

**TGL MINERAL INVESTMENT LIMITED**



# **BUSINESS PLAN**

**FOR TIC REGISTRATION OF A GOLD PROCESSING AND  
MINING PROJECT**

**JUNE 2024**

## **A EXECUTIVE SUMMARY**

**TGL MINERAL INVESTMENT LIMITED** is a JV company owned by a Tanzanian and a foreigner. It was registered under the laws of the United Republic of Tanzania with effect from May 24<sup>th</sup>, 2024. Its authorized share capital is **TShs. 1,500,000,000** divided into **100 ordinary shares** of **TShs. 15,000,000** each. The authorized share capital is an equivalent of about USD 572,000. The company is headquartered in Dar es Salaam.

The company plans to invest in a gold processing and mining project. This is a 5 year project which will be located in the Morogoro region of Tanzania. The expected value of the investment is **USD 900,000**. Of the investment capital **USD 820,000** is fixed capital while **USD 80,000** is working capital. At full capacity (during year 5) the project is expected to be producing gold amounting to **300 Kilograms** per year.

The project is expected to add value to Tanzania's economy by directly employing a total of **70 locals** and **11 foreigners**, and generate approximately **500 indirect jobs**. In addition, it will contribute to community development via CSR, pay taxes to the government, and grant business to local SMEs.

Upon thorough analysis of the business idea the Investors have decided to invest in the gold processing and mining project and this plan is meant to be submitted to Tanzania Investment Centre for registration of the project. The aim is to enjoy the incentives given by TIC.

## B KEY SUMMARIES

| S/N | ITEMS                               | DETAILS                        |                    |                     |                |
|-----|-------------------------------------|--------------------------------|--------------------|---------------------|----------------|
| 1   | Company Name                        | TGL MINERAL INVESTMENT LIMITED |                    |                     |                |
| 2   | COI No.                             | 174902763                      |                    |                     |                |
| 3   | Company Reg. Date                   | 24TH May, 2024                 |                    |                     |                |
| 4   | Company Location                    | Buguruni, Dar es Salaam        |                    |                     |                |
| 5   | TIN/VRN No.                         | <b>TIN</b>                     |                    | <b>VRN</b>          |                |
|     |                                     | 174902763                      |                    | N/A                 |                |
| 6   | Company Shareholding                | <b>Shareholder</b>             | <b>Nationality</b> | <b>Shares Taken</b> | <b>% Share</b> |
|     | a.                                  | Liguo Wang                     | China              | 40                  | 57%            |
|     | b.                                  | Du Xian Junzhe                 | Tanzania           | 30                  | 43%            |
|     | <b>TOTAL</b>                        |                                |                    | <b>70</b>           | <b>100%</b>    |
| 7   | Project Location                    | Dumila, Morogoro               |                    |                     |                |
| 8   | Project Business                    | Gold processing and mining     |                    |                     |                |
| 9   | JOBS                                | <b>LOCAL</b>                   |                    | <b>FOREIGN</b>      |                |
|     |                                     | <b>(M)</b>                     | <b>(F)</b>         | <b>(M)</b>          | <b>(F)</b>     |
|     |                                     | <b>56</b>                      | <b>14</b>          | <b>8</b>            | <b>3</b>       |
|     | <b>TOTAL JOBS (L &amp; FOREIGN)</b> |                                |                    |                     | <b>81</b>      |
| 10  | Project Capacity (Kilograms)        |                                |                    |                     | <b>300</b>     |
| 11  | <b>Project Funding</b>              |                                |                    |                     |                |
|     | <i>Local Equity</i>                 |                                |                    |                     | -              |
|     | <i>Local Loan</i>                   |                                |                    |                     | -              |
|     | <i>Foreign Equity</i>               |                                |                    |                     | 900,000        |
|     | <i>Foreign Loan</i>                 |                                |                    |                     | -              |
|     | <b>Total Funding</b>                |                                |                    |                     | <b>900,000</b> |
| 12  | <b>Financing of Items</b>           |                                |                    |                     |                |
|     | <i>Fixed Capital</i>                |                                |                    |                     | 840,000        |
|     | <i>Working Capital</i>              |                                |                    |                     | 60,000         |
|     | <b>Total Financing</b>              |                                |                    |                     | <b>900,000</b> |

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**1.0 COMPANY INTRODUCTION**

**1.1 Company Background**

**TGL MINERAL INVESTMENT LIMITED** is a joint venture company registered under the laws of the United Republic of Tanzania. It was issued with Certificate of Incorporation (COI) No. 174902763 of May 24<sup>th</sup>, 2024. For tax purposes the company has been issued with TIN No. 174-902-763. The offices of the company are located in Buguruni Area, Ilala within the City of Dar es Salaam.

**1.2 Vision**

To become Tanzania’s Leading Company in quality gold manufacturing

**1.3 Mission**

To provide best quality gold within Tanzania, the EAC region and the whole of African continent.

**1.4 Shareholding**

**TGL MINERAL INVESTMENT LIMITED** is a Joint Venture Company whose shareholders are Chinese (57%) and Tanzanian (43%). It has got only foreign shareholders. Its authorized share capital is Shillings 1.5 Billion (**1,500,000,000/=**), divided into Ten Thousand (**100**) Ordinary Shares of Tanzania Shillings Fifteen Million (15,000,000/=) each. The authorized share capital is equivalent to about **USD 572,000**. Of the authorized shares only 70 have been taken as shown in **Table 1** below.

