

JINHAI MINING (T) COMPANY LIMITED

BUSINESS PLAN

FOR

GOLD PROCESSING

PREPARED FOR

JINHAI MINING(T) COMPANY LIMITED,

Dar es Salaam

1.0. Introduction

This business plan outlines the establishment and operation of a gold processing plant that will focus on the extraction and refinement of gold from ore. The plant aims to leverage advanced technologies to ensure high recovery rates and environmentally sustainable practices. The business will target both local and international markets, aiming to become a leading supplier of high-quality gold.

The project is being implemented by JINHAI MINING(T) COMPANY LIMITED, a company incorporated in Tanzania with Certificate of Incorporation No. 180175342 issued on 4TH December, 2024.

1.2 Objective of Study

The purpose of this study is to work out the technical and commercial details and financial viability of the project.

1.3 Project location

The gold processing plant will be strategically located at **Isowanyele, Chunya District, Mbeya region** in a well-known goldfield in Tanzania, surrounded by numerous neighboring gold mines. This prime location enables us to receive ore-bearing rocks from a large number of mines for gold extraction.

Geology of the project location is characterized by deformed, folded, sheared and metamorphosed paleoproterozoic rocks with major fold axes trending east southeast to west northwest.

1.4 Mission Statement

To become the leading provider of ethically sourced and sustainably processed gold, utilizing cutting-edge technology and environmentally friendly practices.

1.5 Vision Statement

To set the standard in the gold processing industry for efficiency, sustainability, and quality.

1.6 The Sponsors

JINHAI MINING (T) COMPANY LIMITED will be sponsoring this project. The Company is currently jointly owned by four shareholders from Russia

Share Holders	% of Share	Nationality
YADONG YANG	47.5	Chinese
FAN YANG	47.5	Chinese
SENHUA HAO	5	Chinese

2.0 Market Trends

- Increasing demand for ethically sourced gold.
- Growing interest in sustainable and environmentally friendly mining and processing practices.
- Technological advancements in gold extraction and refining.

2.1 Competitive Analysis

Our main competitors include established gold processing companies with large operations and extensive market reach. Our competitive advantage lies in our commitment to sustainability and advanced technology, which will attract a growing segment of eco-conscious consumers and investors.

3.0 Major global trading hubs

The landscape for wholesale gold trading is quite complex and constantly evolving. The three most important gold trading centers are the London OTC market, the US futures market, and the Shanghai Gold Exchange (SGE). These markets comprise more than 90% of global trading volumes and are complemented by smaller secondary market centers around the world (both OTC and exchange-traded).

3.1 The London OTC market

The London OTC market has historically been the center of the gold trade and today comprises approximately 70% of global notional trading volume per our estimates. The London market attracts participants from all around the world and sets the twice-daily global reference benchmark for gold, the LBMA Gold Price. Uniquely the market in London trades 400-ounce bars ‘Good Delivery’ bars which are stored in the member vaults of the London Precious Metals Clearing Limited (LPMCL) and the Bank of England. London’s unique vaulting infrastructure with its strictly enforced chain of custody, as well as the sizeable stocks of gold that reside within it, contribute to London often being referred to as the ‘terminal market’. The London market also enjoys a time zone advantage, bridging Asian and US

trading hours, and benefits from its status as a leading global financial services hub.

Notwithstanding the London market's pre-eminence, it has been losing a relative share of global trading volumes. In 2015 banks operating in the market stopped submitting forward offered rates (GOFO rates) which were used to establish the market's forward curve, one of several symptoms of a market that has become increasingly fragmented. The World Gold Council's initiative to partner with a consortium of leading financial players and the London Metal Exchange to introduce LMEprecious is a direct response to these pressures. This suite of exchange-traded contracts seeks to modernize and introduce efficiencies to the heart of the gold trading market.

