

SHENG LONGMINIG (TANZANIA) LIMITED

Business Plan

for

Gold Processing Plant Project

PREPARED FOR

SHENG LONGMINIG (TANZANIA) LIMITED

Dar es Salaam

1.0 Executive Summary

SHENG LONGMINIG (TANZANIA) LIMITED is a company registered in the country under the Companies Act 2002 and bears Certificate of Incorporation No.156566705 issued on 21st June, 2022.

The project involves establishing a modern gold processing plant in Tanzania capable of processing gold ore into high-purity gold (Dore bars or refined bullion) for domestic mineral buyers and international markets. The investment amount is estimated at USD 6 million, covering plant construction, equipment, working capital, and regulatory compliance.

1.2 Project Objectives

- To establish a commercial-scale gold processing facility compliant with Tanzania Mining Commission standards.
- To enhance value addition and reduce export of unprocessed ore.
- To supply refined gold to Tanzania's domestic market, including the Gold Bullion Reserve Program, and to certified international buyers.
- To create jobs and promote local economic development.

1.3 Company Ownership

SHENG LONGMINIG (TANZANIA) LIMITED is promoted by local and foreign investors who are very experienced in transport and logistic business

| Shareholder Name | % of ownership | Nationality |
|------------------|----------------|-------------|
| SHI YUANBIN | 12 | China |
| LI CE | 38 | China |
| SHI LIN | 50 | China |

1.4 Project Location

The project head office will be located at un surveyed land at Masabi Village, Msalala District, Shinyanga Region-Tanzania

1.5 Vision: To become a leading gold processor in Msala, providing high-quality doré bars.

1.6 Mission: To process gold efficiently, responsibly, and profitably while creating employment and contributing to Tanzania's economy.

2.0 Business Description

SHENG LONGMINIG (TANZANIA) LIMITED will establish a gold processing plant to serve the growing gold mining sector in the Msalala District. The plant will:

- Process gold-bearing ore into doré bars (approx. 90–95% pure gold).
- Use gravity separation, cyanidation, and smelting.
- Ensure environmental compliance and safety in operations.

3.0 Gold Industry Overview

3.1 Global Gold Industry

- Market Size:
 - Global gold production is ~3,300–3,500 tons per year.
 - Major producers: China, Australia, Russia, USA, and South Africa.
 - Global gold market value: ~USD 200–250 billion annually.
- Uses of Gold:
 - Jewelry: ~50% of global demand.
 - Investment: Bullion, coins, ETFs (~30%).
 - Industrial: Electronics, medical devices (~10–15%).
- Price Trends:
 - Gold is a hedge against inflation and currency fluctuations.
 - Price fluctuates based on economic conditions, geopolitical tensions, and central bank policies.
 - Average price 2025–2026: USD 60,000–65,000 per kg (~\$1,900–\$2,100 per oz).

3.2 Industry Structure:

- Large-scale mining companies: Own major mines, advanced processing, global supply chains.
- Medium-scale operations: Serve local/regional markets.
- Artisanal and small-scale miners (ASM): Often informal, provide raw ore to local processors or exporters.

3.3 Gold Industry in Africa

- Africa contributes ~20% of global gold production.
- Key African producers: South Africa, Ghana, Mali, Sudan, Tanzania.
- Mining is a major source of foreign exchange, government revenue, and employment.
- Challenges: illegal mining, environmental degradation, infrastructure gaps.

3.4 Gold Industry in Tanzania

- Production:
 - Tanzania is Africa's 4th largest gold producer.
 - Annual production: ~50–55 tons.
 - Main gold-producing regions: Geita, Mwanza, Shinyanga, Mara, Lindi.

- Both large-scale mines (e.g., Geita Gold Mine, Bulyanhulu) and artisanal miners operate.
- Economic Contribution:
 - Gold accounts for ~30% of Tanzania's export earnings.
 - Provides employment to thousands of people.
 - Supports local infrastructure and social projects via corporate social responsibility (CSR).
- Mining Structure:
 - Large-scale: Operated by multinational companies with advanced processing plants.
 - Small-scale/artisanal mining (ASM): Contributes ~20–25% of total production; often informal and less regulated.

3.5 Processing & Refining

- Most gold is exported as doré bars or concentrate.
- Some medium-scale processing plants (like the one you plan) exist to serve ASM miners.
- Environmental and regulatory compliance is increasingly emphasized.