**Table 1: Shareholding Structure**

| S/N | Names          | Nationality | Shares Taken | % Stake     |
|-----|----------------|-------------|--------------|-------------|
| 1   | Liguo Wang     | China       | 40           | 57%         |
| 2   | Du Xian Junzhe | Tanzania    | 30           | 43%         |
|     | <b>TOTALS</b>  |             | <b>70</b>    | <b>100%</b> |

## **2.0 MARKET ANALYSIS**

This section reviews the market status for gold in Tanzania and beyond. It covers the status-quo of the market, SWOC analysis, and PESTEL analysis as well as market strategy for the product.

### ***2.1 Status Quo of the Market***

Gold is a precious metal that is used in jewelry, electronics, and other products. Gold are a part of Precious stones, metals, & pearls. They include Gold in unwrought forms non-monetary, Gold, semi-manufactured forms, non-monetary, and Gold powder non-monetary. It is also used in the production of dental alloys. In 2018 the average tariff for Gold was 5.1%, making it the 818th lowest tariff using the HS4 product classification. Gold ranks 1,018th in the Product Complexity Index (PCI).

Globally, in 2021, Gold was the world's 7th most traded product, with a total trade of USD 434 billion. Between 2020 and 2021 exports of gold grew by 2.14%, from USD 425 billion to USD 434 billion. Trade in gold accounts for 2.06% of total world trade.

In 2021 the top exporters of Gold were Switzerland (USD 86.7 billion), United Arab Emirates (USD 32.8 billion), United Kingdom (USD 29.7 billion), United States (USD 26.6 billion), and South Africa (USD 20.1 billion). In terms of imports, in 2021, the top importers of Gold were Switzerland (USD 83.8 billion), India (USD 58.4 billion), United Kingdom (USD 53.9 billion), United Arab Emirates (USD 46 billion), and China (USD 34.2 billion).

Locally, gold is the leading export for Tanzania, Among the top exports of Tanzania are Gold (USD 3.14 billion), Raw Copper (USD 815 million), Dried Legumes (USD 321 million), Rice (USD 315 million), and Refined Copper (USD 224 million). These are exported mostly to India (USD 1.86 billion), United Arab Emirates (USD 1.34 billion), South Africa (USD 922 million), Switzerland (USD 568 million), and Kenya (USD 480 million).

**2.2 Potential Demand**

- ✚ The huge insatiable markets of Switzerland, India etc
- ✚ The government’s move to back the Tanzanian Shilling with gold
- ✚ Thriving local market for gold
- ✚ The ever growing demand from jewelers as driven by demand for jewelry in the country and in the neighboring countries.

*Competitor Analysis:*

There are giant companies dealing with gold mining and processing in the country. These, however, do not operate in areas of relatively small scale gold mining like Chunya. As such, they pose no much risk to the company’s business.

*Market Trends:*

The market for gold is growing and flourishing. Global trade in gold has been growing steadily, dominating the value of global trade. Locally, the trade comprises of the highest exports value for Tanzania. The trends are promising.

**2.3 SWOC Analysis**

This sub-section covers the analysis of the overall manufacturing business in the country, and where necessary it covers the analysis for the specific product – gold and its products.

|  |   |
|--|---|
| INTERNAL STRENGTHS   | INTERNAL WEAKNESSES   |
| <ul style="list-style-type: none"> <li>➤ The promoters of the company have enough muscle to fund the project as their equity amounts to 100% of the financing.</li> <li>➤ The company also has got staffs that are experienced in the trade of gold mining and processing.</li> <li>➤ The management is well acquainted with the general Tanzanian market and specifically with gold.</li> <li>➤ The company, although not much experienced in the Tanzanian market, has engaged seasoned staff</li> </ul> | <ul style="list-style-type: none"> <li>➤ The project focuses only on gold mining and processing, and is not diversified.</li> <li>➤ The company is new to the Tanzanian market but it uses experts in the mining and processing of gold.</li> </ul> |
| ENVIRONMENTAL OPPORTUNITIES  | ENVIRONMENTAL CHALLENGES  |

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>➤ Integration of African nations reduces trade and transport hurdles and provides a wider market</li> <li>➤ Tanzania provides incentives for investment projects</li> <li>➤ Good business environment in Tanzania</li> <li>➤ Tanzania moves to back its currency with gold</li> </ul> | <ul style="list-style-type: none"> <li>➤ Environmental regulatory hurdles.</li> <li>➤ Business procedures are somehow complicated in Tanzania.</li> </ul> |
|--|---|

From the SWOC analysis conducted of the company and of the operating environment the promoters are confident that the project will be a success. Following the analysis we have developed a market strategy for our products.

### **2.4 PESTEL Analysis**

This sub-section analyzes the environment in which our company will be operating by mining and processing gold.

