



Business Plan on Small Scale Mining

Spinel Minerals Mining at Epanko Area - Mahenge and Tunduru

P.O.BOX 149, MAHENGE, ULANGA, MOROGORO.

PHONE: +255 719 921 921 EMAIL: BETOLDM3@GMAIL.COM

By: Aminiel H. Kombe,, 0713 292566

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EXECUTIVE SUMMARY

Ruby International Limited is a standard and licensed general purpose company in Tanzania with its principal base in Mahenge, Ulanga district, Morogoro region. Having several founding businesses currently in operation; a company in line with its strategic business expansion model is planning to launch a new business segment in small scale minerals mining industry at Epanko village – Mahenge, Ulanga and Tunduru. Following the company baseline survey in the area, it expects to start exploring, buying and selling gemstones especially spinels.

Our mining business goal is to become the preferred choice of various gemstones exploring company, supplying and selling in Morogoro, national wide and global. As a business, we are willing to go the extra mile to invest in owning our own environmentally friendly spinels mines and also to hire efficient and dedicated employees.

We have been able to secure permits and licenses from all relevant departments both at the local government and state level in the Tanzania. Ruby International Limited is set to redefine how a standard small scale gemstones mining business should be run across the Tanzania. This is why we have put plans in place for continuous training of all our staff.

The demand for Mahenge spinels is not going to plummet any time soon which is why we have put plans in place to continue to explore all available market around the Tanzania and to other countries. In the nearest future, we will ensure that we create a wide range of distribution channels all across the Tanzania and other countries in demand.

Ruby International Limited will at all-time demonstrate her commitment to sustainability, both individually and as a firm, by actively participating in our communities and integrating sustainable business practices wherever possible. We will ensure that we hold ourselves accountable to the highest standards by meeting our customers' needs precisely and completely. Ruby International Limited estimates initial total project cost of TZS 1 billion whereby TZS 500 million is expected from company savings and reserves; and TZS 500 million as expected loan facility from bank. The fund as project initial capital will be utilized primarily to cover fixed acquisition/hiring of mining equipments, securing permits and all set of legal undertakings, purchasing costs of raw ores from local dealers and miners; transportation/curial costs to abroad and working capital to cover fixed and variable business costs throughout the first year.

1.0 COMPANY OVERVIEW AND PURPOSE

1.1 Company History & Business Mission on Mining

Ruby International Limited is a long time standing company business in Tanzania with a several number of businesses in operation. A company main office is located in an area southern part of Morogoro region, Ulanga district at Mahenge. With its unquestionable experience with Tanzania market, the company is on its move to launch its new business segment in mining industry with the main concentration in spinels from Mahenge and Tunduru. With Our eco-friendly approach, technology and investment, we will revolutionize the spinels mining industry not only locally but nationally. Ruby International Company promises to make this mining operation a model of excellence in its category as it did on other businesses.

