

TSP COMPANY TANZANIA LIMITED
PROJECT DOCUMENT
ON
MINING AND QUARRYING

Prepared By:

Tsp Company Tanzania Limited

1.0 EXECUTIVE SUMMARY

1.1 Company Background

Tsp Company Tanzania Limited is a private company with limited liability, incorporated on 28th December 2023 with the Certificate of Incorporation **No.171041775** and authorized to operate in the mining sector. The company's main business is mining, along with other related businesses such as mining and quarrying, producing mainly basic precious and other non-ferrous metals, road freight transport, warehousing, and storage. As an investing company, we have a lot of experience and follow the compliance guidelines. We value our credibility in our business approach and adhere to the regulations. The company's head office is in Mbeya

1.2 The Project

The aim of this project is to mine and quarry in the Songwe region of mainland Tanzania. It will also upgrade the Support activities for other mining and quarrying with other related operations in mining such as producing mainly basic precious and other non-ferrous metals manufacturers to be more competitive in the local and regional market. The company has an edge over others because of its compliance, integrity, safety, and expertise in mining as well as its Commitment, Honesty, and reliability in its business approach.

1.3 The Market

Tanzania is the world's twenty-second-biggest gold producer, with an 8.11% decline in output in 2021. It has shown that from 2017 to 2021, production from Tanzania fell by a CAGR of 3.6% and is projected to increase by a CAGR of 0.5% from 2022 to 2026 of the demand. As an investor, we are eager to contribute to the potential economy by becoming a player and stakeholder in the mining business, ensuring that we add to the national economy from mining business as the expected growth in production is assumed with high investment attraction.

1.4 Investment Costs

The project cost is estimated at **TZS 10,000,000,000.00** which will be contributed by partners contribution and the term loan.

Assets	S/N	TOTAL
Land & Building		TZS 539,000,000
Workshop equipment's (Motor vehicle / excavator)		TZS, 6, 758,082,450.00
Pre-operation & Expenses		TZS 490,000,000
Working capital		TZS 2,212,917,550
Total		TZS 10,000,000,000.00

1.5 Financing Plan

The promoters propose to finance the above investment costs in the following manner.

SOURCE	TZS
Equity	25%
Loan	75%
Sub total	

1.6 THE PROMOTERS

FULL NAME	NATIONALITY	SHAREHOLDING%	SUBSCRIBER
TSD COMPANY LIMITED	Sudanese	75%	MUKHLIS MOHAMEDKHAIR OSMAN
	Sudanese		ELSADING MOHAMED ELISHEKH
MOHAMED OMAR SHARIF	Tanzanian	25%	MOHAMED OMAR SHARIF

1.7 LOCATION

The project's main office is situated in Maleza village in the Songwe district of the Songwe region. This is the designated village for the project, and all mining operations will be conducted

according to the license. The area is easy to reach and has been checked and approved by all relevant authorities. We have a social responsibility guide and an impact assessment for the society, mining, environment, and social sustainability. Therefore, the project has a great opportunity to serve a diverse

1.8 ENVIRONMENTAL ASPECT

Generally, there are environmental regulations governing the operation of mining, land usage, and transportation/ machine operation. The company will take precautions to ensure that during and in case of an accidental spillage or fire, damage to the environment is limited to the minimum possible level.

1.9 PROFITABILITY

The business as indicated in the projected profit and loss account and that of cash flow is commercially and financially viable.

1.10 SOCIAL AND ECONOMIC IMPACT

The proposed project will result into the following social and economic impacts.

- Increase the gold production high-quality in the country and untimely in global market.
- The proposed project of mining and specifically investment in this sector will provide employment for 150 people.
- The government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury.

2.0 MANAGEMENT AND ORGANISATION STRUCTURE

2.1 Organization

Tsp Company Tanzania Limited is organized directly under the Shareholders, who form part of Board of Directors.

