471	76,471
9	Generator - 1100 Kva	1	200,000	200,000						
10	Backhoe	1	81,000	81,000				1	81,000	81,000
11	Wheel Loader	1	85,000	85,000				1	85,000	85,000
12	Crane truck - 15 tons	1	112,000	112,000				1	112,000	112,000
13	Electricals Installations	1	7,000	7,000						
14	Mechanical Tools	1	9,804	9,804				1	9,804	9,804
15	Electrical Tools	1	5,490	5,490				1	5,490	5,490
16	Welding Machine	2	7,059	14,118				1	7,059	7,059
17	Diamond Drill machine	1	350,000	350,000						
18	Lab Equipment	1	100,000	100,000				1	50,000	50,000
19	Drilling Rods, Bits, Dold drive, Rimmer	1	30,000	30,000				1	30,000	30,000
20	Compressor	1	60,000	60,000				1	60,000	60,000
21	Ventilation Systems	12	8,000	96,000				12	8,000	96,000
22	CIP Gold Processing Plant - 12 TPH	1	1,600,000	1,600,000						
23	Tipper - truck	1	60,784	60,784				1	60,784	60,784
24	Survey Tools	1	25,000	25,000				1	25,000	25,000
25	Geo Tools	1	5,000	5,000				1	5,000	5,000
26	Electrical Cables and Parts	1	150,000	150,000				1	75,000	75,000
27	Underground Loaders	2	210,000	420,000				2	210,000	420,000
28	Security Safe	1	10,000	10,000				1	10,000	10,000
29	XRF Machine	1	27,000	27,000				1	27,000	27,000
30	Elution Plant - 4 Columns	1	88,000	88,000				1	88,000	88,000
31	Underground Support Materials - Mesh etc		150,000	150,000					150,000	150,000
32	Plates	1	19,608	19,608				1	19,608	19,608
33	Chemical Processing Facility	1	120,000	120,000				1	120,000	120,000
34	Gas Cylinders	30	86.27	2,588				15	86	1,294
35	Aluminium Roofing Sheets	100	149.02	14,902				50	149	7,451
36	Nails	100	49.02	4,902				50	49	2,451
37	Timber	100	49.02	4,902				50	49	2,451
38	Pipes & Fittings	1	13,725	13,725				1	13,725	13,725
39	Security Fence	1	25,000	25,000				1	25,000	25,000
40	Bricks	30,000	0.67	20,000				30,000	0.67	20,000
41	Sand	140	54.90	7,686				140	54.90	7,686
42	Cement Trips	10	6,275	62,745				10	6,275	62,745
43	Containers 40ft	4	3,500	14,000				4	3,500	14,000
44	Drilling Borehole /Water Well	1	9,020	9,020				1	9,020	9,020
45	Camp	1	19,608	19,608				1	19,608	19,608
46	Car - Land Cruiser Hard Top - 12 Seater	1	81,000	81,000				1	81,000	81,000
47	Shipping Costs & Tax	1	200,000	200,000						
48	Furnitures & Fittings	1	10,000	10,000				1	10,000	10,000
49	Computers	4	2,500	10,000				4	2,500	10,000
50	Radio Call Set	1	12,000	12,000				1	12,000	12,000
51	Internet Facility + Internet Server	1	5,000	5,000						
52	Printers	2	3,000	6,000				2	3,000	6,000
53	Contingency	5%		248,854				5%		95,951
<b>Cost of Equipment &amp; Facilities</b>				<b>5,749,007</b>			-			<b>2,319,398</b>

