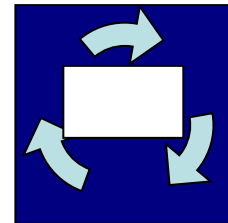


RAGAA ALFADY GROUP OF COMPANIES (T) LTD,  
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## 1.0 EXECUTIVE SUMMARY

### 1.1 Business Profile

1.1.1	<b>Name:</b>	RAGAA ALFADY GROUP OF COMPANIES (T) LTD
1.1.2	<b>Ownership Type:</b>	Corporate
1.1.3	<b>Nature of Business:</b>	Gold Extraction from Gold Ore
1.1.4	<b>Area of Business:</b>	Nyalubezi Area, Mbogwe District.
1.1.5	<b>Registration:</b>	Business License No.B 2467543; Mining Licenses PML001946WLZ-PML001953WLZ; and TIN No.129-929-456.
1.1.6	<b>Bankers:</b>	NMB BANK LTD.
1.1.7	<b>Bank Account:</b>	Current Account –..... and .....

**1.2 Nature of Project:** Gold Processing and Extraction.

### 1.3 Financing Plan

1.3.1	<b>Financing:</b>	Equity from promoters and Debt from NMB
1.3.2	<b>Term Loan:</b>	US\$ 1, ..... billion.
1.3.3	<b>Equity Financing:</b>	TZS. .... million
1.3.4	<b>Repayment Terms:</b>	Payable in three years
1.3.5	<b>Sources of Repayments:</b>	Gold Extraction
1.3.6	<b>Collateral:</b>	Legal Mortgages on Industrial Property

### 1.1 The Project / Investment Plan

**RAGAA ALFADY GROUP OF COMPANIES (T) Ltd** is a limited liability company registered on 21<sup>st</sup> of April, 2016 vide certificate of registration number 125698 by the registrar of companies in Tanzania. The head office for the company is located at \_\_\_\_\_. The shareholders; their shares are listed hereunder:

i.	Radhia Rajuu Amir	1000
ii.	Ameer Abdelma Geed Mohamed	1000
iii.	Samir Louis Soliman Daoud	8000

Mrs Radhia Rajuu Amir is an entrepreneur who has been doing several businesses for the past fifteen years. Currently she is owning and operating a wholesale shop in Arusha dealing with construction and building commonly termed *hardware*. She has also ventured in several other businesses including buying and selling of gold. She is also an owner of primary mining licenses numbers:

- i) PML001946WLZ
- ii) PML001947WLZ
- iii) PML001948WLZ
- iv) PML001949WLZ
- v) PML001950WLZ
- vi) PML001951WLZ
- vii) PML001952WLZ
- viii) PML001953WLZ

All the 8 Primary Mining Licenses have an estimated area of 100 acres; all located at Nyalubezi Area; Bukandwe Village; Bukandwe Ward in Mbogwe District in Geita Region. She is developed the mining extraction plant at Nyalubezi Village in Mbogwe District in joint venture with the company RAGAA ALFADY GROUP OF COMPANIES LIMITED. She has contributed the land and RAGAA ALFADY GROUP OF COMPANIES LIMITED has injected some funds for the development of the production plant. She is also a shareholder in the company; owning 10% of the shares.

### **THE CORE BUSINESS**

Radhia Rajuu Amir is a Tanzanian entrepreneur dealing with building materials (hardware) and buying and selling gold. Last year she decided to engage more on backward integration by developing the gold production and extraction plant at Nyalubezi Village; Bukandwe Village; Bukandwe Ward in Mbogwe District in Geita Region. In April 2016 she acquired eight Primary Mining Licenses at Nyalubezi Area in Mbogwe District.

She has entered into joint venture with a local company named RAGAA ALFADY GROUP OF COMPANIES LIMITED to develop the gold production plant at Nyalubezi Village. This company has vast experience in mining business as the shareholders have been in this line of business for more than 25 years.

The joint venture is a 50%-50% between Radhia Rajuu Amir and RAGAA ALFADY GROUP OF COMPANIES LIMITED; and Radhia Rajuu Amir is also holding 10% of shares in the same company.

The joint venture is in the final stages of developing the gold extraction plant with the technology of CIL (Carbon-In-Leaching); which is the latest technology in gold extraction. In this project the plant will be processing gold ore from small scale miners and producing gold. We have signed an agreement with ALCO KAHAMA LIMITED for the consistent and reliable supply of the gold ore. ALCO KAHAMA LIMITED has in turn in agreements with small scale miners at Nyalubezi, Mwabomba, Mwakitolyo and Nyangalata to supply the gold ore. AGAS BUILDING SOLUTIONS LTD will be supplying them with modern extraction equipments and expertise; and in turn will be sharing the revenues that AGAS will be receiving from the joint venture.

### **1.2 PROJECT STATUS:**

The estimated cost of the project is US\$ 2,440,095. The cost categories are detailed in Table 1 below:

<b>COST CATEGORY</b>	<b>ESTIMATE</b>	<b>ACTUAL EXPENDITURE TO-DATE</b>	<b>TO BE COMPLETED</b>	<b>EQUITY COMMITMENT</b>	<b>BANK LOAN</b>
Plant & Machinery	750,000.00	126,000	624,000.00	100,000.00	524,000.00
Port & TRA charges	120,000.00		120,000.00		120,000.00
Transportation	102,000.00		102,000.00		102,000.00
Mechanical works	60,000.00		60,000.00		60,000.00
Civil works	100,000.00		100,000.00		100,000.00
Electrical & Plumbing works	30,000.00		30,000.00		30,000.00
Labour costs	20,000.00		20,000.00		20,000.00
Tailing Dam (waste disposal)	60,000.00		60,000.00		60,000.00
Security Systems	75,000		75,000.00		75,000.00
	<b>1,317,000</b>				<b>1,091,000.00</b>
4 Trucks	288,000		288,000.00		288,000.00
Canter with Crane	40,000		40,000.00		40,000.00
Loader	90,000		90,000.00		90,000.00
	<b>418,000</b>				<b>418,000.00</b>
Working Capital	300,000		300,000.00		<b>300,000.00</b>
	<b>718,000</b>				-
<b>Sub Total</b>	<b>2,035,000</b>		<b>2,035,000.00</b>		
Property, Plants & Equipments	995,095	995,095	-		-
<b>Grand Total</b>	<b>3,030,095</b>	<b>1,121,095</b>	<b>1,909,000</b>	<b>100,000.00</b>	<b>1,809,000.00</b>
<b>Equity Contributions</b>					
Property, Plants & Equipments	995,095				
Deposit	126,000				
Additional equity	100,000				
	<b>1,221,095</b>				
Percentage of Equity Contribution	<b>40.30</b>				

In order to complete the project and start production; Radhia Rajuu Amir JV RAGAA ALFADY GROUP OF COMPANIES LIMITED hereby proposes for the following credit facilities from NMB PLC:

The estimated cost of the project is US\$ 2,780,095. This includes property, plant and equipments amounting US\$ 2,062,095 ; motor vehicles amounting US\$ 418,000 and the working capital amounting US\$ 300,000.