The Board of Directors is responsible for formulating policies, rules, regulations and planning aspects to ensure that mining business approaches and the related activities meet the requirements of the company and that it is operating on a profitable basis. The Managing Director appointed by the Board of Directors is the overall in charge of day-to-day operations of the Company. The following heads of sections – the Manager of Operations, Administrative

officer, Financial Controller, Chief plants, and machinery operation and Logistics Officer, assist him. The Operations Manager as head of the operation department deals with all matters on Mining operations and processing. Also undertakes all welfare activities of the workers under his department.

Chief Plants is the head of the chemical and engineering department dealing with and managing chemical usage in the plant areas, servicing and maintenance of plants and machinery and similar heavy equipment. Among other things, this includes automotive mechanics, automotive, storage of, excavator mechanics.

2.2 Manpower Requirements

To operate the entire mining operation industry and its transport system the company expects to employ an additional staff of 150 people. The company will use the same criteria in recruiting additional head count required as per demands. All are expected to have a strong background in mining operation. Other new staffs especially in the Operation Department, are also expected to have some knowledge in mining sector cross factions. However, all the new employees are expected to receive on-the-job training. All key staff is to be employed 1-2 months before the Company expand its operation to expose them with effective safety training and mining environment ethics.

3.0 FINANCIAL PLAN GOALS

The key financial plan objectives for Tsp Company Tanzania Limited Gold Mining are:

- Ensuring profitability: Deliver a net profit for shareholders.
- Effectively and efficiently manage Cashflows deployed in operations.
- Ensure an acceptable minimum return on Investment for shareholders (and providers of capital)
- Create Employment of mainly Tanzanians through the forward and backward linkages.
- Contribute to the national development through the payment of Royalties.
- Improve the Socio-economic well-being of the Songwe host community through social responsibility.

3.1 CASH FLOW PROJECTIONS

3.2 Net Present Value

The Net Present Value of the project is USD 5.458Mn (Five million Four Hundred Fifty-Eight Thousand United states dollars)

Key assumption on NPV assessment

- 1) The overall recovery rate on gold produced has been maintained at 97.5%, with estimated 660grams.
- 2) The projected metal price has been prudentially modelled at \$48 per gram (current world price)
- 3) Inflation applied to the costs at 3.2% (in line with core inflation forecasts by central bank data as of 2023)
- 4) Discount factor applied to cash flows at 9% (effective for months 13 to 29 of the project)
- 5) Production revenues commence in month 5 following completion of production set up and resumption of full production capacity.
- 6) Strong cash-flows will support investment recovery, any reconnaissance activities (new sites), an increase in technology investments, any planned capital expenditures and distributions to the directors and providers of capital.

3.2 Internal Rate of Return

The Modified internal rate of return (MIRR) of the project is expected to be 64.25%.

3.2 Expected project Break Even stage

The projected breakeven point for the Kanungu gold project has been assessed as 13.53 months.

3.0 RISK MANAGEMENT

3.1 Risk identification

3.1.1 Operational Risk

Health Safety and Occupational Hazards: Dust, Noise, Vibration Musculo skeletal disorders
Working conditions of the workers shall be evaluated from time to time to ensure compliance with the HSE guidelines. Regular maintenance work will be performed to mitigate operational accidents. There will be health and medical surveillance and monitoring, respiratory protection, and prescheduled work shifts to allow for sufficient recuperation of the bodies.

Tsp Company Tanzania Limited has taken careful consideration to deploy professional competent workforce of over 40 workers (including engineers, geologists, machinists, and equipment operators). These will be competitively remunerated to ensure low attrition rates. They will be supported by up to 150 mining workers, mainly sourced from the local population, hence offering remunerative wage-jobs to the community.

The productivity of the mines will be heavily leveraged on deployment of the latest computer-aided technology as well as machines, including the process-production equipment involved in the excavation/digging, crushing, grinding/milling, leaching and eventual absorption.

3.1.2 Global Pandemic Risk

In Tanzania like elsewhere in the world mining operations have been curtailed by the outbreak of Covid-19 a global pandemic. Tsp Company Tanzania Limited shall have due regard to the standard operating procedures as laid out by the Ministry of Health. The management shall ensure strict adherence to avoid interruptions in the Mining Lease development.