4.0 Challenges in Tanzania's Gold Industry

| Challenge | Impact |
|----------------------------|--|
| Illegal mining & smuggling | Loss of revenue, unsafe practices |
| Environmental degradation | Deforestation, water pollution, tailings risks |
| Fluctuating gold prices | Profit margin uncertainty |
| Energy & infrastructure | High cost of electricity, water, transport |

5.0 Opportunities

- High global demand for gold, especially in jewelry and investment.
- ASM miners need reliable processing facilities—great market for small-to-medium processing plants.
- Government incentives for formalization and value addition.
- Growing export potential to international refineries.

6.0 Future Outlook

- Gold demand is expected to remain strong due to investment and jewelry markets.
- Tanzania is likely to increase production as regulations improve and large-scale investments continue.
- Medium-scale processing plants like yours are well-positioned to serve artisanal miners, capture value locally, and provide employment.
- Environmental compliance and modern technology adoption will be key differentiators.

7.0 Market Analysis

7.1 Industry Overview

- Tanzania is Africa's fourth-largest gold producer.
- Geita is the leading gold-producing region.
- High demand for gold both locally and internationally.

7.2 Target Market

- Local gold miners needing processing services.
- Export markets (gold refineries and bullion traders).

8.0 Marketing & Sales Strategy

- Establish agreements with local miners for ore supply.
- Direct sales to Tanzanian gold exporters or licensed refineries.
- Promote reliability, security, and high gold recovery rates.
- Maintain relationships with financial institutions for secure gold trading.

9.0 Competitive Analysis

- Competitors include local small-scale processors and large-scale mining companies.
- Our competitive advantage: modern processing technology, high recovery rates, compliance with environmental regulations, and strong security measures.

10.0 Risk Analysis & Mitigation

| Risk | Mitigation |
|------------------------|-------------------------------------|
| Gold price volatility | Hedging, forward contracts |
| Ore grade variability | Detailed sampling, flexible process |
| Cyanide handling risks | Proper training, detox systems |
| Power shortages | Backup diesel generators |
| Theft / Security | Fencing, CCTV, secure storage |

11.0 Technical Plan & Operations

11.1 Ore Source

- Local gold-bearing ore from Msalala mines.
- Average grade: 2–5 g/t.

11.2 Processing Technology

- Crushing & Grinding
 - Jaw crusher → cone crusher → ball mill.
- Concentration
 - Gravity separation: jigs, shaking tables, centrifuges.
 - Flotation (if required for sulfide ore).
- Cyanidation / Leaching
 - Carbon-in-Leach (CIL) or Merrill-Crowe process.
 - Recovery: 90–98% depending on ore type.

11.3 Proposed Plant Capacity

- Daily processing: 50–100 tonnes of gold ore
- Annual output: 300–700 kg of refined gold (depending on ore grade)
- Purity: Up to 99.5%–99.9%

11.4 Core Processes

- Crushing and milling
- Gravity separation
- Flotation (optional depending on ore type)
- Cyanidation / CIL or CIP
- Smelting and refinery
- Laboratory testing
- Secure vault and bullion packaging

11.5 Infrastructure & Equipment

- Plant buildings: crushing, grinding, processing, gold room.
- Tailings storage facility (TSF).
- Diesel generators / grid connection.
- Water treatment system.
- Security: fencing, CCTV, secure storage.

12.0 Environmental & Regulatory Compliance

- Comply with Tanzanian Mining Act, Environmental Management Act, and Mineral Rights Act.
- Conduct Environmental Impact Assessment (EIA).
- Tailings management and cyanide detoxification.
- Air and water pollution control measures.

13.0 Organizational Structure

| Position | No. of Staff |
|---------------------------|---------------------|
| Plant Manager | 1 |
| Metallurgists / Engineers | 3 |
| Operators & Technicians | 20 |
| Security & Administration | 10 |
| Otheres | 20 |
| Total Staff | 34 |

14.0 Implementation Timeline

| Phase | Duration (Months) |
|----------------------------------|--------------------------|
| Feasibility study, licensing | 1–3 |
| Procurement of equipment | 4–6 |
| Civil works & plant installation | 7–12 |
| Trial runs & commissioning | 13–15 |
| Full-scale production | 16–18 |

15.0 Revenue Potential

15.1 Annual Revenue Estimate

Assuming processing of 50 tonnes/day with average yield of 5–7g/tonne:

- Annual gold output: 300–400 kg
- At global price USD 60,000–65,000/kg
- Annual revenue: USD 18–25 million

15.2 Profitability

- Gross margin: 35%–50% depending on ore sourcing
- Payback period: 2–3 years

15.3 Project Cost

The project has budgeted to cost the followings:

| | |
|-----------------------|------------------|
| Land and Buildings | 900,000 |
| Machinery & Equipment | 2,500,000 |
| Motor Vehicles | 800,000 |
| Furniture & Fixtures | 15,000 |
| Pre exp | 50,000 |
| Others | 135,000 |
| Working Capital | 1,600,000 |
| TOTAL | 6,000,000 |