3.2 **The US futures market (COMEX)**

Despite London's leading role in the physical market, the COMEX derivatives exchange operated by CME Group has become an increasingly important venue in driving price discovery. Trading activity on COMEX is primarily concentrated on the 'active month' (nearest dated) contract which acts as a proxy for the spot price. Only a small number of contracts physically settle into the delivery of bars into COMEX vaults but the market is nonetheless tightly linked to physical markets through a very active Exchange for Physical (EFP) market. Notably, a steadily increasing share of COMEX volume is transacted during Asian market hours reflecting the exchange's success of tapping into Asian market growth.

3.3 The Chinese market (SGE & SHFE)

The largest purely physical spot exchange in the world is the Shanghai Gold Exchange. Established in 2002 under close oversight of the People's Bank of China, SGE has enjoyed a rapid rise to prominence that has mirrored China's growing importance in the gold market. In 2016 SGE introduced the Shanghai Gold Price benchmark to cement China's role as a price-setter, to help the internationalization of the RMB, and to broaden international participation in the Chinese market. It should be noted that SGE's spot and deferred contracts are complemented by very active futures trading on the Shanghai Futures Market (SHFE), although the two exchanges are not directly linked.

3.4 Secondary market centers

Other important markets include Dubai, India, Japan, Singapore and Hong Kong. There are exchanges in all these markets offering a range of spot trading facilities or listed contracts but these have not attracted the liquidity seen on the market's primary venues. Nonetheless, these markets play an important role to varying degrees in serving local demand or acting as regional trading hubs. For example, Hong Kong has long acted as a gateway to the Chinese market and Singapore is establishing itself as an important focal point for trading in the ASEAN region.

4.0 Gold price forecasts 2024-2050

Price per ounce

Source / Year	2024	2025	2030	2040	2050
Bloomberg	\$1,913.63 - \$2,224.22	\$1,709.47 - \$2,727.94	*	*	*
The World Bank	\$1,950	*	*	*	*
JP Morgan Chase & Co	\$2,175	*	*	*	*
Goldman Sachs	\$2,050	\$1,970 - \$2,050	*	*	*
ING	\$2,031	*	*	*	*

4.1 Gold price forecasts 2024

JPMorgan Chase & Co. foresees an opportunity in gold ahead of a potential US recession that could be caused by a new cycle of rate cuts by the US Federal Reserve. It had predicted that prices would push past \$2,000 an ounce by the end of 2023. In December 2023, gold prices hit \$2,071, reacting to a new central bank monetary policy and rising haven demand. As interest rates start to fall, prices could hit fresh records in 2024. JP Morgan has an average price target of \$2,175 per ounce for bullion in the final quarter of 2024.

Gold's price forecast for Q1 2024 at Bloomberg Terminal is between \$1,913.63-\$2,224.22.

Goldman Sachs commodity analysts expect the potential upside of the gold price to be closely tied to changes in US interest rates and dollar

movements, leading them to raise the gold price target for 2024 to \$2,050 an ounce. Increasing consumer demand from China and India could also affect the price of gold.

Many banks, including Goldman Sachs, Citi, ANZ, and Commerzbank, raised their initial forecasts for gold, as they were faced with the possibility of a banking crisis. Goldman Sachs analysts initially expected the price of gold to remain stable in the period between 2023 and 2026, at around \$1,970 an ounce. They hiked their 12-month gold forecasts to \$2,050 an ounce.

Gold's price forecast for 2025 at the Bloomberg Terminal is between \$1,709.47 and \$2,727.94.

Bloomberg Intelligence Strategist Mike McGlone predicts that both gold and its “digital version,” bitcoin, will appreciate by 2025. The price of gold has shown divergence strength, being up 84% since 2015, when the Fed just started its tightening, and could be heading for \$7,000 by 2025.

4.2 Gold price forecasts beyond 2025

It is generally believed by commodity analysts that the price of gold will keep rising in the long term. However, it is difficult to accurately forecast the price of gold or the price of any commodity for the next two decades, as the price depends on several different factors. These include the inflation rate, the strength of the US dollar, central bank interest rates, and the increase in the money supply.

Most major banks and financial data providers, such as Bloomberg, provide only short-term price predictions. An additional reason is that commodity markets can be highly volatile, and small changes in supply or demand factors, along with external events like geopolitical tensions or extreme weather events, can lead to unexpected price swings. This volatility can challenge the accuracy of predictions.