The promoters have so far invested a total of US\$ 695,095.

The cost of the plant & machinery from HENAN LIMING HEAVY INDUSTRY SCIENCE & TECHNOLOGY CO LTD is US\$ 737,000. It will be settled as follows

- i) US\$ 126,000 paid by promoters as advance payment for the plant & machinery
- ii) US\$ 100,000 to be paid on 15<sup>th</sup> of October, 2017.
- iii) US\$ 511,000 in form of irrevocable LC from NMB PLC in favour of the manufacturer, HENAN LIMING HEAVY INDUSTRY SCIENCE & TECHNOLOGY CO LTD

The irrevocable LC amounting US\$ 511,000 in favour of HENAN LIMING HEAVY INDUSTRY SCIENCE & TECHNOLOGY CO LTD for acquisition of the production plant; the related cash payments will be as detailed below:

- a) (38% of invoice value, US\$ 229,350 less US\$ 100,000 additional cash payment by promoters to be paid on 15<sup>th</sup> of October, 2017) US\$ 179,350 within 60 days of shipment (BL date)
  - b) (35% of invoice value) US\$ 257,950 within 120 days of shipment (BL date)
  - c) (10% of invoice value) US\$ 73,700 within 366 days of shipment (BL date)
- iv) Motor Vehicles Financing (Asset-Financing) amounting US\$ 418,000 and
  - v) Working Capital in form of overdraft facility amounting US\$ 300,000 in TZS equivalent.

We are proposing for a two years loan with a grace period of six months. The six months will help us to complete the importation and commissioning of the plant. The shipment will take an approximated 60 days and installation and commissioning 120 days. In this period we will not be generating any income and hence will not be in a position to service the debt. We propose the interest during the grace period to accrued and booked in our account with you, and we will liquidate them in bullet form when we start operations.

We had placed an order for the machinery at HENAN LIMING HEAVY INDUSTRY SCIENCE & TECHNOLOGY CO LTD in the PEOPLES REPUBLIC OF CHINA and they are ready for shipment upon receiving the irrevocable LC from NMB Bank PLC.

We are also requesting for billing of our loan in local currency as much as possible especially the working capital.

We are proposing for a two years loan with a grace period of six months. The six months will help us to complete the importation and commissioning of the plant. The shipment will take an approximated 60 days and installation and commissioning 120 days. In this period we will not be generating any income and hence will not be in a position to service the debt. We propose the interest during the grace period to accrued and booked in our account with you, and we will liquidate them in bullet form when we start operations.

We had placed an order for the machinery at HENAN LIMING HEAVY INDUSTRY SCIENCE & TECHNOLOGY CO LTD in the PEOPLES REPUBLIC OF CHINA and they are ready for shipment upon receiving the irrevocable LC from NMB Bank PLC.

We are also requesting for billing of our loan in local currency, TZS as we expect to sell our gold produce in Tanzanian shilling (TZS)

A grace period of six months is applied to enable completion of construction; installation and commissioning of the plants. We had placed an order to the manufacturer in China; HENAN LIMING HEAVY INDUSTRY SCIENCE & TECHNOLOGY CO LIMITED and paid a deposit of US\$ 126,000. The total cost of the plant & machineries is US\$ 750,000.

The terms of sale of the plant and machinery are as follows:

- i) 16.8% of the total amount US\$ 126,000 paid as deposit
- ii) 38.2% of the total amount US\$ 286,500 to be paid within 60 days from the Bills of Lading (BL) date
- iii) 35% of the total amount US\$ 262,500 to be paid within 120 days from the BL date
- iv) 10% of the total amount US\$ 75,000 to be paid within 366 days from the BL date.

### **THE COLLATERAL/SECURITY**

The collateral or security for the credit facilities applied will be a legal mortgage on landed industrial property located at Nyalubezi Area in Mbogwe District in Geita Region. It is the same property where the production plant and related facilities will be located. It includes 20 acres of land estimated at the cost of TZS. TZS. 20,000,000/= for bare land, plus the land and buildings under construction costing US\$ 700,000 as of today. The value will appreciate more with the installation and commissioning of the plant and machinery, plus other related civil, mechanical and electrical works estimated to cost additional US\$ 2,000,000 and NMB PLC will have the first lien on all chattels and other assets under the loan period.

## **2. MISSION AND OBJECTIVES**

1. Become and be recognized as the leading company dealing extracting gold also buying and selling gold in Geita and other regions too.
2. Generate sufficient profit to become financially sustainable and attain sufficient business growth.
3. To improve the quality and speed of service provision to be able to handle all orders in time and attain customer retention

## **3.0 INDUSTRY AND MARKETING ANALYSIS**

This section sets out product descriptions, market analysis, pricing strategy, competition analysis and Key success factors.

### **3.1 Product Description**

The company produces gold from gold ores which are bought from small-scale miners

### **3.2 Marketing Analysis**

The gold in Tanzania is highly fragmented with some of foreigners competing for markets. Most of them work and distribute locally in several regions. There is little competition and it takes the form of price competition.

The Company main customers are in United Arab Emirates.

### **3.3 Marketing and Pricing Strategy**

Its market is segmented into direct consumers, retailers and wholesalers from nearby areas and United Arab Emirates. The business plans to retain existing customers and struggle to get new market.

Special discount rates are offered to prominent customers especially for major clients who have been in business relationship for long time.

The pricing strategy of the business is cost plus while constantly watching competitors' actions to ensure it maintains its market position. Competitors' analysis is done over the time to ensure the business is leading in terms of quality, time delivery and competitive pricing. Moreover, constant feedback is derived from customers to assess the quality of the goods offered in terms of customers' satisfaction.

### **3.4 Competition Analysis**

There are a number of competitors doing similar business in the Country. They offer competition. However the business is striving to compete and be ahead of competition. A technique in place is to ensure availability of varieties, good design, high quality of output and good customer care. This positions the business strategically in the market. For instance, some of the competitors have turned to be his customers especially when they run out of stock. Below is a list of business competitors:

- Acasia
- Buzwagi
- Bulyahulu

The business also keeps its prices competitively reasonable. The combination of reasonable prices, favorable trade discounts and quality services ensures that the business makes huge sales and keeps well ahead of the competition.

