1. EXECUTIVE SUMMARY

1.1. Company Overview

Tanzania Ore Mining Services Limited ("TOMS") is a Tanzanian-registered gold processing company with registration number 193033687 established to develop and operate a heap leach gold processing facility in Mwakitolyo, Shinyanga Region, Tanzania. The company holds secured processing licenses and is fully positioned to commence construction upon financial close.

The crushing unit has a rated capacity of 100 tons per hour, equivalent to a theoretical annual processing capacity of approximately 864,000 metric tons under continuous operation.

Based on a stabilized operational utilization target of approximately 70%, the plant is designed to process approximately 600,000 metric tons per annum during initial operating years.

During the initial phase, the facility will focus on processing oxide tailings and low-grade ore to generate early cash flow while minimizing geological and upstream supply risk. Thereafter, the company plans to progressively expand crushing capacity, heap pad infrastructure, and solution handling systems to enhance throughput and operational performance.

Through phased efficiency improvements of approximately 25% per annum, together with the addition of supplementary crushing units and heap leach modules, Tanzania Ore Mining Services Limited targets a long-term processing capacity of up to 2,000,000 metric tons per annum within the next five years.

The operation targets oxide ore with an average grade of 0.5 g/t and projected metallurgical recovery rates of 50% under stabilized operations, positioning the company as a scalable and growth-oriented gold processing platform within Tanzania's mining sector.

1.2. Products and Services

Tanzania Ore Mining Services Limited ("TOMS") generates revenue through gold production under a structured Joint Venture model with ore suppliers.

During Phase 1, the company will operate a heap leach processing facility, with all operational costs borne by TOMS. Recovered gold production is shared under a production-sharing agreement, with 60% allocated to TOMS and 40% to the ore supplier. Downstream gold recovery processes will initially be outsourced to licensed third-party operators.

In Phase 2, the company intends to internalize carbon adsorption, elution, electrowinning, and smelting operations, improving recovery control and increasing profit margins.

In addition to its JV production model, TOMS intends to progressively introduce contract processing services and technical mining support to licensed miners, enhancing plant utilization and diversifying revenue streams as capacity expands.

The business model provides scalable production capacity beginning at approximately 600,000 metric tons per annum, with expansion targeted toward 2,000,000 metric tons per annum within five years.

1.3. Financing

Phase 1 of the project is estimated to require approximately USD 2.5 million, covering plant machinery, land acquisition, heap pad construction, site development, regulatory documentation, licensing, and initial operational setup.

The current equity commitment stands at USD 1 million, representing approximately 40% of the required Phase 1 capital. The remaining USD 1.5 million is expected to be financed through debt funding or structured financing arrangements.

The debt component is planned to be repaid over a five-year period through operational cash flow generated from stabilized heap leach processing operations and expanded processing throughput under the company’s Joint Venture production model.

Construction of Phase 1 is expected to be completed within approximately four months, with initial heap leaching cycles commencing shortly thereafter. The first gold recovery is projected within the first year of implementation, enabling early revenue generation and supporting debt servicing capacity.

Importantly, expansion activities from Year 3 onward — including capacity scaling and vertical integration of recovery systems — are intended to be funded primarily through internally generated cash flow, thereby reducing reliance on additional external financing and minimizing shareholder dilution.

1.4. Mission Statement

Tanzania Ore Mining Services Limited is committed to building a profitable, scalable, and environmentally responsible gold processing platform that delivers sustainable returns to shareholders while contributing to the growth of Tanzania’s mining sector.

The company’s mission is to:

- Operate efficient and disciplined heap leach processing facilities
- Establish transparent and performance-driven Joint Venture partnerships with ore suppliers
- Scale production capacity responsibly through phased expansion
- Maintain strict regulatory and environmental compliance
- Generate strong cash flow to fund long-term growth and vertical integration

Through operational excellence and structured partnerships, TOMS aims to position itself as a leading mid-tier gold processing and beneficiation platform within Tanzania.

1.5. Management Team

Tanzania Ore Mining Services Limited is led by a structured leadership team combining strategic oversight, operational management, and financial discipline.

Directors

Hafeezali Hyderali Gangji – Director & Majority Shareholder

Provides strategic leadership, capital oversight, and long-term expansion planning. Responsible for investor relations, partnership development, and overall corporate direction.