Our Vision Statement

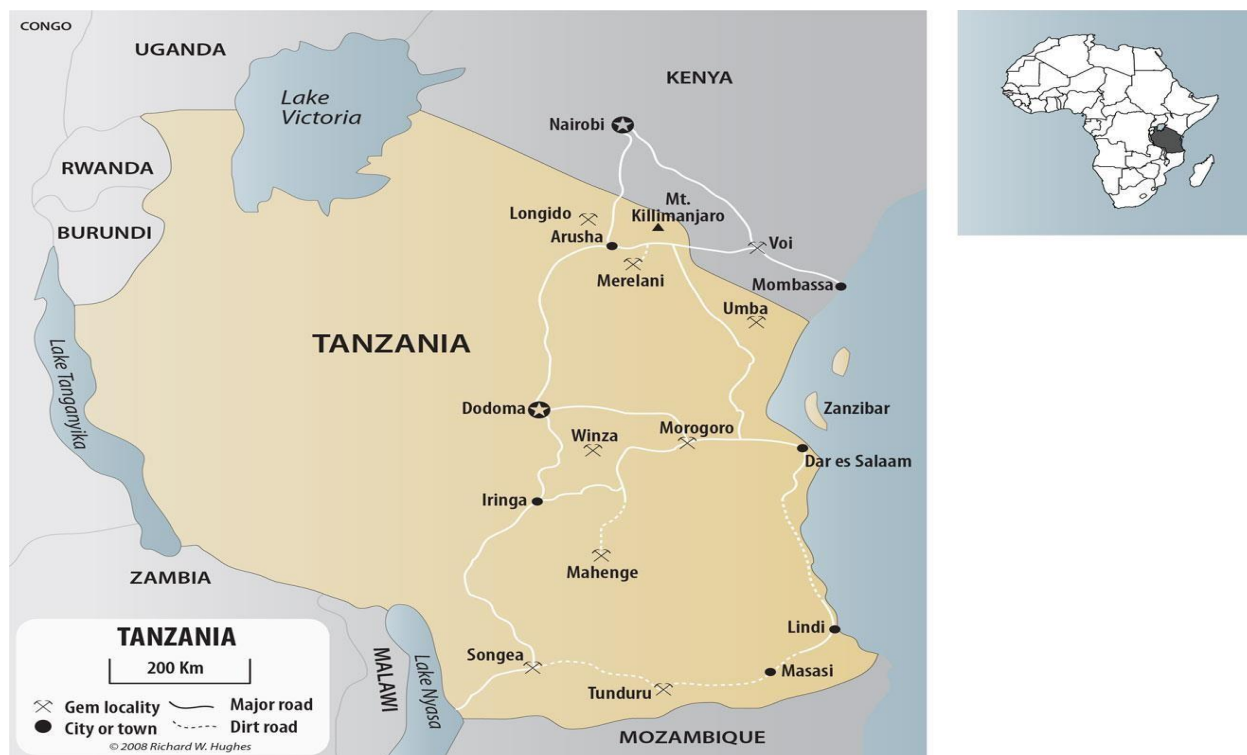
Our vision in mining industry is to become the best small scale miner, dealer and distributor for spinels across Tanzania with high branded technology and cost effective.

Our Mission Statement

Our mission is to establish a standard spinels mining company that in our own capacity will favorably compete with leaders in the industry at the global stage. We want to build a spinels mining company that will be listed amongst the top 5 spinels mining, dealer and distribution companies in Tanzania.

1.2 Products and Services Overview

The Mahenge district, known for spinel and ruby, is the second most active gemstone mining area in Tanzania. The discovery of red spinel (widely known as Mahenge spinel) at Ipanko area have kindled global interest in the area, thus Ipanko is still the main spinel deposit in the region.



For centuries, Spinel has been confused with the other great red gemstone, the Ruby. Spinel is often found in the same deposits as Ruby, so for a long time it was impossible to identify them as a separate gemstone. Now with modern testing techniques, these two stones are easily identifiable. Before the discovery of the Mahenge Spinel the most beautiful red Spinel had originally come from the Balas region in Afghanistan. These were called Balas Rubies since their identification was confused.

In 2007 the world of Spinel was as about to change. In a farmer's field in Mahenge, Tanzania, workers found a giant Spinel crystal weighing 52 kgs (114 Pounds). This Mahenge Spinel crystal displayed the gemmy vibrant pink color that is now famous from Mahenge Spinel. The crystal was highly included, but large chunks of top quality stone were able to be cobbled of the side. This resulted in thousands of carats of gem quality Mahenge Spinel being cut in Thailand and distributed to the world market. From this point on, the Mahenge Spinel was thrust into the spotlight as one of the most beautiful and vibrant gemstone available on the market today.

1.3 Spinel Durability

Today the properties of Spinel are still not widely known by the public. The thing that sets Spinel up to be one of the best gemstones for everyday wearing is its durability. In terms of hardness it sits at an 8 on the MOHS scale. This means that the only stones that are harder than Spinel are Sapphires, Rubies and Diamonds. This makes it extremely resistant to scratching so the gemstone will hold its shine for a long time. It is also very hard so it can withstand shock. Both of these properties make it a perfect choice for Jewelry that is to be worn every day. It is even durable enough to be considered for an engagement ring.

The Mahenge Spinel is a special stone and it redefined the definition of Spinel. It is famous for its vibrant intense pink color that is free from any secondary hue such as the grays commonly seen in Sri Lankan Spinel. The color of these gems is also nice and consistent under different lighting conditions.

1.4 Products Offering

Ruby International Limited is establishing mineral mining business segment in the gemstones especially spinels with the aim of widen its base/muscles and maximizing profits. We want to compete favorably with leaders in the industry which is why we expect to recruit a very small but competent team that will ensure that our products are of high standard.