3.1.3 Chemical use risk

The use of toxic and environmentally harmful substances shall strictly be prohibited in the Tsp gold project. The workers shall be protected from risks related to chemical use. The professional handlers have competence to ensure worker safety. Standard Operating Procedures (SOP) that address the use of personal protective equipment, safe handling, safe use and proper disposal shall be established.

Training and drills shall be conducted regarding the company's response plans and chemical hygiene plans.

3.1.4 Climate-Drought Risk

With ongoing ecological climate change like other parts of the globe, Tanzania has experienced uneven weather patterns. Tsp Company Tanzania Limited shall ensure responsible mining practices under the mining Lease to ensure minimal disturbance to the natural ecology. Water storage and holding reservoirs shall be installed to ensure sufficient water for both domestic and processing purposes on-site.

Market Risk

3.2.1 Exchange rate Risk

There is residual risk in currency exchanges between the United States Dollar and the Tanzania shilling in the day-to-day operations of the mine.

Mitigation of exchange rate risk will be performed by ensuring the following: - Procurements maintained in Tanzania shilling equivalent to United States Dollars - Matching revenue receipts with settlement of obligations in Tanzania shilling equivalent to United States Dollars. - Prospecting best price bids in the market prior to exchange with hedging plans in place to counter any adverse foreign exchange losses. - Where the (in-country) risk appetite allows, entering foreign exchange forwards to hedge against any adverse losses.

3.2.2. Liquidity Risk

There is risk that the liquidity shall not be sufficient to meet operational and tactical needs. The working capital cycle has been modelled to optimize the gap between receivables and payables and ensure a shorter-term cycle under 30 days.

Financial Audit Risk

3.2.3. Role of external Certified Public Auditors

The financial reports of Tsp shall be prepared and presented following independent audits of certified external auditors. These shall be performed at least annually and presented at the annual general meeting of share capital holders.

3.2.4. Government inspectors (Department of Geological Survey and Mines)

From time to time, as guided by the Mining Lease awarded, government may send inspectors to examine the operations of the mines and production sites. Tsp is committed to the best mining practices and ensure utter most compliance to the Mining Regulations

3.2.5. Strategic Risk

Tsp Company Tanzania Limited is an incorporated firm whose strategic direction is to be a leading low-cost environmentally responsible precious metal producer in Tanzania. The promoters shall seek investors through provision of debt or equity financing to support the capitalization of operations of the gold mining and production business.

3.2.6. Reputation

Tsp shall at all times uphold the values enshrined in the strategic pursuit of its mining business as Life first, valuing people, doing what is right, Honesty and Integrity in all dealings, Environmental preservation and ensuring occupational health and safety.

4.0 CAPITAL MANAGEMENT

Tsp Company Limited intends to pursue an organic growth strategy through increasing sale of gold produced from the mines. This will require efficient on-site operations and low-cost production deployments.

4.1. Capital requirement!

The directors shall partner with prospective investors to inject a sum of USD 5,000,000 (Five million United states Dollars) towards the development of the mining Lease. The costs shall be allocated to the acquisition of the mining lease and intensive capital expenditures on machinery, professional technical support costs towards setting up of the mine, on preparation.

4. 2. Mine Set up.

Tsp shall erect a central processing center in the mining lease. The ores shall be transported to this point for gold extraction. Other auxiliary facilities critical to the success of the project such as Office block, storage room, Security room, Washrooms shall be erected.

5. 0. Projected Capital investment

Table 1.1 below shows a summary of the cost for setting up the Tsp Company Limited gold project to propel Tsp profitability stage (estimated at 13.5 months after the start of the the operation).

NO	ITEM DESCRIPTION	TOTAL COST	TYPE
1	Systematic Exploration	TZS 490,000,000.00	Capex
2	Ore-reserve identification	TZS 441,000,000.00	Capex
3	Land Purchase/ Surface Rights (5sq.kms)	TZS 539,000,000.00	Capex
4	Mining Lease acquisition	TZS 294,000,000.00	Capex
5	1Excavators 1.5m3 Capacity		Capex
6	2 Loaders	TZS 294,000,000.00	Capex