### **3.5 Key Success Factors**

Our key success factors & positioning strategies are set out below: -

- Producing gold ourselves (backward integration) ensures constant supply
- Favorable trade discounting policy
- Large buffer stocks and reliability in delivery
- Good designs and high quality products
- Presence of varieties ensures the business to be one-stop shopping centre for jewelry.
- Good rapport and customer services. E.g. advice to customer on best quality supplies and brands ensures good relationship with the customers as well as publicity

## **4.0 MANAGEMENT PLAN**

### **4.1 Management and Organization.**

There is the Board of Directors which is the apex body providing strategic decisions for the company. The daily operations are supervised by the CEO who is the Managing Director. The business operations are closely controlled by Radhia Rajuu Amir as managing director as the managing director who is in charge of all operational activities of the business, and he directly supervises and coordinates the operational activities undertaken. He is assisted by Mr. Ameer

Abdelma Geed Mohamed who is the operations Manager and Mr Samir Louis Soliman Daoud the Finance and Administrative Manager.

## **5.0 FORESEEN RISKS**

Due to the reality that, the business operates in the fragile economy of Tanzania, the business is unavoidably subject to different financial and operational risks some of which are analyzed as follows:

### **1. Competition**

There is competition from other business people dealing in the gold business due to the growing economy; new entrants are threat and also competition from existing competitors.

#### **Remedies;**

The business is prepared to face the competition by offering the best services and products in order to build a good customer base and loyalty. It will also make sure that it supplies gold of high quality and charge affordable prices relative to competitors in order to win customer interests and satisfaction.

### **2. Price fluctuations**

This has currently marked a big problem; prices keep on rising and affect the business performance. This is mainly due to instability of Tanzanian Shilling as compared to US Dollar.

#### **Remedies;**

The business is planning to make long term agreements with suppliers of chemicals from abroad to hedge against price changes;

### **3. Natural Calamities**

They can affect the business if they occur. They include thunderstorms, floods etc

## **6.0 ECONOMIC JUSTIFICATION**

Given the demand, business of this nature is of interest for the nation as it provides self-employment spirit; promote local entrepreneurs, income-generation, financial deepening, and

employment provision as well. The business is providing 60 permanent employments and 50 temporary employments.

The business will also widen the Tax base and benefit the nation with tax paid out of profit earned and,

Therefore, securing financing of bank loan from NMB bank will help expand the business to achieve its goals and complement towards government efforts in trade, employments and poverty reduction.

### 7.0 COLLATERALS/SECURITY FOR THE CREDIT FACILITIES

The loan will be secured by a legal mortgage on production area located at Nyabusi Kahama, Plot no 886 and block no 0.

### 8.0 FINANCIAL PLAN

This section sets out proposed expansion, financing needs, financial forecast for 2017, 2018, 2019.

#### 8.1 Financial Forecasts

##### 8.1.1 Profitability

The business is expected to make good profits as can be seen in the following projections for the year affected by the anticipated bank loan.

##### 8.1.2 Projected Statement of Cash flow for five years.

Profit & Loss	Y0	Y1	Y2	Y3	Y4	Y5
Operating Days per year	-	312	312	312	312	312
Initial Capital outlay	1,117,006					
Production Volumes	-					
Outputs						
Aggregates(tons)	-	199680	299520	449280	599040	698880
Revenue						
Aggregates sales	-	4792320	7188480	10782720	14376960	16773120
		4792320	7188480	10782720	14376960	16773120
Expenses						
Fuel and Oil	-	\$ 105,221	\$ 115,743	\$ 649,355	\$ 714,291	\$ 750,005
Utilities	-	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800
administration & labor	-	\$ 517,200	\$ 568,920	\$ 625,812	\$ 688,393	\$ 757,233
carriage outwards	-	\$ 2,396,160	\$ 3,594,240	\$ 5,391,360	\$ 7,188,480	\$ 8,386,560

telephone, fex & internet	-	\$ 3,000	\$ 3,150	\$ 3,308	\$ 3,473	\$ 3,647
printing and stationery	-	\$ 1,200	\$ 1,260	\$ 1,323	\$ 1,389	\$ 1,459
repair and maintanance	-	9600	9600	9600	9600	9600
<b>Debt Facility Payment</b>						
EBITDA	-	\$ 1,749,139	\$ 2,884,767	\$ 4,091,162	\$ 5,760,533	\$ 6,853,817
Depreciation	-	\$ 217,000	\$ 217,000	\$ 217,000	\$ 217,000	\$ 217,000
Interest Expense - Debt Facility	-	239616	359424	539136	718848	838656
<b>Interest Expense Working Capital Facility</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -
Income Before Tax	-	\$ 1,292,523	\$ 2,308,343	\$ 3,335,026	\$ 4,824,685	\$ 5,798,161
Taxes (25%)	-	-	-	-	1,206,171	1,449,540
<b>Net Income</b>	-	\$ 1,292,523	\$ 2,308,343	\$ 3,335,026	\$ 3,618,514	\$ 4,348,621
<b>Free CashFlow (Net Income + Depreciation)</b>	\$ -	\$ 1,509,523.18	\$ 2,525,342.98	\$ 3,552,026.08	\$ 3,835,514.00	\$ 4,565,620.66
Discounted Cashflow	-1117006	€ 1,347,788.55	€ 2,013,187.96	€ 2,528,262.00	€ 2,437,538.49	€ 2,590,655.78
Statement of Cash Flows		Y1	Y2	Y3	Y4	Y5
Operations -	Net Income	\$ 1,292,523	\$ 2,308,343	\$ 3,335,026	\$ 3,618,514	\$ 4,348,621
	+ Depreciation	\$ 217,000	\$ 217,000	\$ 217,000	\$ 217,000	\$ 217,000
	+ Increase in Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
	- Increase in Accounts Receivable	€ -	€ -	€ -	€ -	€ -
	Cashflow from Operations	\$ 1,509,523	€ 2,525,343	€ 3,552,026	€ 3,835,514	€ 4,565,621
Investing -	Acq. of Property, Plant & Equip.	\$ 1,085,000				
Financing -	Loan proceeds	\$ 1,085,000	\$ -	\$ -	\$ -	\$ -
Financing -	Loan Repayments	\$ 239,616	\$ 359,424	\$ 539,136	\$ 718,848	\$ 838,656
Financing -	Dividends Paid	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Change in Cash for Year</b>		<b>1269907.18</b>	<b>2165918.98</b>	<b>3012890.08</b>	<b>3116665.998</b>	<b>3726964.66</b>
Balance Sheet		Y1	Y2	Y3	Y4	Y5
Current Assets - Cash		\$	\$	\$	\$	\$