## 8.2.THE PAYROLL PROJECTION

LABOR COSTS		Initial Monthly Salary	MONTHLY PAYROLL COST									
Dept.	Position		Year 1		Year 2		Year 3		Year 4		Year 5	
			Qty	USD	Qty	USD	Qty	USD	Qty	USD	Qty	USD
CEO	CEO	3,500	1	3,500	1	3,500	1	3,500	1	3,500	1	3,500
Fin & Admin	Finance & Admin Officer	2,500	1	2,500	1	2,500	1	2,500	1	2,500	1	2,500
Fin & Admin	Accountants	700	2	1,300	2	1,300	2	1,300	2	1,300	2	1,300
Fin & Admin	Logistics Coordinator	650	2	1,300	2	1,300	2	1,300	2	1,300	2	1,300
Fin & Admin	Secretary	350	1	350	1	350	1	350	1	350	1	350
Fin & Admin	Office Attendant	150	1	150	1	150	1	150	1	150	1	150
Fin & Admin	Senior Maintenance Officer	600	1	600	1	600	1	600	1	600	1	600
Fin & Admin	Maintenance Crew	550	4	2,200	4	2,200	6	3,300	6	3,300	6	3,300
HR	Head HR	2,000	1	2,000	1	2,000	1	2,000	1	2,000	1	2,000
HR	HR Officers	1,500	15	22,500	15	22,500	15	22,500	15	22,500	15	22,500
Mining	Head Mining	2,700	1	2,700	1	2,700	1	2,700	1	2,700	1	2,700
Mining	Mining engineers	2,000	1	2,000	2	4,000	3	6,000	3	6,000	3	6,000
Mining	Mining Eng. Crew	1,500	15	22,500	30	45,000	45	67,500	45	67,500	45	67,500
Mining	Mechanical Engineers	1,250	2	2,500	3	3,750	4	5,000	4	5,000	4	5,000
Mining	Health & Safety Officer (HSE)	700	1	700	2	1,400	2	1,400	2	1,400	2	1,400
Processing	Head Metallurgy & Processing	1,900	1	1,900	1	1,900	1	1,900	1	1,900	1	1,900
Processing	Metallurgy & Processing Crew	1,200	10	12,000	10	12,000	10	12,000	10	12,000	10	12,000
Processing	Head Laboratory	1,000	1	1,000	1	1,000	1	1,000	1	1,000	1	1,000
Processing'	Lab Techn. Crew	700	2	1,400	2	1,400	2	1,400	2	1,400	2	1,400
Geol	Head Mining Geologist	1,800	1	1,800	1	1,800	1	1,800	1	1,800	1	1,800
Geol	Mining Geol. Crew	1,200	2	2,400	2	2,400	2	2,400	2	2,400	2	2,400
Geol	Surveyors team	1,500	2	3,000	2	3,000	2	3,000	2	3,000	2	3,000
<b>Total Monthly Cost</b>			<b>68</b>	<b>90,300</b>	<b>86</b>	<b>116,750</b>	<b>105</b>	<b>143,600</b>	<b>105</b>	<b>143,600</b>	<b>105</b>	<b>143,600</b>
<b>Total Annual Total</b>			<b>68</b>	<b>1,083,600</b>	<b>86</b>	<b>1,401,000</b>	<b>105</b>	<b>1,723,200</b>	<b>105</b>	<b>1,723,200</b>	<b>105</b>	<b>1,723,200</b>

### 8.3.PROJECTED INCOME & EXPENDITURE SCHEDULE

THE BUDGET	Currency = USD		.....												
	Year 1			Year 2			Year 3			Year 4			Year 5		
	U /Price	Units	Total	U /Price	Units	Total	U /Price	Units	Total	U /Price	Units	Total	U /Price	Units	Total
Summary >>			17,284,535			42,440,038			50,264,597			48,569,778			48,569,778
<b>INCOME</b>															
Revenues / Sales															
Sales of Gold	90,573	228	20,650,650	90,573	510	46,192,243	90,573	600	54,343,816	91,000	600	54,600,000	91,000	600	54,600,000
sub-total			20,650,650			46,192,243			54,343,816			54,600,000			54,600,000
<b>COSTS</b>															
Cost of sales (direct costs)															
Chemical Consumables	211,800	2	423,600	211,800	2	423,600	211,800	2	423,600	423,600	2	847,200	423,600	2	847,200
Other Consumables	763,702	2	1,527,404	763,702	2	1,527,404	763,702	2	1,527,404	1,527,404	2	3,054,808	1,527,404	2	3,054,808
sub-total			1,951,004			1,951,004			1,951,004			3,902,008			3,902,008
Marketing															
Marketing Costs	1,916	12	22,989	1,916	12	22,989	1,916	12	22,989	1,916	12	22,989	1,916	12	22,989
sub-total			22,989			22,989			22,989			22,989			22,989
Staff costs															
Staff Salaries	1,083,600	68	1,083,600	1,401,000	86	1,401,000	1,723,200	105	1,723,200	1,723,200	105	1,723,200	1,723,200	105	1,723,200
Total number of Staff		68			86			105			105			105	
PSSSF - 10%	140,100	1	140,100	172,320	1	172,320	172,320	1	172,320	172,320	1	172,320	172,320	1	172,320
SDL - 5%	54,180	1	54,180	70,050	1	70,050	70,050	1	70,050	70,050	1	70,050	70,050	1	70,050
WCF - 0.6%	6,502	1	6,502	8,406	1	8,406	10,339	1	10,339	10,339	1	10,339	10,339	1	10,339
Health Insurance Cover - 4%	43,344	1	43,344	56,040	1	56,040	56,040	1	56,040	56,040	1	56,040	56,040	1	56,040
Casual Labor	575	12	6,897	575	12	6,897	575	12	6,897	575	12	6,897	575	12	6,897
sub-total			1,334,622			1,714,713			2,038,846			2,038,846			2,038,846
Entertainment and Travel costs															
Total Entertainment Costs	3,000	12	36,000	3,000	12	36,000	3,000	12	36,000	3,000	12	36,000	3,000	12	36,000
sub-total			36,000			36,000			36,000			36,000			36,000
Office costs															
Total office Costs	1,000	12	12,000	1,000	12	12,000	1,000	12	12,000	1,000	12	12,000	1,000	12	12,000
sub-total			12,000			12,000			12,000			12,000			12,000
Equipment & maintenance															
Maintenance for office equipment	800	6	4,800	800	12	9,600	1,040	12	12,480	1,040	12	12,480	1,040	12	12,480
Maintenance for Motor vehicles	200	6	1,200	200	12	2,400	200	12	2,400	200	12	2,400	200	12	2,400
sub-total			6,000			12,000			14,880			14,880			14,880
Third Party costs															
Audit Fees	3,500	1	3,500	3,500	1	3,500	3,500	1	3,500	3,500	1	3,500	3,500	1	3,500
sub-total			3,500			3,500			3,500			3,500			3,500
Other costs															
sub-total			-			-			-			-			-
Total Revenues			20,650,650			46,192,243			54,343,816			54,600,000			54,600,000
Total Costs			3,366,115			3,752,205			4,079,218			6,030,222			6,030,222
Total (revenues MINUS costs)			17,284,535			42,440,038			50,264,597			48,569,778			48,569,778