Despite the complexity of long-term price predictions, there are different scenarios and long-term price forecasts for gold from 2030-50. Those range from gold reaching \$10,000 per ounce, replacing the US dollar alongside Bitcoin, and even the scenario of the world running out of gold by 2050, faced with growing demand.

4.3 Gold price forecasts 2030

The \$7,000 an-ounce scenario seems to persist in gold forecasts for 2030. In the Rational Case for \$7,000 Gold by 2030, economist Charlie Morris predicts the \$7,000 price milestone. Morris describes gold as the leading major asset class in the 21st century, which is an extraordinary achievement given that gold doesn't pay a yield.

Investment analyst Jim Puplava predicts a significant bull market by 2030, citing demographics and globalisation as the primary reasons for the price increase. At the turn of the century, when gold was below \$300, Puplava correctly predicted a 10-year bull run in precious metals.

5.0 Marketing and Sales Strategy

5.1 Marketing Strategy

- Branding: Position JINHAI MINING(T) COMPANY LIMITED as a leader in sustainable and ethical gold processing.
- Digital Marketing: Utilize social media, SEO, and content marketing to reach target audiences.
- Trade Shows and Conferences: Attend industry events to network with potential clients and showcase our technology and processes.

5.2 Sales Strategy

- Direct Sales: Establish direct relationships with jewelry manufacturers and electronics companies.
- Online Platform: Develop an e-commerce platform for investors to purchase gold directly.
- Partnerships: Form strategic partnerships with mining companies to secure a steady supply of ore.

6.0 Operations Plan

6.1 Production Process

- i. Mining: Source gold ore from local mines.
- ii. Crushing and Grinding: Reduce ore size to facilitate gold extraction.
- iii. Leaching: Use cyanide or other chemicals to extract gold from the ore.

- iv. Refining: Purify the extracted gold to achieve high purity levels.
- v. Quality Control: Conduct rigorous testing to ensure product quality.

6.2 Equipment and Technology

Invest in state-of-the-art equipment for crushing, grinding, leaching, and refining to maximize efficiency and recovery rates. Implement automated systems to monitor and control the production process.

6.3 Facilities

Construct a processing plant with dedicated areas for each stage of production, ensuring compliance with environmental and safety regulations.

7.0 Management and Organization

7.1 Organizational Structure

- CEO: Oversees overall operations and strategy.
- Operations Manager: Manages day-to-day operations and production.
- Sales and Marketing Manager: Leads marketing efforts and manages client relationships.
- Finance Manager: Handles budgeting, financial planning, and accounting.
- HR Manager: Manages recruitment, training, and employee relations.

7.2 Key Personnel

- HAO SEN, CEO: 20 years of experience in the mining and processing industry.
- FAN YANG, Operations Manager: Expert in gold processing and plant management.
- YADONG YANG, Sales and Marketing Manager: Proven track record in B2B sales and marketing.

Total of 30 people to be employed by the project

8.0 Financial Plan

The estimated capital investment cost of the project is US\$ **2,000,000**.

JINHAI MINING(T) COMPANY LIMITED COST STRUCTURE US\$

Land and Buildings	80,000
Machinery & Equipment	1,000,000
Motor Vehicles	90,000
Furniture & Fixtures	5,000
Pre exp	15,000
Others	10,000
Working Capital	800,000
TOTAL	2,000,000

8.1 Financing pattern

The project will be financed by long term loan US\$ 1,000,000 and equity and cash generated from investment US\$ 1,000,000

8.2 Revenue Streams

- Gold Sales: Primary source of revenue from selling processed gold to jewelry manufacturers, electronics companies, and investors.
- The current international spot price for gold is approximately \$132,800 to \$133,070 USD per kilogram.
- This price is subject to change and can vary based on a number of factors, including purity, market demand, and local taxes or fees.