		1,269,907	3,435,826	6,448,716	9,565,382	13,292,347
<b>Property, Plant &amp; Equipment</b>		\$ 1,085,000	\$ 868,000	\$ 651,000	\$ 434,000	\$ 217,000
Total Assets		\$ 2,354,907	\$ 4,303,826	\$ 7,099,716	\$ 9,999,382	\$ 13,509,347
Current Liabilities		\$ -	\$ -	\$ -	\$ -	\$ -
<b>Long-term Liabilities</b>		\$ 1,085,000	\$ 868,000	\$ 651,000	\$ 434,000	\$ 217,000
<b>Total Liabilities</b>		\$ <b>1,085,000</b>	\$ <b>868,000</b>	\$ <b>651,000</b>	\$ <b>434,000</b>	\$ <b>217,000</b>
Shareholders Equity		1269907.18	3435826.16	6448716.24	9565382.238	13292346.9

### 8.1.3 Statement of comprehensive income

		year 1	year 2	year 3	year 4	year 5
Operating Days per year		312	312	312	312	312
<b>Production Volumes</b>						
<u>Outputs</u>						
	Aggregates (tons)	199,680	299,520	449,280	599,040	698,880
<b>Revenue</b>						
		\$	\$	\$	\$	\$
Aggregates sales		4,792,320	7,188,480	10,782,720	14,376,960	16,773,120
		\$ <b>4,792,320</b>	\$ <b>7,188,480</b>	\$ <b>10,782,720</b>	\$ <b>14,376,960</b>	\$ <b>16,773,120</b>
<b>Expenses</b>						
		\$	\$	\$	\$	\$
Fuel & Oil		105,221	115,743	649,355	714,291	750,005
		\$	\$	\$	\$	\$
Utilities		10,800	10,800	10,800	10,800	10,800
		\$	\$	\$	\$	\$
Administration & Labor		517,200	568,920	625,812	688,393	757,233
		\$	\$	\$	\$	\$
Carriage outwards		2,396,160	3,594,240	5,391,360	7,188,480	8,386,560
		\$	\$	\$	\$	\$
telephone, fax, internet		3,000	3,150	3,308	3,473	3,647
		\$	\$	\$	\$	\$
printing and stationery		1,200	1,260	1,323	1,389	1,459
		\$	\$	\$	\$	\$
repair and maintenance		9,600	9,600	9,600	9,600	9,600
		\$	\$	\$	\$	\$
		3,043,181	4,303,713	6,691,558	8,616,427	9,919,303
		\$	\$	\$	\$	\$
<b>Gross Margin</b>		<b>1,749,139</b>	<b>2,884,767</b>	<b>4,091,162</b>	<b>5,760,533</b>	<b>6,853,817</b>
		\$	\$	\$	\$	\$
Debt Facility Payment		-	-	-	-	-

<b>EBITA</b>		<b>\$ 1,749,139</b>	<b>\$ 2,884,767</b>	<b>\$ 4,091,162</b>	<b>\$ 5,760,533</b>	<b>\$ 6,853,817</b>
Depreciation		\$ 217,000	\$ 217,000	\$ 217,000	\$ 217,000	\$ 217,000
Interest Expense - Debt Facility		\$ 239,616	\$ 359,424	\$ 539,136	\$ 718,848	\$ 838,656
Interest Expense Working Capital Facility		\$ -	\$ -	\$ -	\$ -	\$ -
<b>Income Before Tax</b>		<b>\$ 1,292,523</b>	<b>\$ 2,308,343</b>	<b>\$ 3,335,026</b>	<b>\$ 4,824,685</b>	<b>\$ 5,798,161</b>

## 9.0 CONCLUSION

Technical analysis of this business shows that it is financially viable and justifiable economically. Managerial analysis also shows the company management has vast experience in the industry with sound character, unquestionable credibility, and goodwill in gold extraction business. Socio-economic analysis depicts the business is of interest to the economy at large as analyzed above.

It is hereby recommended that NMB PLC avail the credit facilities applied by RAGAA ALFADY GROUP OF COMPANIES LIMITED.













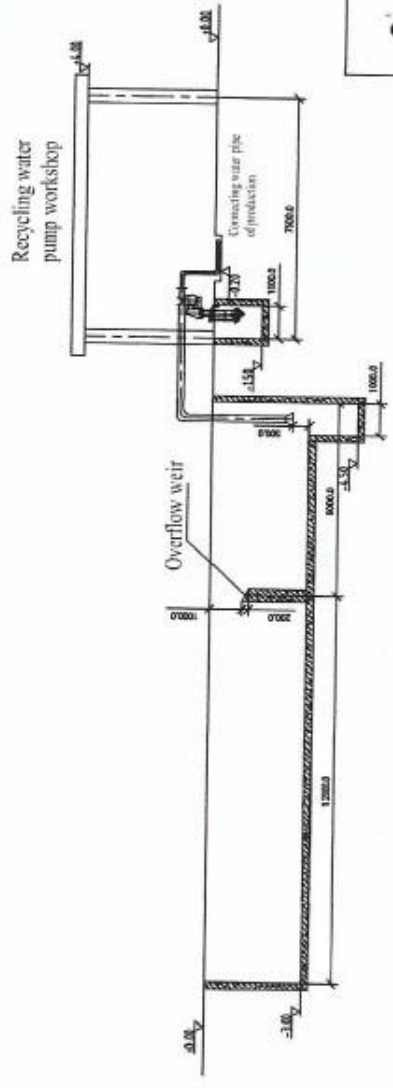
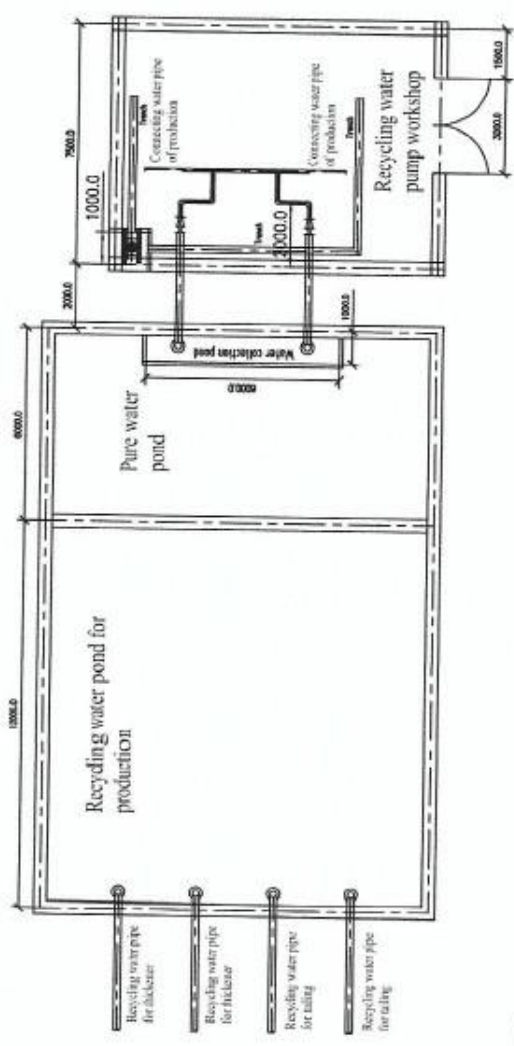










