



GAMEPLAY KAMPALA LIMITED

BUSINESS PLAN

NOVERMBER, 2021

1.0 EXECUTIVE SUMMARY

GamePlay Kampala Limited (**GPKL**) is a company duly licensed under the laws of Uganda to carry on the business of prospecting, exploring and mining of mineral deposits including gold and base metals and other activities incidental. GamePlay Kampala Limited (**GPKL**) seeks to undertake Gold mining business in Kanyantotogo Sub County Kanungu district of Uganda by acquiring a mining lease, and commencing operations in 2022. Currently, the Company holds exploration license **EL00264** and is focusing on carrying out systematic Exploration.

GPKL business strategy is premised on two Phases:

- Phase 1 applies to the carrying out systematic exploration and quantifying the reserve base under **EL00264** and mapping out the most commercially viable area for commencing a scheme for mine development.
- Phase 2 is largely linked to phase 1 and **GPKL** shall commence and extend the mining rights to 21 years by diligently processing the acquisition of one mining lease.

The area licensed contains good gold deposits that are highly commercially viable. The findings of the geotechnical reports (annexed) are an indication of the gold resource potential that is economically feasible and are sufficient detail and quality to serve as the basis for a decision to invest in development of the gold mining project.

The area under **EL00264** is historically known to host artisan and small-scale miners. The gold economic potential of the project area can be inferred from the different artisan works.



1. Project facts and statistics

Category	Description
Project	GamePlay Kanungu Gold Project
Principal Commodity	Gold
Company name	GamePlay Kampala Limited (GPKL)
Mineral Rights	EL00264
Nearest Population center	Kanungu town
Project Location	Katerampungu Kanungu District
Topography	Hilly area, with alluvial valleys
Climate	Tropical Savana
Historic production	Highly Artisanal mining,
Reason for the Business plan	Produce 396kgs of Gold
Initial Project Life	36 months
Capital Investment	USD 5,000,000
General purpose of the Funds	<ul style="list-style-type: none">• Conduct systematic exploration and identify gold resource base.• Extend the Mineral rights life span to 21 years and commence gold production
Source of Funds	GamePlay Kampala LTD Partners
Mining Method	Underground mining
Processing Method	<ul style="list-style-type: none">• Gravity concentration method.• C.I.P Processing Plant
Overall Recovery rate	97.5%
Metal Price	US \$ 48 per gram
Gross Revenue	USD 19,008,000
Government Royalties	USD 950,4000

Profit after Tax	USD 18,057,000
------------------	----------------

The short-term business estimates gross revenue of \$USD 19.08 million in the first 24 months of operation which is a 64.3% modified internal return on investment. The breakeven is expected within 13.5 months from project inception.

1.1. Funding Goal

GPKL therefore shall invest up to USD 5Million (United States Dollars One Million) in equity and capital financing to set up a gold production mine upon the grant of the mining Lease.

2.0 STRATEGIC OVERVIEW OF GAMEPLAY KAMPALA LIMITED

(KANUNGU GOLD MINING)

GPKL seeks to develop and produce gold and other precious metals in a disciplined, safe, environmentally responsible and profitable manner by building a culture of excellence in every aspect of what we do, through organic growth, exploration, accretive industry consolidation, and commitment to socially responsible practices within the communities in which we work.

Having acquired Exploration block **EL00264** that is historically proven to host gold sharing the same mineralized veins like Eastern Congo. The Company's focus now is on the production of high margin ounces combined with a disciplined approach to cost containment and capital spending along with a commitment to shareholder value creation.

1.2. FINANCIAL PLAN GOALS

The key financial plan objectives for **GPKL** Gold Mining (Kanungu Gold Project) are:

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

2.0 CASH FLOW PROJECTIONS

2.1 Net Present Value

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

Key assumptions on NPV assessment

- The overall recovery rate on gold produced has been maintained at 97.5%, with estimated daily output of 660grams.
- The projected metal price has been prudentially modelled at \$48 per gram (current world average price indices for spot gold prices approximately \$54.1 per gram (95% recovery)
- Inflation applied to the costs at 3.5% (in line with core inflation forecasts by central bank)
- Discount factor applied to cash flows at 9% (effective for months 13 to 29 of the project)
- Production revenues to commence in month 5 following completion of production set up and resumption of full production capacity.