| ISSUE          | AN OVERVIEW  |
|----------------|--|
| Political      | Political factors such as government regulations and policies, tax laws, and trade laws all influence the gold market. Government regulations and policies related to the gold industry and its products, as well as the export of such products, may limit the potential for growth in the market.  |
| Economic       | Economic factors such as GDP growth, inflation, and the cost of raw materials have an impact on the gold market. The cost of raw materials, such as machineries, chemicals, equipment etc will influence the cost of production and, in turn, the cost of the finished product. Additionally, the level of disposable income among consumers in different markets can affect the demand for gold and its products. |
| Socio-cultural | Socio-cultural factors such as consumer preferences, lifestyle trends, and religious beliefs can influence the gold market. Different markets may have different preferences for certain types of gold products, so producers must be aware of these differences in order to better target their products.   |
| Technological  | Technological advances in gold production techniques, such as the open cast mining and digitized processing do have a positive effect on the gold market. Additionally, technological advances in the areas of transportation, communication, and marketing can enable producers to better reach target markets and promote their products.  |

|               |   |
|---------------|---|
| Environmental | Environmental factors such as resource availability, climate change, and waste management can also influence the gold market. The availability of resources such as gold in the ground, water, and energy can affect the cost of production and the cost of the final product.  |
| Legal         | Legal factors such as labor laws, environmental laws, and health and safety regulations can also impact the gold business. Labor laws may affect the cost of production, as well as the availability of skilled workers. Additionally, consumer protection laws and health and safety regulations can affect the production process and the marketing of the finished gold product. |

The market for gold and gold products in Africa and the world holds significant potential, driven by demand from religious institutions, government approaches (monetary policies favoring backing of the currencies with gold) and cultural behaviors. While competition exists, there are opportunities for differentiation through adjusting to appropriate scales of operation.

**2.5 Marketing Strategy**

The company’s strategy is centered on playing not as a giant in the gold mining and processing business. It focuses on venturing into mining in relatively small scale mining areas.

### **3.0 THE PRODUCT**

This is a project for mining and processing of gold for export and local sales as well. The product will be produced in the Morogoro region of Tanzania.

#### ***3.1 Pricing***

The product will be priced, traditionally, basing on ounces. Considering the fact of price sensitivity among consumers the company will work to develop competitive prices as part of the strategy to enhance product sales, revenue, and the ultimate profitability.

#### ***3.3 Targeted Outposts***

TGL Mineral Investment Limited will locate its business in Dumila Morogoro within the region of Morogoro. This will be the initial and leading post for mining and processing of gold by the project. We expect to have our agents in the metropolitans of the neighboring regions to ensure that we secure markets with time. Also, we expect to have our outlet within China where we will export the processed gold.

### **4.0 MARKETING AND SALES STRATEGY**

Marketing strategies are essential plans of action that businesses use to promote their products, reach their target audience, and achieve their business objectives. This section focuses on entry, retention and expansionary strategies for the quarrying project of ours in Tanzania.

The company, although new in the Tanzanian and regional EAC market, looks forward to use business specialists and seasoned gold processing and mining specialists in securing a niche in the markets. As part of our marketing strategy, we will engage strategies that will enhance our entry, persistence (stay) and expansion.

#### ***4.1 Entry Strategy***

This strategy to penetrate the market is a plan outlining how we will enter the new market. It involves identifying opportunities, assessing risks, conducting market research, and developing a strategy to successfully establish a presence and compete in the target market. Here are our adopted market entry strategies:

- i) **Strategic Alignment:** with the high value and growing demand for gold came the need for more gold. We have decided to erect our plant in Dumila - Morogoro as there is where we will mine our gold.
- ii) **Greenfield Investment:** the shareholders all being both foreigners have resorted to building a new facility from the ground up in the Tanzania – the initial – market. This is the facility for mining and processing of our product. The project is a promise and the promoters have organized significant investment financing and have dedicated time to establish it.
- iii) **Expansion:** in the long run the company will be supplying gold to the Tanzanian market, and beyond the borders of Tanzania.
- iv) **Strategic Alliances:** the company will form alliances with local companies, suppliers, distributors, and industry associations to access new markets, share resources, and collaborate on marketing, distribution, and R&D. also, it will associate itself with global gold trade brokers to access more markets in the global stage.
- v) **E-commerce and Online Marketplaces:** The company will use online platforms i.e. e-commerce platforms, marketplaces, and digital channels to penetrate both local and foreign markets.

#### ***4.2 Retention Strategy***

Our market retention strategy focuses on retaining existing customers, building loyalty, and maximizing customer lifetime value. It involves tactics and initiatives to keep customers engaged, satisfied, and coming back for repeated purchases. Some key components of our market retention strategy include Customer Relationship Management (CRM), Customer Segmentation (basing on engagement frequency, order value, loyalty status, preferences, and behavior), Loyalty Programs (including creation and implementation of loyalty programs rewarding customers for repeated purchases (engagements), referrals, engagement, and loyalty), Personalization, Customer Service Excellence, Feedback and Surveys, Retargeting and Remarketing, Customer Education and Engagement, Customer Satisfaction Metrics, and Customer Experience Enhancement.

Through these strategies the company will build long-term relationships with existing customers, increase customer loyalty, induce repeated product purchases (engagements), minimize customer churn and maximize customer lifetime value. As a result our business will grow sustainably and profitability will be assured.