Mohamedmehdi Ebrahim Habib – Director

Provides governance oversight and participates in financial and operational decision-making to ensure structured implementation of the company's phased development strategy.

Operational Management (Phase 1)

The company will appoint experienced technical personnel to oversee heap leach operations, including:

- Plant Operations Supervisor
- Metallurgical/Heap Leach Technical Advisor
- Site Operations Team
- Environmental & Compliance Officer
- Finance & Administration Manager

During Phase 1, certain technical processes will be outsourced under structured agreements; however, operational control and cost management remain under the supervision of TOMS management.

Expansion Leadership (Phase 2)

As the company transitions to vertical integration in Phase 2, additional technical specialists will be appointed to manage:

- Carbon adsorption systems
- Elution and electrowinning operations
- Smelting and gold room management

This phased staffing model ensures cost discipline during initial operations while allowing technical strengthening as production scales.

1.6. Expansion Plans

Tanzania Ore Mining Services Limited will implement a phased expansion strategy designed to progressively increase throughput capacity, strengthen margins, and vertically integrate gold recovery operations.

Phase 1 – Establishment & Stabilization (Year 1)

- Commission heap leach facility
- Achieve initial throughput of approximately 600,000 metric tons per annum
- Operate under Joint Venture production-sharing model (60% TOMS / 40% ore supplier)
- Outsource downstream gold recovery processes
- Establish operational cash flow and production track record

Phase 2 – Vertical Integration & Efficiency Growth (Year 2–3)

- Install Carbon-in-Column (CIC) adsorption system
- Introduce elution and electrowinning units
- Establish smelting and doré casting facility
- Improve operational efficiency by approximately 25% annually
- Strengthen recovery control and reduce reliance on outsourced recovery contractors

This phase is expected to materially improve margins and production transparency.

Phase 3 – Capacity Scaling & Service Expansion (Year 3–5)

- Introduce additional crushing units and heap leach modules
- Expand heap pad footprint and solution handling systems
- Scale processing capacity toward a long-term target of up to 2,000,000 metric tons per annum
- Expand contract processing services for licensed miners
- Introduce technical support and structured ore aggregation partnerships for licensed ore suppliers

This phased expansion strategy allows growth to be funded progressively through internally generated cash flow, reducing reliance on external financing and minimizing shareholder dilution.

2. Company and Financial Summary

2.1. Registered Name and Corporate Structure

Registered Name: Tanzania Ore Mining Services Limited

Registration Number: 193033687

Registered Office: Mwakitolyo, Shinyanga Region, United Republic of Tanzania

Tanzania Ore Mining Services Limited ("TOMS") is a private limited liability company incorporated under the laws of the United Republic of Tanzania for the purpose of gold processing, beneficiation, and related technical support services.

Shareholding Structure

Shareholder	Ownership	Role
Hafeezali Hyderali Gangji	51%	Director/shareholder
Mohamedmehdi Ebrahim Habib	1%	Director/shareholder
Zen Global Holdings L.L.C	26%	Shareholder
Haamidali Roshanali Nasser	9%	Shareholder
Fazilat Haamidali Nasser	3%	Shareholder

The company operates under a board-led governance structure, with Directors responsible for strategic oversight, capital allocation, regulatory compliance, and phased expansion execution.

Operational activities are conducted under structured Joint Venture production agreements with ore suppliers. These agreements provide for a 60% allocation of recovered gold to TOMS and 40% to the ore supplier and do not constitute equity participation in the company.

2.2. Description of the Project

Tanzania Ore Mining Services Limited is developing a modular heap leach gold processing operation structured under a Joint Venture production-sharing model with ore suppliers.
The project is designed to optimize capital efficiency in its early stages while enabling scalable long-term growth through phased expansion.

Phase 1 – Heap Leach Establishment (Year 1)

Phase 1 involves the installation and commissioning of a crushing and heap leach processing system designed to process oxide ore and tailings material.
Key components include:

- 100 tons-per-hour crushing unit
- Agglomeration and stacking systems
- Engineered heap leach pads
- Cyanide irrigation and solution management systems
- Pregnant solution collection infrastructure

- Site development, land preparation, and regulatory compliance

The installed crushing system has a theoretical maximum capacity of approximately 864,000 metric tons per annum.

Initial operational planning assumes a stabilized throughput of approximately 600,000 metric tons per annum, allowing for maintenance downtime and operational efficiency factors.