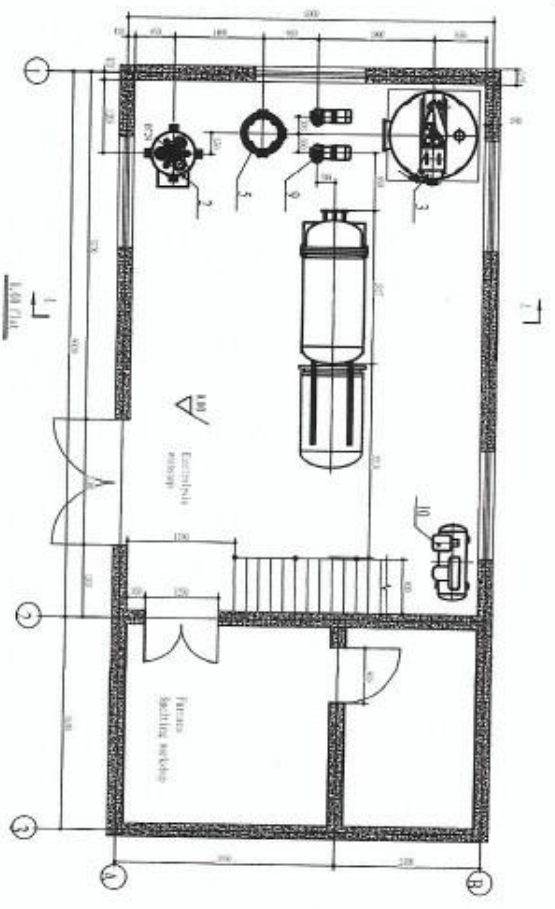
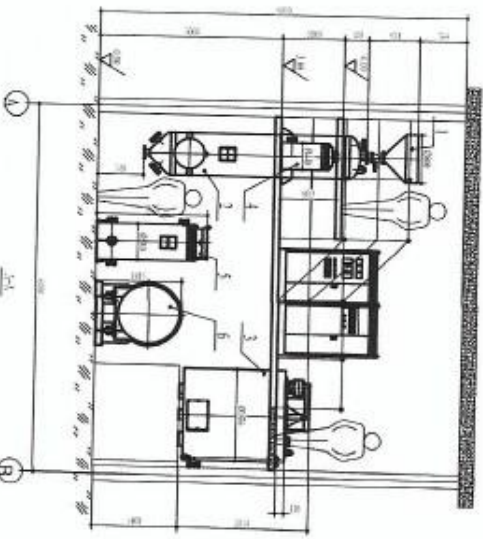
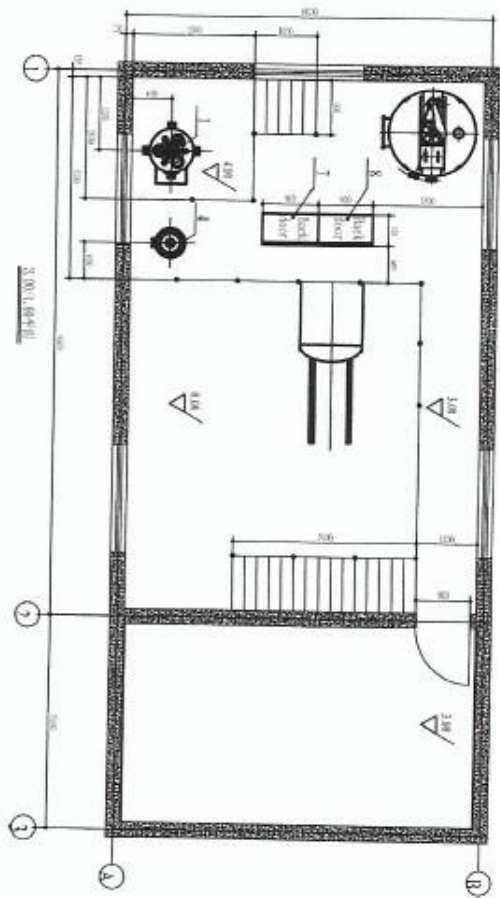


- Notes:
1. Recycling water pond is mainly used to re-use the water after sedimentation, and the total volume is 500m<sup>3</sup>.
  2. The dimension is marked by m, and the other part is marked as mm.
  3. ±0.00 in the drawing corresponding absolute elevation is different with the ±0.00 in the drawing corresponding absolute elevation for grinding workshop, the real elevation is according to terrain on site. The position of the recycling water pond can not be higher than grinding or separating workshop in order to make the water flow automatically.
  4. Pipe and valve position and quantity is adjusted according to the site condition.

LIMING HEAVY INDUSTRY

Yr 000327-010104

Designed by	Scale	1:100	No. 11 Water recycling
Drawn by	Date	2015-11-23	
Approved by	Total	Page 1	Drawing No.



Note

1. Electrolysis workshop is suggested constructing aside the leaching tank workshop or lower than leaching tank workshop. Please note that the input port inclination angle of carbon hopper is more than 3% with carbon collection screen. It is helpful for carbon to flow automatically, or help needed by labor.
2. 300kg electrolysis equipment does not need foundation.