## 8.4.PROJECTED SCHEDULE OF FIXED ASSETS & DEPRECIATION

FIXED ASSETS	Life time (Years)	USD					DEPRECIATION				
		PURCHASES					DEPRECIATION				
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Office Hardware</b>											
Furnitures & Fittings	5	10,000	-	10,000			2,000	2,000	4,000	4,000	4,000
Computers	5	10,000	-	10,000			2,000	2,000	4,000	4,000	4,000
Radio Call Set	5	12,000	-	12,000			2,400	2,400	4,800	4,800	4,800
Internet Facility + Internet Server	5	5,000	-	-			1,000	1,000	1,000	1,000	1,000
Printers	5	6,000	-	6,000			1,200	1,200	2,400	2,400	2,400
<b>sub-total</b>		<b>43,000</b>	<b>-</b>	<b>38,000</b>	<b>-</b>	<b>-</b>					
<b>Production Hardware/Tools</b>											
Winch	10	145,300	-	145,300			14,530	14,530	29,060	29,060	29,060
Winch - small	8	36,000	-	18,000			4,500	4,500	6,750	6,750	6,750
Jacklegs and Spares - by PHQGlobal - Canada	8	167,500	-	100,500			20,938	20,938	33,500	33,500	33,500
Water Pumps	10	126,000	-	42,000			12,600	12,600	16,800	16,800	16,800
Steel - U-Channel, H-Beam, Black pipes etc	8	76,471	-	76,471			9,559	9,559	19,118	19,118	19,118
Generator - 1100 Kva	8	200,000	-	-			25,000	25,000	25,000	25,000	25,000
Backhoe	8	81,000	-	81,000			10,125	10,125	20,250	20,250	20,250
Wheel Loader	8	85,000	-	85,000			10,625	10,625	21,250	21,250	21,250
Crane truck - 15 tons	10	112,000	-	112,000			11,200	11,200	22,400	22,400	22,400
Electricals Installations	5	7,000	-	-			1,400	1,400	1,400	1,400	1,400
Mechanical Tools	5	9,804	-	9,804			1,961	1,961	3,922	3,922	3,922
Electrical Tools	5	5,490	-	5,490			1,098	1,098	2,196	2,196	2,196
Welding Machine	8	14,118	-	7,059			1,765	1,765	2,647	2,647	2,647
Diamond Drill machine	5	350,000	-	-			70,000	70,000	70,000	70,000	70,000
Lab Equipment	8	100,000	-	50,000			12,500	12,500	18,750	18,750	18,750
Drilling Rods, Bits, Dold drive, Rimmer	8	30,000	-	30,000			3,750	3,750	7,500	7,500	7,500
Compressor	8	60,000	-	60,000			7,500	7,500	15,000	15,000	15,000
Ventilation Systems	10	96,000	-	96,000			9,600	9,600	19,200	19,200	19,200
CIP Gold Processing Plant - 12 TPH	10	1,600,000	-	-			160,000	160,000	160,000	160,000	160,000
Tipper - truck	8	60,784	-	60,784			7,598	7,598	15,196	15,196	15,196
Survey Tools	5	25,000	-	25,000			5,000	5,000	10,000	10,000	10,000
Geo Tools	5	5,000	-	5,000			1,000	1,000	2,000	2,000	2,000
Electrical Cables and Parts	8	150,000	-	75,000			18,750	18,750	28,125	28,125	28,125
Underground Loaders	8	420,000	-	420,000			52,500	52,500	105,000	105,000	105,000
Security Safe	5	10,000	-	10,000			2,000	2,000	4,000	4,000	4,000
XRF Machine	5	27,000	-	27,000			5,400	5,400	10,800	10,800	10,800
Elution Plant - 4 Columns	5	88,000	-	88,000			17,600	17,600	35,200	35,200	35,200
Underground Support Materials - Mesh etc	5	150,000	-	150,000			30,000	30,000	60,000	60,000	60,000
Plates	5	19,608	-	19,608			3,922	3,922	7,843	7,843	7,843
Chemical Processing Facility	5	120,000	-	120,000			24,000	24,000	48,000	48,000	48,000
Gas Cylinders	5	2,588	-	1,294			518	518	776	776	776
Aluminium Roofing Sheets	10	14,902	-	7,451			1,490	1,490	2,235	2,235	2,235
Nails	10	4,902	-	2,451			490	490	735	735	735
Timber	10	4,902	-	2,451			490	490	735	735	735
<b>sub-total</b>		<b>4,404,369</b>	<b>-</b>	<b>1,932,663</b>	<b>-</b>	<b>-</b>					
<b>Other hardware/Tools</b>											
Pipes & Fittings	10	13,725	-	13,725			1,373	1,373	2,745	2,745	2,745
Security Fence	10	25,000	-	25,000			2,500	2,500	5,000	5,000	5,000
Bricks	10	20,000	-	20,000			2,000	2,000	4,000	4,000	4,000
Sand	10	7,686	-	7,686			769	769	1,537	1,537	1,537
Cement Trips	10	62,745	-	62,745			6,275	6,275	12,549	12,549	12,549
Containers 40ft	8	14,000	-	14,000			1,750	1,750	3,500	3,500	3,500
Drilling Borehole /Water Well	8	9,020	-	9,020			1,127	1,127	2,255	2,255	2,255
Camp	8	19,608	-	19,608			2,451	2,451	4,902	4,902	4,902
Car - Land Cruiser Hard Top - 12 Seater	8	81,000	-	81,000			10,125	10,125	20,250	20,250	20,250
Shipping Costs & Tax	5	200,000	-	-			40,000	40,000	40,000	40,000	40,000
Cost of Buildings & Facilities	20	300,000	-	40,000			15,000	15,000	17,000	17,000	17,000
Transfer & Government Fees	10	250,000	-	-			25,000	25,000	25,000	25,000	25,000
Land Costs	20	300,000	-	-			15,000	15,000	15,000	15,000	15,000
EIA - Paper Works	5	50,000	-	-			10,000	10,000	10,000	10,000	10,000
<b>sub-total</b>		<b>1,352,784</b>	<b>-</b>	<b>292,784</b>	<b>-</b>	<b>-</b>					
<b>Total investments/ depreciation</b>		<b>5,800,153</b>	<b>-</b>	<b>2,263,447</b>	<b>-</b>	<b>-</b>	<b>701,377</b>	<b>701,377</b>	<b>1,005,327</b>	<b>1,005,327</b>	<b>1,005,327</b>
<b>Net fixed assets</b>		<b>5,098,776</b>	<b>4,397,399</b>	<b>5,655,519</b>	<b>4,650,192</b>	<b>3,644,865</b>					