All operational and processing costs are borne by TOMS under a 60/40 production-sharing agreement with ore suppliers, whereby 60% of recovered gold is allocated to TOMS and 40% to the ore supplier.

During Phase 1, downstream gold recovery processes — including carbon adsorption, elution, electrowinning, and smelting — will be conducted by licensed third-party operators under structured agreements.

Construction is expected to be completed within approximately four months, with the first heap leaching cycle estimated at approximately 30 days. Initial revenue generation is projected within the first year of implementation.

Phase 2 – Vertical Integration & Margin Enhancement (Year 2–3)

Upon operational stabilization, the company intends to internalize downstream gold recovery operations through installation of:

- Carbon-in-Column (CIC) adsorption systems
- Elution and electrowinning units
- Smelting and doré casting facilities

This vertical integration will:

- Improve metallurgical recovery control
- Eliminate third-party recovery dependency
- Strengthen gold accounting transparency
- Increase overall operating margins

Operational efficiency improvements of approximately 25% per annum are targeted during this phase.

Phase 3 – Capacity Scaling & Regional Expansion (Year 3–5)

Phase 3 focuses on scaling production capacity and expanding service offerings through:

- Installation of additional crushing units
- Expansion of heap pad footprint
- Increased solution handling and processing capacity
- Progressive scaling of throughput toward a long-term target of up to 2,000,000 metric tons per annum
- Expansion of contract processing services
- Introduction of technical mining support services

This modular growth strategy allows expansion to be funded progressively through internally generated cash flow, minimizing reliance on additional external financing while preserving shareholder value.

2.3. Corporate Social Responsibility (CSR)

Tanzania Ore Mining Services Limited is committed to operating in a responsible, environmentally conscious, and community-aligned manner throughout all phases of project development.

The company recognizes that sustainable processing operations require strict adherence to environmental standards, community engagement, and transparent regulatory compliance.

I. Environmental Stewardship

The heap leach facility will be developed with engineered environmental controls, including:

- Properly prepared and compacted heap foundations
- Engineered solution collection systems
- Controlled cyanide handling and storage procedures
- Containment measures to prevent soil and groundwater contamination

- Monitoring of solution ponds and processing areas

The company will operate in compliance with applicable Tanzanian environmental regulations and will implement best practices for safe chemical management and waste control.

II. Regulatory Compliance

TOMS will:

- Obtain all required processing, environmental, and operational permits
- Pay statutory royalties, taxes, and government levies
- Adhere to the Mining Act and Environmental Management Act of Tanzania
- Maintain accurate production and reporting records

Compliance will be integrated into daily operations and overseen by management.

III. Community Engagement & Local Participation

The company aims to:

- Prioritize employment opportunities for local community members
- Provide on-site skills training and capacity development
- Engage local leaders and authorities transparently
- Support community development initiatives within operational capacity

Through structured engagement, TOMS seeks to build long-term relationships with stakeholders in the Mwakitolyo and surrounding areas.

IV. Sustainable Growth Commitment

As production capacity expands toward the long-term target of 2,000,000 metric tons per annum, environmental controls and operational monitoring systems will be scaled proportionally to ensure responsible growth.

The company's objective is to balance profitability with environmental responsibility and community partnership, thereby contributing positively to Tanzania's mining sector development.

2.4. Projected Capital Costs

The total estimated capital requirement for Phase 1 is approximately USD 2.5 million, reflecting a modular and cost-efficient development approach focused on establishing heap leach processing capacity while deferring vertical integration to later phases.

A. Land Acquisition

Item	**Estimated Cost (USD)**
Land Procurement	100,000
Subtotal	**100,000**

B. Processing Equipment & Crushing Infrastructure

Item	**Estimated Cost (USD)**
100 TPH Crushing Unit (procured modular configuration)	525,000
Conveyors & Stacking System	125,000
Installation & Commissioning	75,000
Subtotal	**725,000**

The crushing system has been strategically procured at favorable terms, significantly reducing upfront capital expenditure.