We will work hard to ensure that Ruby International Limited is not just accepted in Morogoro region, but also across Tanzania and global where we intend supplying our products. Our expected services and products are listed below;

Starting Up

- Spinel ore mining
- Purchasing Spinel from other miners
- Selling abroad to other foreign countries

Future advancements

- Processing Spinel ore mined
- Ruby or Sapphire ore mining
- Bulky sale abroad



"Mahenge Spinel is the stone that changed everyone's opinions about Spinel. It is the sole reason why so many people around the world are now familiar with the beauty of the Mahenge Spinel. The vibrant pinks and the deep reds combined with durability that is only surpassed by a handful of gemstone have made Mahenge Spinel one of the most popular stones of the new age" by Gem Rock Auctions.

Another quote on Spinel *"Spectacular red Mahenge spinel, cut from one of the large crystals found in the summer of 2007. Among connoisseurs, the finest Mahenge spinels have acquired a reputation second-to-none"*

1.5 Production Requirements

Ruby International Limited will require the following to equipment and tools to enable and facilitate the optimum mining production.

- Gemstones detectors (TITAN GER – 500 Device or ELECTRA) \$4,000/\$6,000



- Excavator



- Mattocks/Picks



- Shovels



Detonators for Blasting



- Head lamp/Toch with Helmet



Leather Boots



- Concrete cloths with Reflector (*Branded by Company Logo*)



1.6 Legal Framework Overview

Ruby International Limited through its Legal Advisor will adhere and follow all such matters concerning legal operations in mining, complying with government regulations and local government by laws, various permits, TRA matters and any other legal issues.

The classification of large, medium and small-scale mining in Tanzania is typically based on the amount invested, according to the Mining Act, 2010 together with a number of subsidiary pieces of legislation govern the mining industry in Tanzania including Mining Act 2010, Environmental Management Act 2004, Land Act CAP 113 and Village Land Act CAP 114.

Categories of mineral rights

Part IV of the Mining Act (MA) categorizes licences into the following divisions: **a)**

Division A

- i) a prospecting licence
- ii) a gemstone prospecting licence
- iii) a retention licence

b) Division B

- i) a special mining licence (Capital Investment above USD 100 mil)
- ii) a mining licence (Capital Investment between USD 100,000 to USD 100 mil)

Division C

- i) a primary mining licence (Capital Investment less than USD 100,000)**

Division D

- i) a processing licence
- ii) a smelting licence
- iii) a refining licence

Primary mining licence (PML)

PML is a licence for small scale mining operations whose capital investment is less than USD 100,000 (or its equivalent in Tanzanian shillings). A primary mining licence will only be granted to Tanzanian citizens or corporate entities controlled exclusively by Tanzanian citizens. A primary mining licence is valid for 7 years and is renewable. The Ruby International Limited will operate with this class of licence. Any other legal undertakings will be advised by our Legal personnel and we will act accordingly to ensure fully compliant.

2.0 INDUSTRY ANALYSIS

Players in the gemstones Ore Mining industry primarily mine spinels, sapphire and rubiesbearing ores. Mining activities include the development of mine sites and the on-site processing of ore into a concentrate or bullion. Unlike gemstones mining, Gold and silver ore mining companies typically retain ownership of the semi-processed gold or silver products and pay for further refining on a toll-charge basis.

2.1 Overview of the Mining Sector

Tanzania is endowed with abundant natural resources, a favorable climate, political stability and an excellent geographical location in the region, which makes it accessible to potential export markets in the region. Mining is one of the leading sectors in Tanzania, with the value of mineral exports increasing tremendously each year. In 2011 the value of mineral exports reached \$2.1 billion, more than 95 percent of which came from six gold mines.

Tanzania is among the countries having abundant mineral resources. The data base indicates that the minerals found in Tanzania are grouped into the following major categories

- **Metallic Minerals**, which include gold, iron ore, nickel, copper, cobalt and silver.
- **Gemstones**, which include spinels, diamonds, tanzanite, ruby, garnets, pearl, sapphire etc
- **Industrial Minerals**, which include limestone, soda ash, gypsum, salt and phosphates; □
Energy source Minerals, such as coal and uranium; and.
- **Construction minerals**, such as aggregates, gravel, sand and dimension stones.

2.2 Gemstones (Spinel)

Spinel is a gemstone that comes in a variety of colors. Pure Spinel is colorless, but impurities are responsible for the wide range of colors. The most valuable and desirable Spinel color is a deep blood red, though blue, yellow, orange, pink, and purple colors also make fine gemstones.