**4.3 Expansionary Strategy**

The market expansion strategy for this project seeks to enhance business growth by tapping into new markets starting from the local Tanzanian market to the global markets. The strategy embraces market research, identification of target markets, the development of a marketing plan, service adaptation, distribution channels, pricing strategy, market entry approach, building partnerships, regulatory compliance, and M&E

**5.0 ORGANIZATION AND MANAGEMENT**

**5.1 Organizational Structure**

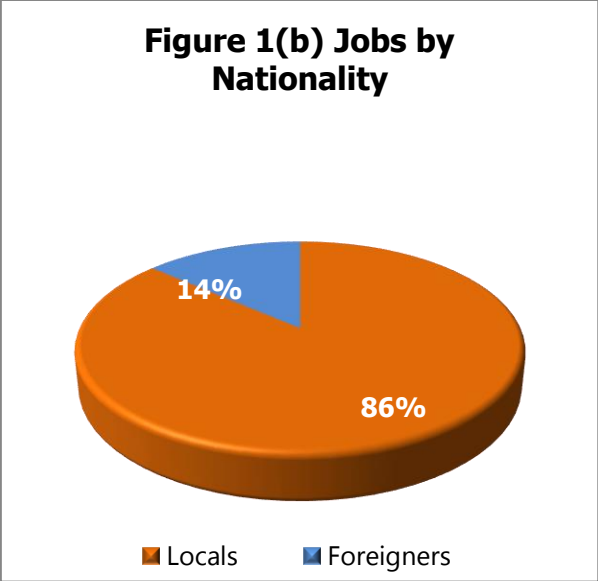
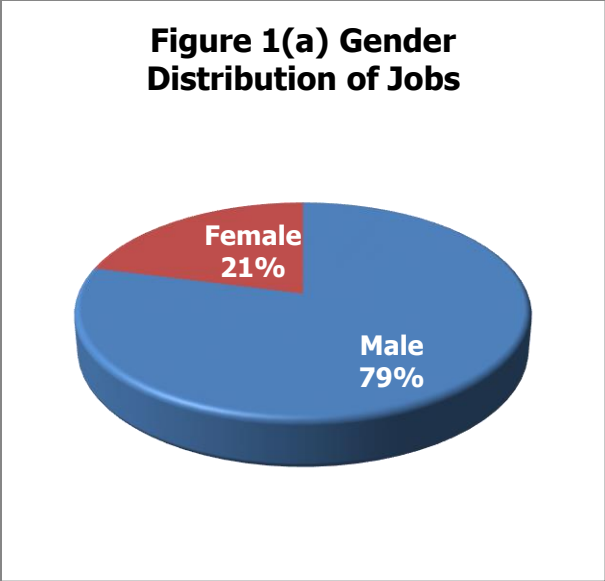
TGL Mineral Investment Limited’s team is tiered into directors, management team, supervisors, support staff and operators as well as drivers as detailed under *appendix 3*.

**5.2 Project Manning**

This project expects to directly employ a total of 81 people 70 of whom are locals as shown in **table 4** below. The gender and nationality distributions of jobs are shown in the **figures 1 (a)** and **(b)** as well.

**Table: 4: Planned Direct Jobs**

| GENDER        | LOCALS    | FOREIGNERS | TOTALS    |
|---------------|-----------|------------|-----------|
| M             | 56        | 8          | 64        |
| F             | 14        | 3          | 17        |
| <b>TOTALS</b> | <b>70</b> | <b>11</b>  | <b>81</b> |



**6.0 OPERATIONS PLAN**

**6.1 Project Location**

This project is located within the Morogoro region of Tanzania. The operational area of the project is in Dumila, outside the municipality. This location provides easy access to the raw materials i.e. the gold mines.

**6.2 Key Suppliers**

TGL Mineral Investment Limited expects to source its supplies from Tanzania, except for those which cannot be sourced from within the economy. Supplies of machineries are expected to be sourced from outside the country, from China to be exact. The local supplies will be sourced via local SMEs. The key raw material – raw gold – will be sourced primarily from Tanzania.

**6.3 Key Business Connections**

Locally the company expects to use local dealers in getting orders from customers. The consumers can be private or public institutions.

**6.4 Project Assets**

The company expects to invest a total of **USD 900,000** in this project. Injection of the capital will be in the form of various items as summarized in **table 5** below. A detailed list of items will be shared via the proposed list for exemptions.

**Table 5: Summary of Assets**

| ITEM                 | AMOUNT IN USD  |
|----------------------|----------------|
| Land & Buildings     | 110,000        |
| Plant                | 600,000        |
| Vehicles             | 101,000        |
| Furniture & Fittings | 12,000         |
| Pre Expenses         | 12,000         |
| Others               | 5,000          |
| Working Capital      | 60,000         |
| <b>TOTALS</b>        | <b>900,000</b> |

**6.5 Project Roll-Out Plan**

This is a 5 years plan by design but can need more time in order to attain the desired goals. The roll-out plan starts in 2024 as it is shown in **Figure2**

**Figure 2: Implementation Plan**

| S/No. | ACTIVITY                            | TIMING |     |     |     |     |     |     |     |     |     |     |     | 2025 | 2026 | 2027 | 2028 |
|-------|-------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|------|------|------|
|       |                                     | 2024   |     |     |     |     |     |     |     |     |     |     |     |      |      |      |      |
|       |                                     | JAN    | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |      |      |      |      |
| 1     | Planning and registrations          | ■      | ■   | ■   | ■   | ■   | ■   |     |     |     |     |     |     |      |      |      |      |
| 2     | Land Acquisition                    | ■      | ■   | ■   | ■   | ■   | ■   |     |     |     |     |     |     |      |      |      |      |
| 3     | Plant Installment (Gold processing) |        |     | ■   | ■   | ■   | ■   | ■   |     |     |     |     |     |      |      |      |      |
| 4     | Commencement of Production          |        |     |     |     |     |     | ■   |     |     |     |     |     |      |      |      |      |
| 5     | Staff and Consultants engagements   |        | ■   | ■   | ■   | ■   | ■   | ■   | ■   | ■   | ■   | ■   | ■   | ■    | ■    | ■    | ■    |
| 6     | Planning for expansions             |        |     |     |     |     |     |     |     |     |     |     |     |      |      |      |      |
| 7     | Marketing Campaign                  |        |     |     |     |     | ■   | ■   | ■   | ■   | ■   | ■   | ■   | ■    | ■    | ■    | ■    |
| 8     | Company Performance Assessment      |        |     |     |     |     |     |     |     |     |     |     | ■   | ■    | ■    | ■    | ■    |

## 7.0 FINANCIAL PROJECTIONS

This section covers projections in terms of production and sales, profit and loss, and cash flow projections for the first five years of implementation of the project.