C. Material Handling & Site Logistics Equipment

Item	**Estimated Cost (USD)**
Excavators	200,000
Wheel Loaders	100,000
Tippers	140,000
Subtotal	**440,000**

D. Heap Leach Civil Works

Item	Estimated Cost (USD)
Heap Pad Construction (Initial Modular Footprint)	450,000
Solution Collection & Drainage Systems	180,000
Pregnant & Barren Solution Ponds	170,000
Subtotal	**800,000**

E. Utilities, Vehicles & Site Development

Item	Estimated Cost (USD)
Power Generation (Diesel Units)	120,000
Office & Operational Vehicles	100,000
Site Preparation & Internal Roads	60,000
Licensing & Regulatory Costs	40,000
Initial Working Capital	115,000
Subtotal	**435,000**

Total Phase 1 Capital Requirement: USD 2,500,000

Phase 1 capital excludes downstream recovery systems (CIC, elution, electrowinning, and smelting), which will be installed during Phase 2 following operational stabilization. Outsourcing recovery during Phase 1 significantly reduces initial capital intensity and accelerates time to revenue.

2.5. Exit Strategy

The project is structured to provide multiple value realization pathways as production stabilizes and capacity scales.

The phased development model — beginning with heap leach establishment and progressing toward vertical integration and throughput expansion — enhances both operational value and strategic attractiveness.

A. Strategic Sale to a Mining or Processing Operator

Upon achieving stable production and scaling capacity toward 2,000,000 metric tons per annum, the company may attract acquisition interest from regional or international mining operators seeking established processing

infrastructure with secured feedstock access.
The modular nature of the plant and structured Joint Venture agreements enhance transferability and acquisition appeal.

B. Partial Equity Monetization

As throughput increases and margins improve through vertical integration, the company's valuation is expected to strengthen. This may enable partial equity exit for early investors through:

- Strategic investor entry
- Private equity participation
- Structured share buyback

C. Dividend Yield Strategy

Following stabilization of operations and debt servicing, the company intends to generate strong operational cash flow. This creates potential for structured dividend distribution while retaining sufficient earnings to fund continued expansion.

D. Refinancing & Capital Restructuring

As operational performance strengthens, debt refinancing at improved terms may be pursued. This could enhance capital efficiency, improve balance sheet strength, and release equity value.

Long-Term Value Creation

The expansion target of up to 2,000,000 metric tons per annum, combined with vertical integration of recovery systems, positions the company as a scalable gold processing platform with strong long-term valuation potential.

The exit strategy is therefore flexible, allowing management and shareholders to evaluate opportunities based on market conditions and operational performance.

3. Products and Services

Tanzania Ore Mining Services Limited operates as a gold processing and beneficiation company structured under a phased development model and Joint Venture production-sharing agreements.

The company generates revenue primarily through gold production and progressively through processing and technical mining services.

3.1. Primary Product – Gold Production

The primary product of the company is gold recovered from oxide ore and tailings material processed through heap leaching.

Under the Joint Venture production-sharing model:

- TOMS bears 100% of operational and processing costs.
- Recovered gold is shared 60% to TOMS and 40% to the ore supplier.

This structure eliminates upfront ore purchase costs while aligning operational incentives between the processing operator and ore supplier.

During Phase 1, downstream gold recovery processes (carbon adsorption, elution, electrowinning, and smelting) will be outsourced to licensed third-party operators.

In Phase 2, these recovery systems will be internalized, allowing the company to:

- Increase recovery control
- Improve operational transparency
- Strengthen margins
- Reduce third-party dependency

The initial processing capacity is approximately 600,000 metric tons per annum, with scalable expansion toward 2,000,000 metric tons per annum over five years.

3.2. Contract Processing Services

In addition to its JV production model, the company intends to provide structured contract processing services to licensed small- and medium-scale miners.

These services may include:

- Crushing and heap leach processing
- Structured gold-sharing arrangements
- Per-ton processing agreements

Contract processing enhances plant utilization and diversifies revenue streams while supporting formalization of regional mining activity.

3.3. Technical Support Services to Ore Suppliers

As operational capacity expands, TOMS plans to offer technical mining support services, including:

- Production supervision and operational support for partner ore suppliers.
- Ore handling coordination and stockpile management
- Production monitoring and reporting support
- Operational advisory services to licensed ore suppliers

These services strengthen long-term relationships with ore suppliers and support sustainable growth within the local mining ecosystem.

3.4. Scalable Business Model

The company's modular plant design allows for incremental expansion through:

- Additional crushing units
- Expanded heap pad footprint
- Increased solution handling capacity
- Vertical integration of recovery systems

This phased scalability supports growth toward a long-term production capacity target of up to 2,000,000 metric tons per annum.