In addition to its use as a gemstone, synthetic spinel is also used as a refractory. It is used to produce heat-resistant coatings on metal tools and as an additive in making refractory bricks and ceramics.

The Mahenge mine in Tanzania produces spinel in a range of vibrant colours from deep pink to vivid pinkish red and orangey pink. Mahenge rose to fame when a large deposit of huge spinel crystals was discovered in 2007.

According to the Gemological Institute of America, the most valued spinel colours are bright red, cobalt blue, and vivid pink and orange. Clean stones with no visible inclusions are highly preferred, it added. In terms of cut, spinels most often come in cushion and oval shapes.

Gemstone trader Indy Khurana, managing director at Thailand-based Khurana Jewels Co Ltd, said good-quality Mahenge stones could fetch around US\$4,000 per carat, depending on the colour. Gems with a more “open” red or pink hue, which pertains to brightness and transparency, are more costly. At the March Hong Kong Fair, Indy displayed a “very clean” 15.03-carat Mahenge spinel with a price tag of US\$10,000 per carat.

NB: *1 gram = 5 carats, 1 carat = 200 milligrams, 1 gram = 1,000 milligrams*

Other Opportunities in the Spinel’s supply chain

- Value adding ventures particularly in gemstones and jewellery manufacturing (e.g. lapidary, cutting, polishing, etc).
- Supply of mining services such as drilling, airborne geophysical surveys; or refining. This also includes supply and/or hiring of equipment for large and small scale miners as well as contract mining.
- Training in gemstone cutting and polishing;
- Training in jewelry designing & manufacturing;
- Training in gemology;
- Establishing laboratory for testing and certification of gemstones; □ Gemstone treatment;

2.3 SWOT Analysis

Due to our drive for excellence, and considering our emerge into running a standard gemstone mines, consultation is essential to look through our business concept and together we were able to critically examine the prospect of the business and to assess ourselves to be sure we have what it takes to run a standard spinels mining business that can compete favorably in the industry. In view of that, we were able to take stock of our strengths, our weakness, our opportunities and also the threats that we are likely going to be exposed to in Tanzania particularly Morogoro. Here is a preview of what we got from the critically conducted SWOT Analysis for Ruby International Limited;

- **Strength:**

Our strength lies in the fact that we have state of advanced spinels mining equipment in small scale level that has positioned us to meet the demand of our clients even if the demand tripled over night. Another factor that counts to our advantage is the background of our senior staffs; they have robust experience in the industry and also a pretty good academic qualification to match the experience acquired which has placed him amongst the top flight players in the mining industry. We are not ignoring the fact that our team of highly qualified and dedicated workers will also serve as strength for our organization.

- **Weakness:**

We do not take for granted the facts that we have weaknesses. In fact, the reality that we are setting up a spinels mining company in Tanzania might pose a little challenge. In essence our chosen location might be our weakness.

- **Opportunities:**

The opportunities available to us are unlimited. There are loads of jewelry making companies and other manufacturing companies that make use of raw spinels all across the globe and all what we are going to do to push our products to them is already perfected.

- **Threat:**

The threat that is likely going to confront us is the fact that we are competing with already established general gemstones mining companies in the same area Mahenge, Tanzania. Of course, they will compete with us in winning over the available market. Another threat that we are likely going to face is unfavorable government policies and economic downturn.

3.0 ORGANISATIONAL BUSINESS MANAGEMENT STRUCTURE

As part of our plan to build a flight spinels mining business segment in Morogoro that will favorably compete with leaders in the industry, we have perfected plans to get it right from the onset which is why we are going the extra mile to ensure that we have competent employees to occupy all the available positions in the project.

In view of that, the following qualified and competent personels will be held available to manage Ruby International Limited – mining segment;

- Chief Executive Officer (Owner)
- Gold Mine Manager
- Sales and Marketing Officer
- Accountant
- Spinel Ore Mining Casual Workers
- Excavator/Truck Drivers and operators
- Customer Service Executives

Roles and Responsibilities

Chief Executive Officer – CEO (Owner):

- Increases management’s usefulness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; collaborating values, strategies, and objectives; assigning accountabilities; preparing, monitoring, and appraising job results; developing incentives; developing a climate for offering information and opinions; providing educational opportunities.
- Answerable for fixing prices and signing business deals
- Responsible for providing direction for the business
- Makes, connects, and implements the organization’s vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization’s strategy.
- Accountable for signing checks and documents on behalf of the company □
Evaluates the success of the organization

Gold Mining Site Manager

- Oversees the smooth running of operations in the mine
- Makes sure that quality is maintained at all times
- Maps out strategies that will lead to efficiency amongst workers in the organization
- Responsible for training, evaluation and assessment of the workforce
- Ensures operation of equipment by completing preventive maintenance requirements; calling for repairs.
- Ensures that our spinels mining site meets the expected safety and health standard at all times.