8.3 Annual Production Capacity

- The company is planning to produce 25Kg per year

8.4 Financial Projections

	1	2	3	4	5
Revenue	3,250,000	4,062,500	5,078,125	6,347,656	7,934,570

8.5 Operating cost

The operating cost-plus cost of goods available for sale been estimated to be 75% of total revenue

9.0 Risk Analysis

9.1 Market Risks

- **Fluctuating Gold Prices:** Mitigate through diversified revenue streams and hedging strategies.
- **Competition:** Differentiate through superior quality and sustainable practices.

9.2 Operational Risks

- **Equipment Failure:** Maintain a robust maintenance schedule and have backup systems in place.
- **Supply Chain Disruptions:** Establish multiple supplier relationships to ensure a steady supply of ore.

9.3 Environmental and Regulatory Risks

- **Compliance with Regulations:** Stay updated on environmental and safety regulations and ensure full compliance.
- **Environmental Impact:** Implement best practices to minimize environmental impact and engage in regular audits.

10.0 Production process

Here are the typical steps involved in gold processing:

- **Mining:**
Extraction of gold ore from the ground.
- **Crushing:**

Reducing the size of the ore to facilitate further processing.

- **Grinding:**
Grinding the crushed ore into a fine powder.
- **Concentration:**
Separating gold from other materials, often using methods like gravity separation or flotation.
- **Leaching:**
Chemical processes (often cyanidation) to dissolve gold from the ore.
- **Separation:**
Separating gold from the leach solution, typically done through carbon adsorption or precipitation.
- **Refining:**
Purifying the extracted gold to achieve a high level of purity.
- **Recovery:**
Recovering gold from the solution and producing nuggets or bars.
- **Environmental Management:**

Implementing measures to manage waste and minimize environmental impact

11.1 **Financial Analysis**

11.2 **Considerations and Assumptions:**

The capital investment allowance is 50%. The capital assets are exempted from customs duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on the promoters' experience and industry trends.

11.2 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years. The position depicted is that the project earns profit throughout its life. refer Appendix II

11.3 Projected Cash Flows

This is shown in the financial statements. The project has a positive end-of-year cash flow from the year, refer Appendix III

11.4 Projected Balance Sheet Statement

The projected shareholder's equity increase, refer Appendix IV

11.5 Projected payback period

The project payback period is within 3 years, refer Appendix IV

12.0 Economic Aspects

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of the available gold mineral resources
- The project will create employment for 100 people on a permanent contract basis as well as on a temporary basis and 300 indirect jobs will be created
- It will create more business opportunities to local suppliers which will also have a economic trickledown.

- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn. almost US\$2,325,256 to be collected as tax for five years
- The project will have transfer of knowledge and skills to gold process management
- Increase of foreign currency almost US\$ 26,672,851 to be earned for five years

13.0 Implementation

Project implementation is expected to be relatively very short once the project has been approved it is estimated to be completed within one year: -

JINHAI MINING(T) COMPANY LIMITED IMPLEMENTATION

S/N	ACTIVITY	PERIOD
1	Processing TISEZA Certificate of Incentive	November 2025
2	Placing order of machines	October– January 2026
3	Installing machines	February -December 2026
4	Recruitment	January 2027
5	In house training	January- February 2027
4	Testing production	March – April 2027
6	Commercial operations	May 2027

14.0 Conclusion & Recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TISEZA Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2025.

JINHAI MINING(T) COMPANY LIMITED COST STRUCTURE US\$

Land and Buildings	80,000
Machinery & Equipment	1,000,000
Motor Vehicles	90,000
Furniture & Fixtures	5,000
Pre exp	15,000
Others	10,000
Working Capital	800,000
TOTAL	2,000,000

Appendix II

JINHAI MINING(T) COMPANY LIMITED PROJECTED FIXED ASSETS (US\$)

NAME OF ASSETS	1	2	3	4	5
Land And Buildings	80,000	78,400	76,800	75,200	73,600
Machinery, Tools & Equipment	1,000,000	990,000	980,000	970,000	960,000
Motor Vehicles	90,000	81,000	72,000	63,000	54,000
Furniture & Fixtures	50,000	45,000	40,000	35,000	30,000
Total	1,220,000	1,194,400	1,168,800	1,143,200	1,117,600
DEPRECIATION	1	2	3	4	5
Land and buildings	1,600	1,600	1,600	1,600	1,600
Machinery tools & Equipment	10,000	10,000	10,000	10,000	10,000
Motor Vehicles	9,000	9,000	9,000	9,000	9,000
Furniture & Fixtures	5,000	5,000	5,000	5,000	5,000
ANNUAL DEPRECIATION	25,600	25,600	25,600	25,600	25,600