No.	Name	Model	Material	Capacity	Source	Remark
1	Electrolysis tank	300kg	Carbon	300kg		
2	Control panel	300kg	Carbon	300kg		
3	Control panel	300kg	Carbon	300kg		
4	Control panel	300kg	Carbon	300kg		
5	Control panel	300kg	Carbon	300kg		
6	Control panel	300kg	Carbon	300kg		
7	Control panel	300kg	Carbon	300kg		
8	Control panel	300kg	Carbon	300kg		
9	Control panel	300kg	Carbon	300kg		
10	Control panel	300kg	Carbon	300kg		
11	Control panel	300kg	Carbon	300kg		
12	Control panel	300kg	Carbon	300kg		
13	Control panel	300kg	Carbon	300kg		
14	Control panel	300kg	Carbon	300kg		
15	Control panel	300kg	Carbon	300kg		
16	Control panel	300kg	Carbon	300kg		



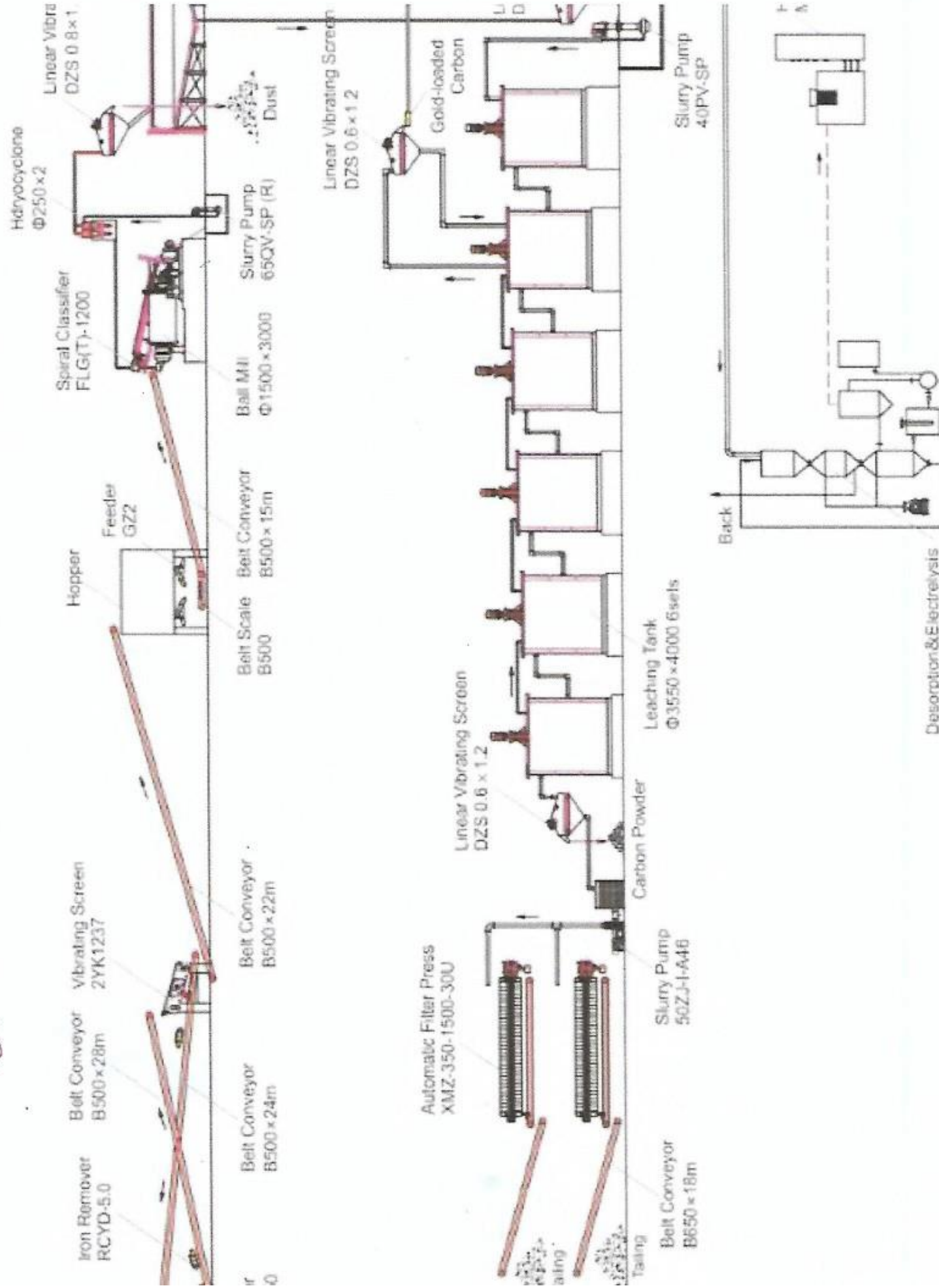
LIMING HEAVY INDUSTRY

TEL: 0086-371-86151439

Designed by	Wjg	Drawn	Wjg	Scale	1:100	No. 12 Electrolysis workshop layout drawing
Checked by	Wjg	Drawn	Wjg	Scale	1:100	
Approved by	Wjg	Drawn	Wjg	Scale	1:100	Drawing No.

# 100 tpd Gold CIL Plant Design

150



## **2. MISSION AND OBJECTIVES**

1. Become and be recognized as the leading company dealing extracting gold also buying and selling gold in Geita and other regions too.
2. Generate sufficient profit to become financially sustainable and attain sufficient business growth.
3. To improve the quality and speed of service provision to be able to handle all orders in time and attain customer retention
4. To improve the livelihoods of small-scale miners in Geita Region and nearby areas and thereby contributing to Governments efforts to reduce income poverty among Tanzanians, and enhance the local community involvement in management of resources of the country.

## **3.0 INDUSTRY AND MARKETING ANALYSIS**

This section sets out product descriptions, market analysis, pricing strategy, competition analysis and Key success factors.

### **3.1 Product Description**

The company produces gold from gold ores which are bought from small-scale miners in the following areas Nyalubezi-Mbogwe District (4km from site), Mwabomba-Mbogwe (7km from site), Mwakitolyo- Shinyanga Rural (80km from site) and Nyangalata- Msalala District (70km from site).

The joint venture is in the final stages of developing the gold extraction plant with the technology of CIL (Carbon-In-Leaching); which is the latest technology in gold extraction. In this project the plant will be processing gold ore from small scale miners and producing gold. We have signed an agreement with ALCO KAHAMA LIMITED for the consistent and reliable supply of the gold ore. ALCO KAHAMA LIMITED has in turn in agreements with small scale miners at Nyalubezi, Mwabomba, Mwakitolyo and Nyangalata to supply the gold ore (copy of memorandum of understanding attached as annex ). AGAS BUILDING SOLUTIONS LTD will be supplying them with modern extraction equipments and expertise; and in turn will be sharing the revenues that AGAS will be receiving from the joint venture.

### **3.2 Marketing Analysis**

The gold in Tanzania is highly fragmented with some of foreigners competing for markets. Most of them work and distribute locally in several regions. There is little competition and it takes the form of price competition.