7	3 Trucks 20 tons	TZS 735,000,000.00	Capex
8	3Pneumatic Compressors	TZS 95,550,000.00	Capex
9	2 Service Vehicles	TZS 208,250,000.00	Capex
10	3Automated diggers	TZS 257,250,000.00	Capex
11	Demolition Hammers (100)	TZS 208,250,000.00	apex
12	Security Cameras (20)	TZS 83,300,000.00	capex
13	Lighting system (Surface underground)	TZS 58,800,000.00	Capex/ Opex
14	2 Generators 150 K.V. A	TZS 196,000,000.00	Capex
15	Electric pulleys (5)	TZS 98,000,000.00	Capex
16	Ore -Analysis	TZS 31,850,000.00	Capex
17	Gold processing C.I.P plant 150 per day	TZS 2,744,000,000.00	(Capex)
18	Fright and Revenue Clearing	TZS 245,000,000.00	Capex
20	Installation	TZS 220,500,000.00	Opex
24	Dam excavation/ Mine water	TZS 45,376,450.00	Capex
26	Heavy truck hire (Delivery of	TZS 5,831,000.00	Capex
28	Environmental Impact Report	TZS 36,750,000.00	Capex
29	Building Materials	TZS 104,125,000.00	Capex
30	Gold extracting Reagents		Opex
31	Fuel and lubricants	TZS 29,400,000.00	Opex
32	Fright & Clearing charges	TZS 196,000,000.00	Capex
33	Human Resource	TZS 416,867,500.00	Opex
34	Auxiliary expenses	TZS 343,000,000.00	capex
35	Budget Margin	TZS 245,000,000.00	
36	Total	TZS 8,662,099,950.00	

5.1. Debt-Equity prepositions

In addition to the available capital the directors if need arises will undertake a solvency evaluation of the capacity of **Tsp** to borrow debt capital to further expand mining operations. The size and quality of debt shall depend on:

- The appetite for the debt (the need)
- The price (interest rate) and risk on lender counterparty
- The tenor of any such addition capital investment.

All effort shall be made to ensure that **TSP** is creditworthy and fully compliant with all contractual obligations and financial covenants made.

Since the operations are greenfield by nature, preference shall be given to venture capitalists, angel investors, and commercial lender debt capital.

All such arrangements shall be approved by the directors of **Tsp**.

6.0 WORKING CAPITAL

6.1 Receivables (Gold Sale)

TSP shall enter contracts to sell or dispose gold produced from the mining Lease in accordance with the Mining Regulations.

6.2 Payables

It is expected that payables shall arise to counterparties in the normal course of business of TSP. Such payables shall include employee obligations, government royalties and taxes, raw material suppliers/vendors, maintenance operators, utilities, local government levies and community contributions/social investments. These will be undertaken contractually with consent of technical staff and board approval.

7.0. FINANCIAL RATIOS (KEY PERFORMANCE INDICATORS)

The key performance indicators for the operations are summarized below:

- Growth ratios to measure the rate of growth of TSP and Minerals gold outputs and assess the potential for future growth. Growth ratios will be taken for sales, EBITDA, EBIT growth, production volume, operating costs (inclusive of personnel and overheads)
- Profitability ratios to assess the returns generated on both gold sales and investment. These will include the profit margin, operating margin, return on assets (RoA), return on equity (RoE)
- Capital ratios on debt-equity balance, debt-assets, Return on Capital Employed (ROCE). The ratios mainly concentrate on solvency of TSP Mining Lease gold operations and adequacy of capital.
- Working capital (liquidity) ratios (receivables days, payables days, operational productivity ratios e.g. asset efficiency (gold volume sales, etc.)
- Capital market comparisons shall be performed to establish capital performance, benchmarking, and investor indices.

8.0 REVIEW OF FINANCIAL PLAN

8.1 Financial Management Structure

The financial management structure shall be comprised of technical support personnel reporting to the board of directors of TSP. Where applicable, services of financial consultants and external auditors shall be undertaken in review of technical assignments ranging from tax management, capital planning, audit, and financial reporting.

8.2 Planning and Budgeting

The planning and budgeting of activities are guided by the TSP Gold mining business plan. These will be reviewed annually months by the board of directors of TSP throughout the life of the mine.