- Strong cash-flows will support investment recovery, any reconnaissance activities (new sites), increase in technology investments, any planned capital expenditures and distributions to the directors and providers of capital.

2.2 Internal Rate of Return

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

2.3 Expected project Break Even stage

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

3.0 RISK MANAGEMENT

3.1 Risk identification

3.1.1 Operational Risk

Health Safety and Occupational Hazards: Dust, Noise, Vibration Musculo-skeletal disorders Working conditions of the workers shall be evaluated from time-to-time to ensure compliance with the HSE guidelines. Regular maintenance work will be performed to mitigate operational accidents.

There will be health and medical surveillance and monitoring, respiratory protection, and prescheduled work shifts to allow for sufficient recuperation of the bodies.

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

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

3.1.2. Global Pandemic Risk

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

3.1.3 Chemical use risk

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

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

3.1.4 Climate-Drought Risk

In the recent past Uganda like other parts of the globe has experienced un even weather patterns. **GPKL** shall ensure responsible mining practices under the mining Lease to ensure minimal disturbance to the natural ecology. Water storage and holding reservoirs shall be installed to ensure sufficient water for both domestic and processing purposes on-site.

3.1.5 Political-security risk

The political and security in Kanungu district like the rest of Uganda is very stable and provides a suitable investment climate in the Kanungu gold project. There are investment developments in the sub region in hospitality, trade, agriculture (including livestock) and mining.

Market Risk

3.2.1 Exchange rate Risk

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

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

3.2.2. Liquidity Risk

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

3.2.3. Credit Risk

There is risk of credit embedded in performing sales with the open market counterparties. Management has prepared off-takers for the gold produced from Kanungu through value addition and direct sales for cash (cash-on delivery). The demand for gold is firmly rooted world-wide and with value addition **GPKL** shall break even.

3.2. Financial Audit Risk

3.2.5. Role of external Certified Public Auditors

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

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

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

3.2.7. Strategic Risk

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

3.2.8. Licenses, Rights and Patents

GPKL has been duly licensed under the law to carry on the business of prospecting, exploring and mining of gold. **GPKL** will therefore uphold the covenants in the licenses obtained/procured from the government of Uganda through the Department of Geological Survey and Mines to ensure shared-value outcomes. Compliance to the Mining Act, Mining Regulations and all other relevant laws of Uganda Shall be of Utter most priority. The focus shall be drawn to exploiting the business opportunities, as well as tackling the social and environmental issues.

3.2.8. Reputation

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

3.2.9. Geo-political economic fitting

GPKL pledges to uphold its contribution to the geo-political economy of Kanungu through a number of socially-economically responsible activities, in addition to the commercial operations. This will consider working with local society leaders, civil society organizations, regulators (DGSM), and commercial down-market dealers.

3.3 Risk Assessment

3.3.1 Identifying the hazards

- a) Efforts shall be undertaken to inspect the mining venues, and processing sites to assess and identify hazards routinely.
- b) **GPKL** shall run with the Healthy, Safety and Environment policy and sensitize all those involved in the operations.
- c) Careful reference shall be made to the instructions of manufacturers, equipment handling, chemicals handling, and restoration works.

3.3.2 Risk elements/Exposure points

- a) Careful consideration will be taken when recruiting workers for this mining enterprise. Particular attention shall be conferred upon any local native miners.
- b) There will be flow movement guidelines for cleaners, visitors, contractors, maintenance workers, etc. who may not be present onsite all the time.
- c) The mines will be restricted on access to the public. Only designated visitors will be allowed on-site and DGSM inspectors.

d) Operations will only be handled by professional staff and designated technical personnel of **GPKL**

3.3.3 Evaluation and Precautionary decisions

Due consideration will be given to enforcement of controls to “reasonably protect” persons from harm. **GPKL** gold mining operations shall seek to comply with the best-practice and standards (ISO 73.020, ISO 73.080, ISO 73.120)

The cost of implementing Health, Safety and Environmental guidelines will be critically appraised, planned and considered during decisions of the board.

Precautionary decisions will be taken under strict approval of the key management personnel; with critical consideration the financial impact may have.