## 8.5. THE ACTIVITY GANTT CHART

THE GANTT CHART FOR PROJECT ACTIVITIES		2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Company Registration	■											
2	Business Licence & TIN registration	■											
3	Site Survey and Land valuation		■										
4	Business Plan		■										
5	TIC Registration		■										
6	Technical Support		■										
7	Land Compensation		■										
8	EIA Preparation		■										
9	Purchase of Vehicle			■									
10	Purchase of all machines and Tools			■									
11	Bush Clearances			■	■								
12	Electrical Grid Power Installation			■	■								
13	Site Construction			■	■								
14	Drilling of Water-well /Borehole & Fittings			■	■								
15	Geo Modelling					■							
<b>Mine Development and Other Activities:</b>						■							
16	Mining Design					■							
17	Mining Plan					■							
18	Installation of Generator and ALL electrical wiring						■						
19	Construction of Fence							■					
20	Installation of ALL imported and locally sources machines							■					
21	Recruitment of Staff & Mining Teams							■					
22	Requirement for bedding, utensils, stationeries, foods							■					
23	Purchase of Chemicals and other consumables							■					
24	Staff Orientations & Health Checks							■					
25	Construction of Magazzino							■	■				
26	Fixing of Containers - 3 Pcs							■	■				
27	Construction of waste disposal area /system							■	■				
28	Installation of an Elution Plant							■	■				
29	Testing and Dry-runs, adjustments & Commissioning							■	■				
30	Mine's Commercial Production									■	■	■	■

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