### 7.1 Production and Sales

This sub-section focuses on production and sales projections. Production is expected to grow gradually over the first five years of operation. Maximum level of production is expected to be attained during the fifth year and it will hit a 300 Kilograms of processed gold as shown in **table 6 below**.

**Table 6: Production/ Tonnage Projections**

| DETAILS                      | YEARS     |            |            |            |            |
|------------------------------|-----------|------------|------------|------------|------------|
|                              | Y1        | Y2         | Y3         | Y4         | Y5         |
| Kilograms p.a.               | 50        | 150        | 200        | 250        | 300        |
| <b>TOTAL PRODUCTION P.A.</b> | <b>50</b> | <b>150</b> | <b>200</b> | <b>250</b> | <b>300</b> |

Revenue from the transported tonnage shows steady growth over the year, peaking at Year 5 as shown in **table 7** below. Key assumptions are that of the existing stock 100% will be sold, and that inflation stands at 4% growth rate p.a.

**Table 7: Sales/ Revenue Projections**

| DETAILS                               | YEARS            |                  |                   |                   |                   |
|---------------------------------------|------------------|------------------|-------------------|-------------------|-------------------|
|                                       | Y1               | Y2               | Y3                | Y4                | Y5                |
| Production (KG) P.A.                  | 50               | 150              | 200               | 250               | 300               |
| Sales Projections (100% of the stock) | 50               | 150              | 200               | 250               | 300               |
| Price per KG (4% Inflation)           | 64,000.00        | 66,560.00        | 69,222.40         | 71,991.30         | 74,870.95         |
| <b>TOTAL SALES</b>                    | <b>3,200,000</b> | <b>9,984,000</b> | <b>13,844,480</b> | <b>17,997,824</b> | <b>22,461,284</b> |

### 7.2 Profit and Loss

This is a viable project ceteris paribus. Retained earnings are assured from the starting of the project, implying that the project will breakeven during the first year of operation as shown in **Table 8**.

**Table 8: Projected P&L**

| DETAILS                  | YEARS               |                     |                      |                      |                      |
|--------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
|                          | Y1                  | Y2                  | Y3                   | Y4                   | Y5                   |
| Total Sales Revenue      | 3,200,000.00        | 9,984,000.00        | 13,844,480.00        | 17,997,824.00        | 22,461,284.35        |
| Less: Cost of Sales      | 513,600.00          | 534,144.00          | 555,509.76           | 577,730.15           | 600,839.36           |
| <i>Gross Profit</i>      | <i>2,686,400.00</i> | <i>9,449,856.00</i> | <i>13,288,970.24</i> | <i>17,420,093.85</i> | <i>21,860,445.00</i> |
| Less: Operating Expenses | 391,800.00          | 195,408.00          | 224,266.00           | 254,274.15           | 517,580.51           |
| <i>EBIT</i>              | <i>2,294,600.00</i> | <i>9,254,448.00</i> | <i>13,064,704.24</i> | <i>17,165,819.70</i> | <i>21,342,864.48</i> |
| Less: Loan Interest      | -                   | -                   | -                    | -                    | -                    |
| EBT                      | 2,294,600.00        | 9,254,448.00        | 13,064,704.24        | 17,165,819.70        | 21,342,864.48        |
| Less: Taxes (30%)        | 688,380.00          | 2,776,334.40        | 3,919,411.27         | 5,149,745.91         | 6,402,859.35         |
| <b>Net Profit/(Loss)</b> | <b>1,606,220.00</b> | <b>6,478,113.60</b> | <b>9,145,292.97</b>  | <b>12,016,073.79</b> | <b>14,940,005.14</b> |
| Dividend (10%)           | 160,622.00          | 647,811.36          | 914,529.30           | 1,201,607.38         | 1,494,000.51         |
| <b>Retained Earnings</b> | <b>1,445,598.00</b> | <b>5,830,302.24</b> | <b>8,230,763.67</b>  | <b>10,814,466.41</b> | <b>13,446,004.62</b> |