The following decisions may be considered (where applicable):

- If the risk is residual, deploy control measures e.g. restriction in access, movement reorganization, welfare facilities (first aid, emergency medical, easier transport), personal protective equipment, etc.)
- If possible, get rid of the hazards altogether
- If critically relevant, make de-commissioning plans/arrangements.
- Outsourcing or procurement of experts to assist with risk evaluations.

3.3.4 Record of Findings/Incidences

GPKL gold mining operations will keep records of all incidences on-site, that would affect the day-to-day operations of the site.

Periodic reviews shall be performed to ensure that risks are well monitored. The typical assessments will involve that:

- Ensuring that proper checks are made
- Probing on who and what would be affected
- Account of previous experiences, incidences and logs

- Precautions and troubleshooting performed in operations
- Proof of proper reporting and governance decisions taken.

3.3.5 Risk Assessment reviews

It is important to conduct continual risk assessments as the project operations progress. Changes shall be adopted to address any developments in the operations of the Mining Lease.

4.0 INVESTMENT STRATEGY

4.1 Capital Investment

GamePlay Kampala shall raise the initial capital investment of Five Million United States Dollars through investment partners.

In addition, owing to the intensive capital outlay of the gold mining lease operations, debt capital shall be pursued in addition to the existing capital. The directors shall offer stakes for any consideration paid by the prospective investors. The stakes shall be negotiated and drawn in covenant by contract/certificate awards.

A combination of government grant financing, angel investment debt and venture capital shall be pursued.

4.2 Short term investments

To optimize working capital, funds shall be invested on short term basis to raise revenues (interest) for cost cover, especially on local wages and operating general expenses. The preferable currency for this is Uganda shillings so an exchange transaction on foreign exchange shall be pursued after authorization of the directors.

4.3 Lease liabilities

Leases shall form an integral part of the operations of the gold mine lease including heavy equipment (excavators), heavy-ton trucks and other vehicular equipment. This has been as operationally efficient for the project tenor, compared to purchasing the heavy equipment.

5.0 CAPITAL MANAGEMENT

GamePlay Kampala Ltd (Kanungu Gold project) intends to pursue an organic growth strategy through increasing sale of gold produced from the mines. This will require efficient on-site operations and low-cost production deployments.

5.1 Capital requirement

The directors shall partner with prospective investors to inject a sum of

USD 5,000,000 (Five million United states Dollars) towards the development of the mining Lease. The costs shall be allocated to the acquisition of the mining lease and intensive capital expenditures on machinery, professional technical support costs towards setting up of the mine, on-site preparation.

5.2 Mine Set up.

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

5.3 Gold production

The mine-operating schedule is based on two 10-hour shifts for 6 days a week and 52 weeks a year. Gold production will commence Four to five months upon the acquisition of the investment capital. **GPKL** is in final engagements with prospective potential investment partners.



5.4 Projected Capital investment:

The table 1.1 below shows a summary of the cost for setting up the Kanungu gold project to propel **GPKL** profitability stage (estimated at 13.5 months after grant of the Mining Lease).

NO	ITEM DESCRIPTION	TOTAL COST	TYPE
1.	Systematic Exploration	\$ 200,000	Capex
2.	Ore-reserve identification	\$ 180,000	Capex
3.	Land Purchase/ Surface Rights (5sq.kms)	\$ 1,100,000	Capex
4.	Mining Lease acquisition	\$ 120,000	Capex
5.	3Excavators 1.5m3 Capacity	\$ 360,000	Capex
6.	2 Loaders	\$ 120,000	Capex
7.	3 Trucks 20 tons	\$ 300,000	Capex
8.	3Pneumatic Compressors	\$ 39,000	Capex
9.	2 Service Vehicles	\$ 85,000	Capex
10.	3Automated diggers	\$ 105,000	Capex
11.	Demolition Hammers (100)	\$ 85,000	opex
12.	Security Cameras (20)	\$ 34,000	capex
13.	Lighting system (Surface & underground)	\$ 24,000	Capex/ Opex
14.	2 Generators 150 K.V. A	\$ 80,000	Capex
15.	Electric pulleys (5)	\$ 40,000	Capex
16.	Ore -Analysis	\$ 13,000	Capex