Sales and Marketing Manager

- Manages external research and coordinate all the internal sources of information to retain the organizations' best customers and attract new ones.
- Models demographic information and analyze the volumes of transactional data generated by customer purchases.
- Identifies, prioritize, and reach out to new partners, and business opportunities et al
- Responsible for supervising implementation, advocate for the customer's needs, and communicate with customers
- Develops, executes and evaluates new plans for expanding sales
- Documents all customer contact and information
- Represents the company in strategic meetings
- Helps to increase sales and growth for the company

Spinel Ore Mining Casual Workers

- Liable for operating excavators and other machines in the spinels mining sites.
- Handles the mining of spinels.
- Assist in loading and offloading of our spinels into and out of the trucks. **Accountant**
- Responsible for preparing financial reports, budgets, and financial statements for the organization.
- Provides managements with financial analyses, development budgets, and accounting reports; analyzes financial feasibility for the most complex proposed projects; conducts market research to forecast trends and business conditions.
- Responsible for financial forecasting and risks analysis.

- Performs cash management, general ledger accounting, and financial reporting.
- Responsible for developing and managing financial systems and policies.
- Responsible for administering payrolls.
- Ensures compliance with taxation legislation.
- Handles all financial transactions for the organization.
- Serves as internal auditor for the organization.

Excavator/Truck Drivers and Operators

- Assists in loading and unloading spinels et al.
- Maintains a logbook of their driving activities to ensure compliance with fleet regulations
- Keeps a record of vehicle inspections and make sure the truck is equipped with safety equipment.
- Inspects vehicles for mechanical items and safety issues and perform preventative maintenance.
- Complies with truck driving rules and regulations (size, weight, route designations, parking, break periods etc.) as well as with company policies and procedures □

Reports defects, accidents or violations Client Service Executive

- Ensures that all contacts with clients (e-mail, walk-In center, SMS or phone) provides the client with a personalized customer service experience of the highest level.
- Through interaction with customers on the phone, uses every opportunity to build client's interest in the company's products and services.
- Manages administrative duties assigned by the human resources and admin manager in an effective and timely manner.
- Consistently stays abreast of any new information on the organizations' products, promotional campaigns etc. to ensure accurate and helpful information is supplied to customers when they make enquiries (answer customer queries regarding our spinels ore mining business)
- Finds out the customer's needs, recommend, select and help locate the right merchandise, describe a product's features and benefits.
- Make suggestions and encourage purchase of products.

4.0 MARKET ANALYSIS

4.1 Market Trends

Over the time, the main sources for spinel are Burma, Sri Lanka, Tanzania and the Badakshan region on the border of Afghanistan and Tajikistan. Until recently, the highest prices were paid for red spinel from the Mogok region of Burma, particularly for pure reds over 2 carats. But in 2007 some superb pink-red spinels were discovered in Mahenge, Tanzania. These extraordinary gems have a neon-like glow that is unique in the gems world, and these Mahenge spinels are now regarded as the best in the world.



One of the most under-appreciated gemstones, spinel is coveted by collectors and gemologists for its range of hues and spectacular optical properties, which leads spinels to become more popular. The demand for spinel has increased over the past several years due to awareness of this unique gemstone, which became the August birthstone in 2016. Rare colors (red in particular) of spinel can command extreme values, well over \$10,000/carats. Cobalt blue from Vietnam can be upwards of \$50,000/carats and it is rare to find over 1 carat. *(NB: All these prices based on processed spinels rather than raw ore spinels)*



Color is an important factor that defines spinel's price - red spinel is rarer than other varieties, and also more expensive; blue exemplars are the second rarest spinel gems. Other varieties are more common and less sought after. ***Clarity is another important factor that defines spinel's value*** - stones with no visible inclusions are more appreciated.