### 7.3 Cash Flow

**Table 9: Projected Cash Flow**

| DETAILS   | YEARS               |                     |                     |                       |                       |
|---|---------------------|---------------------|---------------------|-----------------------|-----------------------|
|   | Y1                  | Y2                  | Y3                  | Y4                    | Y5                    |
| Net Income  | 1,606,220.00        | 6,478,113.60        | 9,145,292.97        | 12,016,073.79         | 14,940,005.14         |
| Add: Depreciation and Amortization                |                     |                     |                     |                       |                       |
| (Increase)/ Decrease in Operating Working Capital |                     |                     |                     |                       |                       |
| <b>Cash Flow from Operating Activities</b>        | <b>1,606,220.00</b> | <b>6,478,113.60</b> | <b>9,145,292.97</b> | <b>12,016,073.79</b>  | <b>14,940,005.14</b>  |
| (Capital Expenditure)                             | - 859,000.00        | - 41,000.00         | -                   | -                     | -                     |
| <b>Cash Flow from Investing Activities</b>        | <b>- 859,000.00</b> | <b>- 41,000.00</b>  | <b>-</b>            | <b>-</b>              | <b>-</b>              |
| Increase (decrease) in long-term debt             |                     |                     |                     |                       |                       |
| (Dividend)  | - 160,622.00        | - 647,811.36        | - 914,529.30        | - 1,201,607.38        | - 1,494,000.51        |
| Issuance of Equity                                |                     |                     |                     |                       |                       |
| <b>Cash Flow from Financing Activities</b>        | <b>- 160,622.00</b> | <b>- 647,811.36</b> | <b>- 914,529.30</b> | <b>- 1,201,607.38</b> | <b>- 1,494,000.51</b> |
| Beginning Cash                                    | 60,000.00           | - 526,598.00        | - 6,315,900.24      | - 14,546,663.91       | - 25,361,130.32       |
| Net Cash Flow                                     | 586,598.00          | 5,789,302.24        | 8,230,763.67        | 10,814,466.41         | 13,446,004.62         |

### 7.4 Projected Ratios

The projections show that the project will be a success as the margin, profitability and solvency ratios show a positive trend for the first five years of operation of the project. **Table 10** gives the details

**Table 10: Projected Ratios**

| <b>Margin Ratios</b>    | <b>Y1</b> | <b>Y2</b> | <b>Y3</b> | <b>Y4</b> | <b>Y5</b> |
|-------------------------|-----------|-----------|-----------|-----------|-----------|
| Gross Profit Margin     | 83.95%    | 94.65%    | 95.99%    | 96.79%    | 97.33%    |
| Operating Profit Margin | 85.42%    | 97.93%    | 98.31%    | 98.54%    | 97.63%    |
| Net Profit Margin       | 71.71%    | 92.69%    | 94.37%    | 95.38%    | 95.02%    |

| <b>Profitability Ratios</b>                               | <b>Y1</b> | <b>Y2</b> | <b>Y3</b> | <b>Y4</b> | <b>Y5</b> |
|---|-----------|-----------|-----------|-----------|-----------|
| Gross Profit Margin: (Gross Profit/Total Revenue)         | 83.95%    | 94.65%    | 95.99%    | 96.79%    | 97.33%    |
| Net Profit Margin: (Net Income/Total Revenue)             | 50.19%    | 64.88%    | 66.06%    | 66.76%    | 66.51%    |
| Return on Assets (ROA): (Net Income/Total Assets)         | 186.99%   | 719.79%   | 1016.14%  | 1335.12%  | 1660.00%  |
| Return on Equity (ROE): (Net Income/Shareholders' Equity) | 178.47%   | 719.79%   | 1016.14%  | 1335.12%  | 1660.00%  |

| <b>Solvency Ratios</b>                                | <b>Y1</b> | <b>Y2</b> | <b>Y3</b> | <b>Y4</b> | <b>Y5</b> |
|---|-----------|-----------|-----------|-----------|-----------|
| Debt-to-Equity Ratio: Total Debt/Shareholders' Equity | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     |

## 8.0 PROJECT FINANCIALS

### 8.1 Funding Sources

This is a **USD 900,000** project. Its source of funding is equity only. The equity is foreign. The details are given in **table 11** below.

**Table 11: Project Funding**

| CATEGORIES             | AMOUNT (USD) | %    |
|------------------------|--------------|------|
| <b>EQUITY</b>          |              |      |
| <i>Local Equity</i>    | -            | -    |
| <i>Foreign Equity</i>  | 900,000      | 1.00 |
| <b>Total Equity</b>    | 900,000      | 1.00 |
| <b>LOAN</b>            |              |      |
| <i>Local Loan</i>      | -            | -    |
| <i>Foreign Loan</i>    | -            | -    |
| <b>Total Loan</b>      | -            | -    |
| <b>TOTAL FINANCING</b> | 900,000      |      |

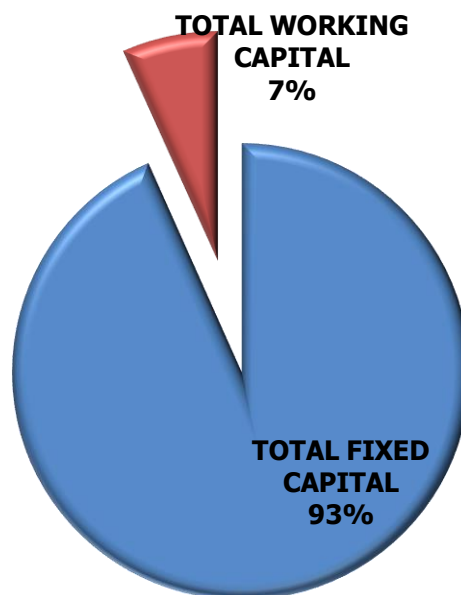
### 8.2 Financing of Items

The **USD 900,000** planned investment will finance the project in terms of fixed assets to the tune of **USD 840,000** and Working capital of **USD 60,000** as shown under **table 12** and **Figure 4** below.