The Company main customers are in United Arab Emirates. Off-takers include the following

- i) \_\_\_\_\_
- ii) \_\_\_\_\_

### 3.3 Marketing and Pricing Strategy

Its market is segmented into direct consumers, retailers and wholesalers from nearby areas and United Arab Emirates. The business plans to retain existing customers and struggle to get new market.

Special discount rates are offered to prominent customers especially for major clients who have been in business relationship for long time.

The pricing strategy of the business is cost plus while constantly watching competitors' actions to ensure it maintains its market position. Competitors' analysis is done over the time to ensure the business is leading in terms of quality, time delivery and competitive pricing. Moreover, constant feedback is derived from customers to assess the quality of the goods offered in terms of customers' satisfaction.

### 3.4 Competition Analysis

There are a number of competitors doing similar business in the Country. They offer competition. However the business is striving to compete and be ahead of competition. A technique in place is to ensure availability of varieties, good design, high quality of output and good customer care. This positions the business strategically in the market. For instance, some of the competitors have turned to be his customers especially when they run out of stock. Below is a list of business competitors:

- Acacia Mining Limited
- Geita Gold Mine Limited
- Mashapale African Gold (T) Limited
- Nsagali Mining Limited
- Nyamigogo Co Ltd
- Busolwa Mine Co Ltd

The large multinationals (Acacia and GGM) are not serving the same market niche with RAGAA ALFADY GROUP CO LTD and therefore are not perfect competitors for markets. Even the other competitors who are medium scale mineral processors each has got some kind of agreement with buyers.

The competition in the sector in Tanzania is not so much open as the business involves trade secrets etc. However as per the International Gold Sellers report (www. ....) the demand for Tanzanian gold has been far greater than the supply for the past decade, and the future outlook is not different from the past. What changes in most cases is the price fluctuations that are affected by a multiple of factors including the following

#### GLOBAL DEMAND

The global demand for the precious metal is fluctuating in most cases, as it is pegged against hard currencies and reserves at most government's central banks

#### GLOBAL SUPPLY

The production globally affects the prices, and is in most cases inversely related.

#### PRICE OF RELATED PRODUCTS/SAME USE

The price of products that have got same use as gold affects the price in different ways that are very complex to explain.

### **3.5 Key Success Factors**

Our key success factors & positioning strategies are set out below: -

- Producing gold ourselves (backward integration) ensures constant supply
- Favorable trade discounting policy
- Large buffer stocks and reliability in delivery
- Good designs and high quality products
- Presence of varieties ensures the business to be one-stop shopping centre for jewelry.
- Good rapport and customer services. E.g. advice to customer on best quality supplies and brands ensures good relationship with the customers as well as publicity

### **4.0 MANAGEMENT PLAN**

#### **4.1 Management and Organization.**

There is the Board of Directors which is the apex body providing strategic decisions for the company. The daily operations are supervised by the CEO who is the Managing Director. The business operations are closely controlled by Radhia Rajuu Amir as managing director as the managing director who is in charge of all operational activities of the business, and he directly supervises and coordinates the operational activities undertaken. He is assisted by Mr. Ameer Abdelma Geed Mohamed who is the operations Manager and Mr Samir Louis Soliman Daoud the Finance and Administrative Manager.

### **5.0 FORESEEN RISKS**

Due to the reality that, the business operates in the fragile economy of Tanzania, the business is unavoidably subject to different financial and operational risks some of which are analyzed as follows:

#### **1. Competition**

There is competition from other business people dealing in the gold business due to the growing economy; new entrants are threat and also competition from existing competitors.

### **Remedies;**

The business is prepared to face the competition by offering the best services and products in order to build a good customer base and loyalty. It will also make sure that it supplies gold of high quality and charge affordable prices relative to competitors in order to win customer interests and satisfaction.

### **2. Price fluctuations**

This has currently marked a big problem; prices keep on rising and affect the business performance. This is mainly due to instability of Tanzanian Shilling as compared to US Dollar. Some sales proceeds will be denominated in foreign currencies especially the USD and UAED. Equally some production inputs especially chemicals will be procured from different countries especially RSA and Australia.

### **Remedies;**

The business is planning to make long term agreements with suppliers of chemicals from abroad to hedge against price changes; equally assets and liabilities will be managed in a way to reduce the currency risk.

### **3. Natural Calamities**

They can affect the business if they occur. They include thunderstorms, earthquakes, floods etc

### **Remedies;**

The business is planning to manage this risk by taking comprehensive insurance cover for all insurance risks.

## **6.0 ECONOMIC JUSTIFICATION**

Given the demand, business of this nature is of interest for the nation as it provides self-employment spirit; promote local entrepreneurs, income-generation, financial deepening, and employment provision as well. The business will be providing an estimated 20 permanent employments and 50 temporary employments.

The project will enhance the government's efforts to involve locals in economic activities.

The business will also widen the Tax base and benefit the nation with tax paid out of profit earned and,

Therefore, securing financing of bank loan from NMB bank will help expand the business to achieve its goals and complement towards government efforts in trade, employments and poverty reduction.

### 7.0 COLLATERALS/SECURITY FOR THE CREDIT FACILITIES

The loan will be secured by a legal mortgage on production area located at Nyabusi Kahama, Plot no 886 and block no 0.

### 8.0 FINANCIAL PLAN

This section sets out proposed expansion, financing needs, financial forecast for 2017, 2018, 2019.

#### 8.1 Financial Forecasts

##### 8.1.1 Profitability

The business is expected to make good profits as can be seen in the following projections for the year affected by the anticipated bank loan.

##### 8.1.2 Projected Statement of Cash flow for five years.

Profit & Loss	Y0	Y1	Y2	Y3	Y4	Y5
Operating Days per year	-	312	312	312	312	312
Initial Capital outlay	1,117,006					
Production Volumes	-					
Outputs						
Aggregates(tons)	-	199680	299520	449280	599040	698880
Revenue						
Aggregates sales	-	4792320	7188480	10782720	14376960	16773120
		4792320	7188480	10782720	14376960	16773120
Expenses						
Fuel and Oil	-	\$ 105,221	\$ 115,743	\$ 649,355	\$ 714,291	\$ 750,005
Utilities	-	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800
administration & labor	-	\$ 517,200	\$ 568,920	\$ 625,812	\$ 688,393	\$ 757,233
carriage outwards	-	\$ 2,396,160	\$ 3,594,240	\$ 5,391,360	\$ 7,188,480	\$ 8,386,560
telephone, fex & internet	-	\$ 3,000	\$ 3,150	\$ 3,308	\$ 3,473	\$ 3,647