Appendix III

JINHAI MINING(T) COMPANY LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5
Revenue	3,250,000	4,062,500	5,078,125	6,347,656	7,934,570
Operating Expenses:	2,275,000	2,843,750	3,554,688	4,443,359	5,554,199
Profit before Depreciation &Interest	975,000	1,218,750	1,523,438	1,904,297	2,380,371
Interest	60,000	45,000	3,000	15,000	-
Depreciation	25,600	25,600	25,600	25,600	25,600
Gross Profit	889,400	1,148,150	1,494,838	1,863,697	2,354,771
Tax (30%)	266,820	344,445	448,451	559,109	706,431
Profit After Tax	622,580	803,705	1,046,386	1,304,588	1,648,340
Accumulated Profit	622,580	1,426,285	2,472,671	3,777,259	5,425,599

Appendix IV

JINHAI MINING(T) COMPANY LIMITED PROJECTED CASH FLOW STATEMENT US\$

SOURCES:		1	2	3	4	5
Profit before interest and depreciation	-	975,000	1,218,750	1,523,438	1,904,297	2,380,371
Equity	1,000,000					
Loan	1,000,000					
Total Sources	2,000,000	975,000	1,218,750	1,523,438	1,904,297	2,380,371
Applications:						
Capital expenditure	1,220,000	-	-	-	-	-
working Capital & Others	780,000					
Cash	-	708,180	874,305	1,074,986	1,345,188	1,673,940
Tax	-	266,820	344,445	448,451	559,109	706,431
Sub total	2,000,000	975,000	1,218,750	1,523,438	1,904,297	2,380,371
Total applications	2,000,000	975,000	1,218,750	1,523,438	1,904,297	2,380,371
Accumulated cash		708,180	1,582,485	2,657,471	4,002,659	5,676,599

Appendix V

JINHAI MINING(T) COMPANY LIMITED PROJECTED BALANCE SHEET US \$

Fixed Assets		1	2	3	4	5
Opening balance	-	1,220,000	1,194,400	1,168,800	1,143,200	1,117,600
Total Long-term Assets	-	1,220,000	1,194,400	1,168,800	1,143,200	1,117,600
Less depreciation	-	25,600	1,072,000	25,600	25,600	25,600
Closing balance	-	1,194,400	122,400	1,143,200	1,117,600	1,092,000
Working capital	780,000	780,000	780,000	780,000	780,000	780,000
Accumulated cash	-	708,180	1,582,485	2,657,471	4,002,659	5,676,599
Total assets	780,000	2,682,580	2,484,885	4,580,671	5,900,259	7,548,599
Financed by						
Equity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Accumulated profit	-	622,580	1,426,285	2,472,671	3,777,259	5,425,599
Total equity	1,000,000	1,622,580	2,426,285	3,472,671	4,777,259	6,425,599
Long term loan	1,000,000	750,000	500,000	250,000	15,000,000	11,250,000
Bank overdraft	-	-	-	-	-	-
Total debts	1,000,000	750,000	500,000	250,000	15,000,000	11,250,000
Total equity and debts	2,000,000	2,372,580	2,926,285	3,722,671	19,777,259	17,675,599

Appendix VI

JINHAI MINING(T) COMPANY LIMITED PROJECTED LONG TERM LOAN REPAYMENT SHEET US \$

Year	Pprinciple	Loan Interest (6%)	Total Amount Paid	Loan Balance
1	250,000.00	60,000.00	310,000.00	1,000,000.00
2	250,000.00	45,000.00	295,000.00	750,000.00
3	250,000.00	30,000.00	280,000.00	500,000.00
4	250,000.00	15,000.00	265,000.00	250,000.00
5	250,000.00	-	250,000.00	-