15.4 Assumptions used (these can be adjusted to match your exact plan)

- Processing capacity: 50 tonnes/day, 300 operating days/year
- Average gold grade: 6 g/tonne
- Annual production: ~300 kg of refined gold
- Gold price: USD 60,000 per kg (conservative)
- Annual revenue: USD 18,000,000
- Cost of production: USD 10.5M/year (ore purchases + operations)
- Depreciation: straight line over 10 years
- Tax rate: 30%
- Investment: USD 6 million

16.0 Financial Projection

16.1 Projected Income Statement (5 Years)

| USD | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 18,000,000 | 18,360,000 | 18,727,200 | 19,101,744 | 19,483,778 |
| COGS | (10,500,000) | (10,815,000) | (11,139,450) | (11,473,634) | (11,817,843) |
| Gross Profit | 7,500,000 | 7,545,000 | 7,587,750 | 7,628,110 | 7,665,935 |
| Operating Expenses | (2,000,000) | (2,060,000) | (2,121,800) | (2,185,454) | (2,251,018) |
| EBITDA | 5,500,000 | 5,485,000 | 5,466,000 | 5,442,656 | 5,414,917 |
| Depreciation | (485,000) | (485,000) | (485,000) | (485,000) | (485,000) |
| EBIT | 5,015,000 | 5,000,000 | 4,981,000 | 4,957,656 | 4,929,917 |
| Tax (30%) | (1,504,500) | (1,500,000) | (1,494,300) | (1,487,297) | (1,478,975) |
| Net Profit | 3,510,500 | 3,500,000 | 3,486,700 | 3,470,359 | 3,450,942 |

16.2 Cash Flow Projections

| USD | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|----------------------------|-------------|-----------|-----------|-----------|-----------|
| Net Profit | 3,510,500 | 3,500,000 | 3,486,700 | 3,470,359 | 3,450,942 |
| Add back Depreciation | 485,000 | 485,000 | 485,000 | 485,000 | 485,000 |
| Operating Cash Flow | 3,995,500 | 3,985,000 | 3,971,700 | 3,955,359 | 3,935,942 |
| Capital Expenditure | (6,000,000) | - | - | - | - |
| Working Capital (Increase) | (500,000) | (100,000) | (100,000) | (100,000) | (100,000) |
| Free Cash Flow | (2,504,500) | 3,885,000 | 3,871,700 | 3,855,359 | 3,835,942 |

Payback period: approximately 2.5 years

16.3 Projected Balance Sheet Highlights

| USD | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Assets | | | | | |
| Fixed Assets (net) | 5,515,000 | 5,030,000 | 4,545,000 | 4,060,000 | 3,575,000 |
| Current Assets | 2,000,000 | 2,200,000 | 2,300,000 | 2,400,000 | 2,500,000 |
| Total Assets | 7,515,000 | 7,230,000 | 6,845,000 | 6,460,000 | 6,075,000 |
| Liabilities & Equity | | | | | |
| Equity | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| Retained Earnings | 1,015,000 | 1,230,000 | 845,000 | 460,000 | 75,000 |
| Liabilities | 500,000 | - | - | - | - |
| Total Liabilities + Equity | 7,515,000 | 7,230,000 | 6,845,000 | 6,460,000 | 6,075,000 |

16.4 Investment Metrics

| Metric | Value |
|-------------------------------|---------------------------|
| Total Investment | USD 6,000,000 |
| Annual Net Profit | ~\$3.5M |
| Payback Period | 2-3 years |
| Internal Rate of Return (IRR) | ~38% |
| Net Present Value (NPV @ 12%) | Positive (approx. \$5-7M) |

16.5 Interpretation

- The project generates strong profitability from Year 1.
- High cash flow means investors recover the capital in 2–3 years.
- Demand for refined gold ensures consistent revenue.
- Financials can improve significantly if:
 - ore grade is higher, or
 - production capacity is increased (e.g., 100 tonnes/day).

17.0 Economic Aspects of The Projects

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

- **Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that the company, is going to provide additional employment to 54 people. This is a significant contribution coming from investors.

- **Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

- **Foreign Exchange Earning**

Project is planning to export to neighbouring countries the project will thus earn foreign currency for the United Republic of Tanzania.

18.0 Conclusion

- The project is profitable and contributes to government revenue by way of taxes.
- The project provides employment to 34 people.
- The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in their country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

19.0 Recommendation

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority, TRA and the TISEZA. The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