Prices on fine spinel have risen with increased demand, though spinel prices continue to be attractive relative to ruby and sapphire. When you consider that almost all the spinel in the market is completely untreated, it is still quite a bargain compared to prices for unheated corundum. Because spinel has excellent hardness (8 on the MOHS scale), it is a gem suitable for all types of jewelry.

Important Note: Spinel prices are based on color, clarity, size and, to some degree, on origin. Spinel occurs in a wide range of colors, including red, pink, orange, yellow, green, blue, gray and black. Certain colors are more valuable, especially reds and strong pinks.

Many spinels have a significant gray secondary hue, and these colors are much less valuable. Orange, red and pink spinel from Mahenge - Tanzania continue to have high demand, although mining has slowed down considerably.

4.2 Our Target Market

Currently there is indeed a well-defined market both in Tanzania and abroad. This goes to show that the target market for products from gemstones especially spinels mining companies/small scale miners is far reaching. In view of that, we have conducted our market research and we have ideas of what our target market would be expecting from us. We expect to engage in supply of raw spinels to various DEALERS and BROKERS both LOCAL and INTERNATIONAL available in following areas;

- Minerals merchants
 - Jewelry production and processing companies
 - Electronic components manufacturing companies
 - Art and culture companies **Important:**
- ✓ For International dealers and brokers, we will initially export to some countries including Sri Lanka, Bangkok, Hongkong, China, Germany and United States of America (USA).
 - ✓ For Local dealers and brokers, and as per new government arrangement, selling of spinels will be done through the established Mineral and Gem Houses (minerals buying and trading centers) located in various regions including Arusha, Dar es salaam, Ruvuma (Tunduru), Morogoro (Mahenge), Shinyanga, Geita etc.

4.3 Selling Spinel Abroad/Exporting

In spite that Ruby International Limited having Mining licence, when come to exporting must be certified and issued with Exporting licence to its customers abroad. Royalty for export of mineral refers to the amount of payment made in percentage to the Government by an exporter or dealer of minerals in Tanzania. The Government being the owner of minerals in Tanzania, charges royalty based on two aspects: one is gross value of the minerals to be exported and second the kind or type of minerals to be exported. As PML, we expect that the royalty rates chargeable for exportation of gemstones minerals remained 5% of the gross value of the consignment.

4.4 Our Competitive Advantage

Some of our competitive advantages are availability of resource, ability to forward sell production when appropriate and of course the ability to comply with environmental laws. As a standard and licensed company, we know that gaining a competitive edge requires a detailed analysis of the demographics of the surrounding area and the nature of the existing competitors. And even if you are successful at first, new competitors could enter your market at any time to steal your regular customers. Hence we will not hesitate to adopt successful and workable strategies from our competitors.

Another competitive advantage that we have is the vast experience of our management team; we have people on board who understand how to grow a business from the scratch to becoming a national phenomenon. Our large and robust distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

Lastly, our employees will be well taken care of, and their welfare package will be among the best within our category in the industry, meaning that they will be more than willing to build the business with us and help deliver our set goals and achieve all our aims and objectives. We will also give good working conditions and commissions to freelance sales agents that we will recruit from time to time.

5.0 SALES AND MARKETING STRATEGY

5.1 Sources of Income

Ruby International Limited will generate income by simply selling/supplying the following;

- Spinels internally/locally
- Spinels exporting

Note that, some spinels will be explored direct by a company, others spinels will be purchased from small scale miners to in order to form enough packages for sales.

5.2 Sales Forecast

One thing is certain when it comes to gemstones mining, if your business is strategically positioned and you have good relationship with players in the jewelry manufacturing industry, you will always attract customers cum sales and that will sure translate to increase in revenue generation for the business.

We are well positioned to take on the available market locally and around identified countries abroad and we are quite optimistic that we will meet our set target of generating enough profits from the first year of operation and grow the business and our clientele base.

We have been able to critically examine the spinels ore mining line of business, we have analyzed our chances in the industry and we have been able to come up with the following sales forecast. The sales projections are based on information gathered on the field and some assumptions that are peculiar to startups in the Tanzania.