**Table 12: Items Financing**

| INVESTMENT BREAKDOWN         |                |
|------------------------------|----------------|
| ITEM                         | AMOUNT IN USD  |
| Land & Buildings             | 110,000        |
| Plant                        | 600,000        |
| Vehicles                     | 101,000        |
| Furniture & Fittings         | 12,000         |
| Pre Expenses                 | 12,000         |
| Others                       | 5,000          |
| Working Capital              | 60,000         |
| <b>TOTALS</b>                | <b>900,000</b> |
| <b>TOTAL FIXED CAPITAL</b>   | <b>840,000</b> |
| <b>TOTAL WORKING CAPITAL</b> | <b>60,000</b>  |

**Figure 4: Summarized Financing of Items**



### **8.3 Investment Plan**

The planned investment capital will be injected into the project over the years as implementation goes on. By the end of the 5<sup>th</sup> year all the capital will be injected and the project is expected to be operating at its full capacity. **Table 13** below gives the details

**Table 13: Capital Injection Plan**

| INVESTMENT BREAKDOWN<br>ITEM | INVESTMENT PLAN |               |    |    |    | TOTAL INVESTMENT |
|------------------------------|-----------------|---------------|----|----|----|------------------|
|                              | Y1              | Y2            | Y3 | Y4 | Y5 |                  |
| Land & Buildings             | 110,000         |               | -  | -  | -  | 110,000          |
| Plant                        | 600,000         |               |    |    |    | 600,000          |
| Vehicles                     | 60,000          | 41,000        |    |    |    | 101,000          |
| Furniture & Fittings         | 12,000          |               |    |    |    | 12,000           |
| Pre Expenses                 | 12,000          |               |    |    |    | 12,000           |
| Others                       | 5,000           |               |    |    |    | 5,000            |
| Working Capital              | 60,000          |               |    |    |    | 60,000           |
| <b>TOTALS</b>                | <b>859,000</b>  | <b>41,000</b> | -  | -  | -  | <b>900,000</b>   |
| <b>TOTAL FIXED CAPITAL</b>   | <b>840,000</b>  |               |    |    |    |                  |
| <b>TOTAL WORKING CAPITAL</b> | <b>60,000</b>   |               |    |    |    |                  |

## **9.0 PROJECT JUSTIFICATION**

This section covers the justification for the project. It covers the fiscal, socio-economic, and financial rationale. This coverage provides apologetics for green-lighting of the project for both fiscal and non-fiscal incentives from the government side.

### ***9.1 Fiscal Rationale***

Fiscally this project will contribute to taxes to the government. This contribution is in the form of income tax and value added tax. As such, ceteris paribus, the project will fill the government's coffer with money to the tune of **USD 32,434,248.60** as shown under **appendix 1**. This amount includes Income Tax (**USD 18,936,730.93**) and VAT (**USD 13,497,517.67**). These amounts correspond to the business of the company but will create a multiplier along value chains. There will be more taxes down the chain.

### ***9.2 Socio-Economic Rationale***

Socio-economically this project has many benefits to the economy of Tanzania. It will directly employ a total of 81 peoples, where only 11 are foreigners. As of indirect employments, the project expects to generate 500 indirect jobs. Payment to the employees will create a trickle-down positive effect in the economy giving an impetus for growth and development among households.

Through its CSR policy the company expects to spend a total of about **USD 1,262,448.73** on the surrounding community over the first 5 years of operation. **Appendix 1** gives the details.

### ***9.3 Financial Rationale***

Monetarily this project will create flows that will nourish Tanzania's economy. The money spent on supplier SMEs, on wages and on other supplier firms will create taxes, revenues and other benefits along the various value chains supported by this quarrying project. To the supplier firms, other things remaining the same, cash amounting to **USD 4,027,713.99** will flow to supplier SMEs and other entities like banks in the form of settlement for purchases.

#### ***9.4 Environmental Rationale***

This project expects to adhere to all environmental requirements to ensure safety of the environment and of the workers. All guidance by NEMC will be taken onboard in order to stay environmental friendly.

#### **10.0 CONCLUSION**

This is a gold processing and mining project. It will be located in Morogoro region. The project will create a total of 81 direct jobs, 70 jobs being for locals, and 500 indirect jobs to the locals. This implies job creation to Tanzanians as 86% of all direct employees, and 100% of all the indirect employees are Tanzanian.

Considering the rationale for this project, having analyzed the market and developed strategies for our market and the impending success in this project the promoters present the plan and the idea for consideration in the form of registration with the TIC and enjoyment of the incentives that will provide a soft landing for this project to the greater good of the economy.

## D APPENDICES

### 1. Project Rationale

| DETAILS                  | YEARS        |              |              |              |               | TOTAL                |
|--------------------------|--------------|--------------|--------------|--------------|---------------|----------------------|
|                          | Y1           | Y2           | Y3           | Y4           | Y5            |                      |
| Payment to supplier SMEs | 889,400.00   | 679,632.00   | 710,553.36   | 742,015.18   | 1,006,113.45  | <b>4,027,713.99</b>  |
| Income Tax               | 688,380.00   | 2,776,334.40 | 3,919,411.27 | 5,149,745.91 | 6,402,859.35  | <b>18,936,730.93</b> |
| VAT                      | 640,000.00   | 1,996,800.00 | 2,768,896.00 | 3,599,564.80 | 4,492,256.87  | <b>13,497,517.67</b> |
| CSR                      | 45,892.00    | 185,088.96   | 261,294.08   | 343,316.39   | 426,857.29    | <b>1,262,448.73</b>  |
| <b>SUMMARIES</b>         | <b>Y1</b>    | <b>Y2</b>    | <b>Y3</b>    | <b>Y4</b>    | <b>Y5</b>     | <b>TOTAL</b>         |
| To the Private Sector    | 889,400.00   | 679,632.00   | 710,553.36   | 742,015.18   | 1,006,113.45  | <b>4,027,713.99</b>  |
| To the Government        | 1,328,380.00 | 4,773,134.40 | 6,688,307.27 | 8,749,310.71 | 10,895,116.22 | <b>32,434,248.60</b> |
| To the Hosting Community | 45,892.00    | 185,088.96   | 261,294.08   | 343,316.39   | 426,857.29    | <b>1,262,448.73</b>  |