printing and stationery	-	\$ 1,200	\$ 1,260	\$ 1,323	\$ 1,389	\$ 1,459
repair and maintainance	-	9600	9600	9600	9600	9600
<b>Debt Facility Payment</b>						
EBITDA	-	\$ 1,749,139	\$ 2,884,767	\$ 4,091,162	\$ 5,760,533	\$ 6,853,817
Depreciation	-	\$ 217,000	\$ 217,000	\$ 217,000	\$ 217,000	\$ 217,000
Interest Expense - Debt Facility	-	239616	359424	539136	718848	838656
<b>Interest Expense Working Capital Facility</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -
Income Before Tax	-	\$ 1,292,523	\$ 2,308,343	\$ 3,335,026	\$ 4,824,685	\$ 5,798,161
Taxes (25%)	-	\$ -	\$ -	\$ -	\$ 1,206,171	\$ 1,449,540
<b>Net Income</b>	-	\$ 1,292,523	\$ 2,308,343	\$ 3,335,026	\$ 3,618,514	\$ 4,348,621
<b>Free CashFlow (Net Income + Depreciation)</b>	\$ -	\$ 1,509,523.18	\$ 2,525,342.98	\$ 3,552,026.08	\$ 3,835,514.00	\$ 4,565,620.66
Discounted Cashflow	-1117006	€ 1,347,788.55	€ 2,013,187.96	€ 2,528,262.00	€ 2,437,538.49	€ 2,590,655.78
Statement of Cash Flows		Y1	Y2	Y3	Y4	Y5
Operations -	Net Income	\$ 1,292,523	\$ 2,308,343	\$ 3,335,026	\$ 3,618,514	\$ 4,348,621
	+ Depreciation	\$ 217,000	\$ 217,000	\$ 217,000	\$ 217,000	\$ 217,000
	+ Increase in Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
	- Increase in Accounts Receivable	€ -	€ -	€ -	€ -	€ -
	Cashflow from Operations	\$ 1,509,523	€ 2,525,343	€ 3,552,026	€ 3,835,514	€ 4,565,621
Investing -	Acq. of Property, Plant & Equip.	\$ 1,085,000				
Financing - Loan proceeds		\$ 1,085,000	\$ -	\$ -	\$ -	\$ -
Financing -	Loan Repayments	\$ 239,616	\$ 359,424	\$ 539,136	\$ 718,848	\$ 838,656
<b>Financing -</b>	Dividends Paid	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Change in Cash for Year</b>		<b>1269907.18</b>	<b>2165918.98</b>	<b>3012890.08</b>	<b>3116665.998</b>	<b>3726964.66</b>
Balance Sheet		Y1	Y2	Y3	Y4	Y5
Current Assets - Cash		\$ 1,269,907	\$ 3,435,826	\$ 6,448,716	\$ 9,565,382	\$ 13,292,347
<b>Property, Plant &amp; Equipment</b>		\$	\$	\$	\$	\$

		1,085,000	868,000	651,000	434,000	217,000
		\$	\$	\$	\$	\$
Total Assets		2,354,907	4,303,826	7,099,716	9,999,382	13,509,347
		\$	\$	\$	\$	\$
Current Liabilities		-	-	-	-	-
		\$	\$	\$	\$	\$
Long-term Liabilities		1,085,000	868,000	651,000	434,000	217,000
		\$	\$	\$	\$	\$
Total Liabilities		1,085,000	868,000	651,000	434,000	217,000
		\$	\$	\$	\$	\$
Total Liabilities		1,085,000	868,000	651,000	434,000	217,000
		\$	\$	\$	\$	\$
Shareholders Equity		1269907.18	3435826.16	6448716.24	9565382.238	13292346.9

### 8.1.3 Statement of comprehensive income

		year 1	year 2	year 3	year 4	year 5
Operating Days per year		312	312	312	312	312
<u>Production Volumes</u>						
<u>Outputs</u>						
	Aggregates (tons)	199,680	299,520	449,280	599,040	698,880
<b>Revenue</b>						
		\$	\$	\$	\$	\$
Aggregates sales		4,792,320	7,188,480	10,782,720	14,376,960	16,773,120
		\$	\$	\$	\$	\$
		<b>4,792,320</b>	<b>7,188,480</b>	<b>10,782,720</b>	<b>14,376,960</b>	<b>16,773,120</b>
<b>Expenses</b>						
		\$	\$	\$	\$	\$
Fuel & Oil		105,221	115,743	649,355	714,291	750,005
		\$	\$	\$	\$	\$
Utilities		10,800	10,800	10,800	10,800	10,800
		\$	\$	\$	\$	\$
Administration & Labor		517,200	568,920	625,812	688,393	757,233
		\$	\$	\$	\$	\$
Carriage outwards		2,396,160	3,594,240	5,391,360	7,188,480	8,386,560
		\$	\$	\$	\$	\$
telephone, fax, internet		3,000	3,150	3,308	3,473	3,647
		\$	\$	\$	\$	\$
printing and stationery		1,200	1,260	1,323	1,389	1,459
		\$	\$	\$	\$	\$
repair and maintenance		9,600	9,600	9,600	9,600	9,600
		\$	\$	\$	\$	\$
		3,043,181	4,303,713	6,691,558	8,616,427	9,919,303
		\$	\$	\$	\$	\$
<b>Gross Margin</b>		<b>1,749,139</b>	<b>2,884,767</b>	<b>4,091,162</b>	<b>5,760,533</b>	<b>6,853,817</b>
		\$	\$	\$	\$	\$
Debt Facility Payment		-	-	-	-	-
		\$	\$	\$	\$	\$
<b>EBITA</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

		<b>1,749,139</b>	<b>2,884,767</b>	<b>4,091,162</b>	<b>5,760,533</b>	<b>6,853,817</b>
		\$	\$	\$	\$	\$
Depreciation		217,000	217,000	217,000	217,000	217,000
Interest Expense - Debt Facility		\$ 239,616	\$ 359,424	\$ 539,136	\$ 718,848	\$ 838,656
Interest Expense Working Capital Facility		\$ -	\$ -	\$ -	\$ -	\$ -
<b>Income Before Tax</b>		<b>\$ 1,292,523</b>	<b>\$ 2,308,343</b>	<b>\$ 3,335,026</b>	<b>\$ 4,824,685</b>	<b>\$ 5,798,161</b>

## 9.0 CONCLUSION

Technical analysis of this business shows that it is financially viable and justifiable economically.

Managerial analysis also shows the company management has vast experience in the industry with sound character, unquestionable credibility, and goodwill in gold extraction business.

Socio-economic analysis depicts the business is of interest to the economy at large as analyzed above.

It is hereby recommended that NMB PLC avail the credit facilities applied by RAGAA ALFADY GROUP OF COMPANIES LIMITED.