8.3 Decision and Control

All decisions on financial matters of TSP shall be made by the directors (or their delegates). All outsourced services shall be required to report to the directors and the directors may undertake independent reviewers before certifying outputs of delegated assignments.

8.4 Financial Reporting

Periodic reports shall be prepared by TSP and presented to the board of directors for review and approval Audits of the reports and financial statements will be performed at least annually (and in line with relevant regulation). Priority will be made towards compliance with the statutory guidelines in the licenses issued by the Department of Geological survey and Mines to TSP

9.0. OTHER KEY PROJECT CONSIDERATIONS

9.1. Human Resource

Salaried staff and the support personnel will operate on contract basis which will be reviewed reputedly, the payment mode shall heavily depend on the output basis in line with other established mining Companies. some foreign labor may be needed especially during commissioning and plant set up but mostly all work force will be nationals.

Other auxiliary facilities critical to the success of TSP Mining Lease include:

- Administration block
- Employee accommodation
- Washrooms
- Storage room
- Workshop and fuel storage facility
- Security personnel room.

9.2. Main Project Benefits

- Employment opportunities
- Increased opportunities for SME development in region
- Improved social outcomes coupled with good relations.
- Revenue generation from project
- Payment of royalties
- Financial profitability of all stakeholders.

10. Conclusion

The TSP gold mining business document has been developed after a diligent analysis of the geological surveys undertaken in Songwe district. A lot of input from technical and experienced persons has been given due consideration and the TSP team looks forward to tapping the enormous prospects resulting from the implementation of this business plan.

The proposed project will be financially and economically viable. It is recommended that the project be accorded the required support to pave the way for its expeditious establishment and development.

Project's Financing Plan

SOURCE	TZS
Equity	2,500,000,000
Loan	7,500,000,000
Sub total	10, 000,000,000

TSP COMPANY TANZANIA LIMITED

PROJECTED DEPRECIATION SCHEDULE

Item/year		Amount	1	2	3	4	5
Land and Buildings	4%	539,000,000	21,560,000	21,560,000	21,560,000	21,560,000	21,560,000
Motor Vehicles	25%	22,500,000	5,625,000	5,625,000	5,625,000	5,625,000	-
Machinery & Equipment	12.5%	6,758,082,450	844,760,306.25	844,760,306.25	844,760,306.25	844,760,306.25	844,760,306.25
Furniture & Fixtures	12.5	-	-	-	-	-	-
Pre-Operational Expenses	20	490,000,000	98,000,000	98,000,000	98,000,000	98,000,000	98,000,000
TOTAL		7,787,082,450	964,320,306.25	964,320,306.25	964,320,306.25	964,320,306.25	964,320,306.25

PROJECTED INCOME STATEMENT

Item/year	1	2	3	4	5
Sales Revenue	23,940,000,000.00	25,200,000,000.00	25,200,000,000.00	26,460,000,000.00	27,783,000,000.00
COST OF SALES					
	9,072,000,000	9,072,000,000	9,525,600,000	10,001,880,000	9,072,000,000
Sub Total Cost of Sales	9,072,000,000	9,072,000,000	9,525,600,000	10,001,880,000	9,072,000,000
GROSS PROFIT	15,321,600,000	16,128,000,000	16,128,000,000	16,934,400,000	17,781,120,000
Gross Operating Profit	15,321,600,000	16,128,000,000	16,128,000,000	16,934,400,000	17,781,120,000
Capital & Finance Charges					
Depreciation	964,320,306.25	964,320,306.25	964,320,306.25	964,320,306.25	964,320,306.25
Sub Total	964,320,306.25	964,320,306.25	964,320,306.25	964,320,306.25	964,320,306.25
PROFIT BEFORE TAX	14,357,279,693.75	15,163,679,693.75	15,163,679,693.75	15,970,079,693.75	16,816,799,693.75
Taxable Income					
Corporation Tax at 30%	430,718,391	454,910,391	454,910,391	479,102,391	504,503,991
PROFIT AFTER TAX	13,926,561,303	14,708,769,303	14,708,769,303	15,490,977,303	16,312,295,703