### 2. Detailed Project Manning Plan

| S/N       | Category                       | Local     |           | Foreigners |          | TOTAL     |
|-----------|--------------------------------|-----------|-----------|------------|----------|-----------|
|           |                                | M         | F         | M          | F        |           |
| <b>A.</b> | <b>Directors</b>               |           |           |            |          |           |
| 1         | Managing Director              |           |           | 1          |          | 1         |
| 2         | Director                       |           |           | 1          |          | 1         |
| 3         | Technical Lead                 |           |           |            | 1        | 1         |
| <b>B.</b> | <b>Management Team</b>         |           |           |            |          |           |
| 1         | Finance Manager                |           | 1         |            |          | 1         |
| 2         | Logistics Manager              | 1         |           |            |          | 1         |
| 3         | Technical Manager              |           |           | 1          |          | 1         |
| 4         | Mining Managers                | 1         |           | 1          |          | 2         |
| <b>C.</b> | <b>Supervisors</b>             |           |           |            |          |           |
| 1         | Mines Supervisors              | 1         |           | 2          |          | 3         |
| 2         | Plant Supervisors              |           | 1         | 1          | 1        | 3         |
| 3         | Product/ Strong Room Custodian |           |           |            | 1        | 1         |
| <b>D.</b> | <b>Drivers and Operators</b>   |           |           |            |          |           |
| 1         | Drivers & Operators            | 8         |           |            |          | 8         |
| 2         | Plant Operators/ Workers       | 15        | 5         |            |          | 20        |
| 3         | Mines Workers                  | 21        |           |            |          | 21        |
| <b>E.</b> | <b>Support Staff</b>           |           |           |            |          |           |
| 1         | Cleaners                       | 2         | 4         |            |          | 6         |
| 2         | Mechanics                      | 3         |           | 1          |          | 4         |
| 3         | Security Guards                | 4         | 2         |            |          | 6         |
| 4         | Accountant/ Cashier            |           | 1         |            |          | 1         |
|           | <b>TOTAL</b>                   | <b>56</b> | <b>14</b> | <b>8</b>   | <b>3</b> | <b>81</b> |

### 3. Gross Profit Projections

| DETAILS                    | YEARS               |                     |                      |                      |                      |
|----------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
|                            | Y1                  | Y2                  | Y3                   | Y4                   | Y5                   |
| Projected Sales            | 3,200,000.00        | 9,984,000.00        | 13,844,480.00        | 17,997,824.00        | 22,461,284.35        |
| Cost of Sales              |                     |                     |                      |                      |                      |
| Power Utilities            | 12,000.00           | 12,480.00           | 12,979.20            | 13,498.37            | 14,038.30            |
| Water Utilities            | 3,600.00            | 3,744.00            | 3,893.76             | 4,049.51             | 4,211.49             |
| Wages                      | 438,000.00          | 455,520.00          | 473,740.80           | 492,690.43           | 512,398.05           |
| Supplies                   | 60,000.00           | 62,400.00           | 64,896.00            | 67,491.84            | 70,191.51            |
| <b>TOTAL COST OF SALES</b> | <b>513,600.00</b>   | <b>534,144.00</b>   | <b>555,509.76</b>    | <b>577,730.15</b>    | <b>600,839.36</b>    |
| <b>GROSS PROFIT</b>        | <b>2,686,400.00</b> | <b>9,449,856.00</b> | <b>13,288,970.24</b> | <b>17,420,093.85</b> | <b>21,860,445.00</b> |

### 4. Operating Expenses Projections

| ITEMS                           | YEARS             |                   |                   |                   |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                 | Y1                | Y2                | Y3                | Y4                | Y5                |
| Marketing Expenses              | 10,500.00         | 7,980.00          | 8,778.00          | 9,655.80          | 10,621.38         |
| Bank Charges                    | 3,600.00          | 3,744.00          | 4,118.40          | 4,530.24          | 4,983.26          |
| Insurance                       | 31,100.00         | 32,344.00         | 35,578.40         | 39,136.24         | 43,049.86         |
| Office Expenses                 | 16,000.00         | 16,000.00         | 16,000.00         | 16,000.00         | 16,000.00         |
| Permits and Licenses            | 232,600.00        | 500.00            | 500.00            | 1,500.00          | 231,500.00        |
| Vehicle Expenses                | 68,000.00         | 70,720.00         | 73,548.80         | 76,490.75         | 79,550.38         |
| Professionals Fees              | 2,000.00          | 1,000.00          | 2,000.00          | 1,000.00          | 2,000.00          |
| Provision for Bad Debts         | 16,000.00         | 49,920.00         | 69,222.40         | 89,989.12         | 112,306.42        |
| Miscellaneous Expenses          | 12,000.00         | 13,200.00         | 14,520.00         | 15,972.00         | 17,569.20         |
| <b>TOTAL OPERATING EXPENSES</b> | <b>391,800.00</b> | <b>195,408.00</b> | <b>224,266.00</b> | <b>254,274.15</b> | <b>517,580.51</b> |