4. Industry Overview and Competitive Environment

4.1. Economic & Industry Overview

I. Tanzanian Gold Industry Context

Tanzania is one of Africa's leading gold-producing countries, with mining contributing significantly to GDP, foreign exchange earnings, and government revenue.

The gold sector consists of:

- Large-scale integrated mining companies
- Medium-scale licensed operators
- Numerous small-scale miners

While large-scale operators maintain internal processing infrastructure, many small- and medium-scale operators lack access to structured, environmentally compliant processing facilities. This creates demand for centralized heap leach processing platforms such as Tanzania Ore Mining Services Limited.

II. Market Opportunity

The company operates in a region with established gold activity and oxide ore availability, making heap leaching a technically suitable and economically efficient processing method.

Key market drivers include:

- Increasing formalization of small- and medium-scale mining
- Regulatory focus on structured processing and reporting
- Demand for improved recovery rates
- Rising gold prices supporting low-grade ore economics

With an initial processing capacity of approximately 600,000 metric tons per annum and scalable expansion toward 2,000,000 metric tons per annum, the company is positioned to serve growing regional ore supply.

4.2. Competitive Positioning

A. Market Gap

Many regional miners face:

- Limited access to capital-intensive processing plants
- Lower recovery rates through informal processing
- Environmental compliance challenges
- Lack of structured gold accounting

TOMS addresses these challenges through:

- Engineered heap leach infrastructure
- Structured production-sharing agreements
- Transparent recovery accounting
- Scalable processing capacity

B. Competitive Advantages

The company differentiates itself through:

- Modular, scalable plant design
- Structured 60/40 production-sharing model
- Operational control with outsourced recovery in early phase
- Phased vertical integration strategy
- Secured land and established infrastructure

The combination of operational discipline and structured partnerships positions the company as a mid-tier processing platform within the Tanzanian mining ecosystem.

4.3. Customer & Partner Profile

The company's primary partners and customers include:

1. Licensed ore suppliers operating under Joint Venture agreements
2. Small- and medium-scale miners seeking structured processing services
3. Recovery partners (Phase 1 outsourced processing)
4. Potential refiners and licensed gold buyers

The production-sharing model aligns incentives and reduces upfront ore acquisition risk, while contract processing services diversify revenue streams.

4.4. Marketing Strategy

The marketing approach is relationship-driven rather than advertisement-based.

Key strategies include:

- Direct engagement with licensed ore suppliers
- Site visits and operational transparency
- Long-term production-sharing agreements
- Strategic partnerships with mining license holders
- Reputation building through consistent gold settlement and reporting

As capacity scales, the company intends to position itself as a reliable regional processing hub capable of supporting structured mining growth.

5. Commercial Strategy

Tanzania Ore Mining Services Limited operates in a globally liquid commodity market where gold demand is structurally strong and internationally priced. As such, the company's commercial focus is not traditional product marketing, but rather structured ore sourcing, production management, and reliable gold settlement.

The commercial strategy is built on three core pillars:

5.1. Ore Sourcing & Joint Venture Model

The company secures feedstock through structured Joint Venture production-sharing agreements with licensed ore suppliers.

Under this model:

- TOMS bears all operational and processing costs.
- Recovered gold is shared 60% to TOMS and 40% to the ore supplier.

This structure:

- Eliminates upfront ore purchase risk
- Aligns incentives between parties
- Ensures consistent ore supply
- Strengthens long-term supplier relationships

The production-sharing framework forms the foundation of operational stability.

5.2. Gold Sale & Settlement Strategy

Gold produced through heap leaching is sold through:

- Licensed Tanzanian gold buyers
- Approved refiners
- Structured third-party recovery partners (Phase 1)

Gold pricing is benchmarked against prevailing international market rates, ensuring transparency and market-aligned revenue realization.

The company's focus is on:

- Accurate recovery accounting
- Timely settlement
- Compliance with regulatory requirements
- Strong working capital management

Given the global liquidity of gold, sales risk is considered minimal.

5.3. Contract Processing & Service Diversification

As operational capacity stabilizes, the company intends to introduce contract processing services for licensed miners who require structured processing infrastructure.

This may include:

- Heap leach processing under agreed sharing models
- Per-ton processing agreements
- Technical mining support services

These services improve plant utilization and diversify revenue streams while strengthening the company's regional presence.