BUSINESS PLAN

17.	Gold processing C.I.P plant 150 per day	1,120,000	(Capex)\ (Repairs)
18.	Fright and Revenue Clearing Charges (C.I.P)	\$ 100,000	Capex (repairs)
19.	Installation	\$ 90,000	Opex
20.	Flight Tickets (Expert personnel)	\$ 8,000	Opex
21.	Accommodation and Welfare (Expatriates)	\$ 15,211	Opex
22.	Dam excavation/ Mine water delivery system	\$18,521	Capex
23.	Heavy truck hire (Delivery of Equipment)	\$ 2,380	Capex
24.	Environmental Impact Report	\$ 15,000	Capex
25.	Building Materials	\$ 42,500	Capex
26.	Gold extracting Reagents	\$ 85,000	Opex
27.	Fuel and lubricants	\$ 12,000	Opex
28.	Fright & Clearing charges	\$ 80,000	Capex
29.	Human Resource	\$ 170,150	Opex (M5- M14)
30.	Auxiliary expenses	\$ 140,000	capex
31.	Budget Margin	\$ 100,000	
	Total	\$ 4,983,762	

5.5 Debt-Equity prepositions

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

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

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

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

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

6.0 WORKING CAPITAL

6.1 Receivables (Gold Sale)

GPKL shall enter into contracts to sell or dispose gold produced from the mining Lease in accordance with the Mining Regulations. An arrangement with the investors shall be reached to determine the most suitable mode for sale of Gold

The preferential mode of business will be cash on order although where mutually agreed with credit-worthy counterparties, gold products may be extended on credit. It is anticipated that any such contractual arrangements shall not exceed 30 days to be able to optimize the cash-working capital cycle and meet operational needs. The tolerance for non-performing receivables will be minimal because of the reputation-sensitive trade. Critical due-diligence shall be undertaken to ensure that the off-takers/buyers of the gold are low risk.

6.2 Payables

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

6.3 Contingent Financing

GPKL does not intend to enter into any contingent financial operations. All financial commitments will be accounted for directly and on-balance sheet. This will follow careful evaluation of key decisions made, with the following assumptions:

- All capital purchases shall be settled in cash or on agreed credit terms/covenants
- **GPKL** will avoid any contingent exposures whether to hedge risk instruments or contingent financing for gold produced. **GPKL** will avoid speculative market derivative transactions e.g., futures.
- This model is largely driven by the short-term nature of business being pursued as phased in short term projects.
- Most contingent financing models would introduce unnecessary technical burdens which will be outsourced to experts, where need arises. This will however be executed when neither the weighted cost of capital nor the expected rate of return is significantly affected.

7.0 FINANCIAL RATIOS (KEY PERFORMANCE INDICATORS)

The key performance indicators for the operations are summarized below:

- Growth ratios to measure the rate of growth of **GPKL** and Minerals gold outputs and assess the potential for future growth. Growth ratios will be taken for sales, EBITDA, EBIT growth, production volume, operating costs (inclusive of personnel and overheads)

- Profitability ratios to assess the returns generated on both gold sales and investment. These will include the profit margin, operating margin, return on assets (RoA), return on equity (RoE)
- Capital ratios on debt-equity balance, debt-assets, Return on Capital Employed (ROCE). The ratios mainly concentrate on solvency of **GPKL** Mining Lease gold operations and adequacy of capital.
- Working capital (liquidity) ratios (receivables days, payables days, operational productivity ratios e.g. asset efficiency (gold volume sales, etc.)
- Capital market comparisons shall be performed to establish capital performance, benchmarking, and investor indices.

8.0 REVIEW OF FINANCIAL PLAN

8.1 Financial Management Structure

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

8.2 Planning and Budgeting

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

8.3 Decision and Control

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

8.4 Financial Reporting

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

Please find attached GPKL projected cash flows.

9.0 OTHER KEY PROJECT CONSIDERATIONS

11.1 Human Resource

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

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

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

11.2 Main Project Benefits

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

11.3 Statement from Game Play Kampala Ltd Directors

The **GPKL** board has diligently examined the gold potential of **EL00264** having carried out systematic Exploration and are now focused and committed to excel in setting up a medium gold processing plant.

We under take to efficiently utilize the resources according to the business plan.

11.4 Conclusion

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