5.4. Long-Term Commercial Positioning

With initial throughput of approximately 600,000 metric tons per annum and scalable expansion toward 2,000,000 metric tons per annum, TOMS aims to position itself as a mid-tier gold processing platform serving Tanzania's small- and medium-scale mining sector.

The commercial model prioritizes:

- Operational reliability
- Production discipline
- Structured partnerships
- Scalable growth funded by internal cash flow

6. Organizational Plan and Personnel Summary

Tanzania Ore Mining Services Limited will operate under a phased organizational structure designed to balance operational efficiency with cost discipline during early-stage development, while maintaining scalability for future expansion.

6.1. Governance Structure

The company operates under a Board of Directors responsible for:

- Strategic oversight
- Capital allocation
- Regulatory compliance
- Joint Venture agreements
- Long-term expansion planning

Executive oversight remains centralized during Phase 1 to maintain financial discipline and operational control.

6.2. Phase 1 – Lean Operational Structure

During the initial heap leach phase, the organizational model will remain lean and execution-focused.

Management & Administration

- Managing Director
- Operations Supervisor (Site Lead)
- Finance & Administration Officer

Operations Team

- Heap Leach Supervisor
- Shift Supervisors
- Plant Operators
- Equipment Operators
- Maintenance Technicians
- Environmental & Safety Officer

Estimated total Phase 1 workforce: 18–25 personnel

This structure ensures effective operational control while minimizing fixed overhead during early revenue generation.

6.3. Outsourced & Contracted Functions (Phase 1)

To reduce capital and staffing burden during initial operations, certain functions will be outsourced or contracted, including:

- Downstream gold recovery (CIC, elution, electrowinning, smelting)
- Metallurgical advisory support (as required)
- Legal and regulatory compliance advisory
- Specialized technical inspections

Operational control and cost management remain under TOMS supervision.

6.4. Phase 2 – Structured Expansion

As operations stabilize and vertical integration is introduced, additional technical personnel will be appointed, including:

- Metallurgist
- Recovery Plant Supervisor
- Gold Room Supervisor
- Expanded Finance Function
- Additional maintenance and technical staff

Workforce expansion will align with installation of recovery systems and throughput scaling.

6.5. Phase 3 – Scalable Workforce Development

As processing capacity scales toward 2,000,000 metric tons per annum, staffing will increase proportionally to support:

- Additional crushing units
- Expanded heap pad operations
- Integrated recovery circuits
- Contract processing services
- Processing support and operational advisory services to partner ore suppliers

The company's organizational model is designed to grow progressively alongside production capacity, ensuring operational control while protecting profitability.

7. Financial Plan

7.1. Underlying Assumptions

The financial projections are based on stabilized operations at approximately 70% plant utilization, corresponding to an annual throughput of 600,000 metric tons.

Operational Assumptions

- Crushing capacity: 100 tons per hour
- Theoretical annual capacity: 864,000 tons
- Stabilized throughput: 600,000 tons per annum
- Average blended feed grade: 0.5 grams per ton (g/t)
- Metallurgical recovery rate: 50%
- Gold allocation to TOMS under Joint Venture agreement: 60%

7.2. Annual Gold Production (Grams Basis)

Contained gold:

600,000 tons × 0.5 g/t

= **300,000 grams**

Recovered gold at 50%:

300,000 × 50%

= **150,000 grams**

TOMS share (60%):

150,000 × 60%

= **90,000 grams per year**

7.3. Pricing Assumptions (Per Gram Basis)

The financial model is based on a reference international gold market price of approximately USD 174 per gram.
To ensure conservative revenue recognition, the following adjustments are applied:

- Statutory royalties and government levies estimated at approximately 9.3%
- A conservative price fluctuation allowance of 3%

Total adjustment: 12.3%
After applying these deductions, the **net realized gold price used in the financial projections is USD 152.60 per gram**.

7.4. Annual Revenue

TOMS annual gold production: 90,000 grams
Net realized price: USD 152.60 per gram
Annual Revenue:
90,000 × 152.60
= **USD 13,734,000**

7.5. Operating Costs

Processing cost:
600,000 tons × USD 20 per ton
= **USD 12,000,000 per year**
This excludes depreciation.

7.6. Proforma Profit and Loss Statement (Stabilized Year)

Item	**Amount (USD)**
Revenue	13,734,000
Operating Cost	(12,000,000)
EBITDA	**1,734,000**
Depreciation	(500,000)
EBIT	**1,234,000**
Interest (Year 1)	(240,000)
Profit Before Tax	**994,000**

Tax (30%)	(298,200)
Net Profit (Year 1)	**695,800**

7.7. Five-Year Profit Projection

Assuming constant production, pricing, and cost structure:

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	13,734,000	13,734,000	13,734,000	13,734,000	13,734,000
Operating Cost	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)
EBITDA	1,734,000	1,734,000	1,734,000	1,734,000	1,734,000
Depreciation	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
EBIT	1,234,000	1,234,000	1,234,000	1,234,000	1,234,000
Interest	(240,000)	(205,344)	(165,143)	(118,510)	(64,416)
Profit Before Tax	994,000	1,028,656	1,068,857	1,115,490	1,169,584
Tax (30%)	(298,200)	(308,597)	(320,657)	(334,647)	(350,875)
Net Profit	**695,800**	**720,059**	**748,200**	**780,843**	**818,709**

7.8. Proforma Cash Flow Analysis (5 Years)

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Net Profit	695,800	720,059	748,200	780,843	818,709
Add Depreciation	500,000	500,000	500,000	500,000	500,000
Operating Cash Flow	1,195,800	1,220,059	1,248,200	1,280,843	1,318,709
Debt Service	(456,600)	(456,600)	(456,600)	(456,600)	(456,600)
Net Cash After Debt	**739,200**	**763,459**	**791,600**	**824,243**	**862,109**

7.9. Cost Per Ton and Cost Per Gram Analysis

Revenue per ton:

0.5 g/t × 50% recovery × 60% share × USD 152.60

= **USD 22.89 per ton**

Processing cost per ton:

= USD 20.00

Operating margin per ton:

= **USD 2.89**

Cost per recovered gram (TOMS share):

12,000,000 ÷ 90,000

= **USD 133.33 per gram**

Selling price:

= USD 152.60 per gram

Operating margin per gram:

= **USD 19.27 per gram**

7.10. Financial Assessment

Under the assumptions of:

- 0.5 g/t feed grade
- 50% metallurgical recovery
- USD 20 per ton processing cost
- USD 152.60 per gram net realized gold price

The project remains profitable, debt serviceable, and cash positive.

However, margins are moderate and sensitive to:

- Recovery efficiency
- Gold price fluctuations
- Cost control discipline

Operational stability and consistent recovery performance are therefore critical to maintaining sustainable profitability.

8. Conclusions and recommendations

Tanzania Ore Mining Services Limited (TOMS) presents a financially viable and operationally structured gold processing project based on a stabilized annual throughput of approximately 600,000 metric tons.

The financial model has been developed using conservative and defensible assumptions, including:

- Average feed grade of 0.5 g/t
- Metallurgical recovery of 50%
- 60/40 production-sharing agreement
- Net realized gold price adjusted for statutory deductions and price volatility
- Processing cost of USD 20 per ton

- Debt financing at 16% amortized over five years

Under these parameters, the project generates:

- Annual revenue of approximately USD 13.7 million
- EBITDA of approximately USD 1.73 million
- Debt Service Coverage Ratio of approximately 3.8x
- Positive net profit throughout the five-year projection
- Full loan repayment by the end of Year 5
- Cumulative retained earnings exceeding USD 3.7 million over five years

The project demonstrates resilience under conservative recovery and cost assumptions and remains profitable provided operational discipline is maintained in feed grade control, recovery performance, and processing cost management.

Importantly, the installed crushing capacity provides theoretical processing capability of up to 864,000 metric tons annually, allowing operational flexibility and potential throughput optimization without significant additional capital investment.

Upon completion of debt repayment, the Company transitions into a debt-free, cash-generative position, strengthening its capacity to:

- Expand production capacity
- Invest in downstream recovery systems (CIC, elution, electrowinning, smelting)
- Fund processing capacity expansion or contract processing services
- Distribute shareholder returns

Recommendations

1. Maintain strict cost discipline to sustain processing costs within the modeled range of USD 20 per ton.
2. Prioritize ore quality control and blending strategies to maintain minimum feed grades of 0.5 g/t or higher.

3. Implement strong plant availability and preventive maintenance programs to preserve 70% operational utilization.
4. Improve metallurgical recovery beyond the base-case 50% target to enhance margins and strengthen cash flow resilience.
5. Utilize internally generated cash flows to fund expansion and reduce future reliance on external financing.