Below are the sales projections for Ruby International Limited, it is based on the location of our business, expected capital to invest and other factors as it relates to small scale and medium scale spinels mining company startups in Tanzania;

Assumptions to forecast sales

- ✓ Spinels sizes will be 1gram-size for TZS 3 mil/gram and 2grams-size for TZS 5 mil/gram.
- ✓ Expected Sales per month will be 15grams for 1gram-size and 5grams for 2grams-size.
- ✓ Expecting selling price abroad (exporting) will be nearly twice the price in local markets.
 - ✓ Expected sales will increase by 20% p.a
- **Sales for First Fiscal Year:** TZS 840 million (TZS 70 mil per month)

- **Sales for Second Fiscal Year:** TZS 1.008 billion (TZS 84 mil per month)
- **Sales for Third Fiscal Year:** TZS 1.209 billion (TZS 100.8 mil per month)

N.B: This projection was done based on what is obtainable in the industry and with the assumption that there won't be any major economic meltdown and there won't be any major competitor offering same product and customer care services as we do within same location.

Please note that, the above projection might be lower and at the same time it might be higher.

5.3 Marketing and Sales Strategy

Before choosing a location to start Ruby International Limited mining business segment, we conducted thorough market survey and feasibility studies in order for us to penetrate the available market in Tanzania. We have detailed information and data that we were able to utilize to structure our business to compete with other gemstones mining and selling companies. We hired experts who have good understanding of the spinels ore mining line of business to help us develop marketing strategies that will help us achieve our business goal of winning a larger percentage of the available market.

Ruby International Limited will adopt the following sales and marketing approach to sell our raw spinels;

- Introduce our business by sending introductory letters to dealers, brokers and production companies and other stakeholders in and around Tanzania.
- List our business and products on yellow pages' ads (local directories)
- Leverage on the internet to promote our product cum business via our website, social Medias and blogs.
- Engage in direct marketing and sales
- Encourage the use of word of mouth marketing (referrals)

5.4 Our Pricing Strategy

At Ruby International Limited we will keep the prices of our products below the average market rate by keeping our overhead low and by collecting payment in advance from brokers, dealers and well – established jewelry companies that would require constant supply of raw spinels.

Remember, until recently, the highest prices were paid for red spinel from the Mogok region of Burma, particularly for pure reds over 2 carats. But in 2007 some superb pink-red spinels were

discovered in Mahenge, Tanzania. These extraordinary gems have a neon-like glow that is unique in the gems world, and these *Mahenge spinels* are now regarded as the best in the world.

Fine spinels from both Burma and Tanzania are still very affordable in sizes under 1 carat, with prices ranging from TZS 450,000 to TZS 650,000 a carat for good colors. But prices go up exponentially with size. Top reds and pinks typically sell for TZS 750,000 to TZS 1,500,000 a carat in the 1-2 carat-size, but increase dramatically over 2 carats. Top spinels in the 2 to 5 caratsize will often sell for TZS 7 mil to TZS 9 mil a carat. (*Remember, 1gram=5carats*)

5.5 Payment Options

The payment policy adopted by Ruby International Limited is all inclusive because we are quite aware that different customers prefer different payment options as it suits them but at the same time, we will ensure that we abide by the financial rules and regulation of Tanzania.

Here are the payment options that Ruby International Limited will make available to her clients;

- Payment via bank transfer
- Payment via check
- Payment via bank draft
- Payments through cash will not be entertained.

In view of the above, we have chosen banking platforms that will enable our clients make payment for our spinels without any stress on their part. Our bank account numbers will be made available on our website and promotional materials.

6.0 PUBLICITY AND ADVERTISING STRATEGY

Regardless of the fact that 9-Ruby International Limited can favorably compete with other leading spinels ore mining companies and other small scale miners in Tanzania and in any part of the world, we will still go ahead to intensify publicity for all our products and brand.

Ruby International Limited has a long term plan of exporting our product all across the Tanzania and other countries of the world. This is why we will deliberately build our brand to be well accepted.

As a matter of fact, our publicity and advertising strategy is not solely for selling our products but to also effectively communicate our brand. Here are the platforms we intend leveraging on to promote and advertise Ruby International Limited;

- Place adverts on both print (community based newspapers and magazines) and electronic media platforms
- Sponsor relevant community programs
- Leverage on the internet and social media platforms like Instagram, Facebook, Twitter, et al to promote our brand
- Ensure that all our staff members wear our customized clothes, and all our official cars and distribution trucks are customized and well branded.

7.0 FINANCIAL PLAN

7.1 Startup Expenditure (Budget)

From our market survey and feasibility studies, we have been able to come up with a detailed budget of how to achieve our aim of establishing a standard and highly competitive spinels mining company in the Tanzania and here are the key areas where we will spend our startup capital on;

- The cost for acquiring PML fee for 5 plots – **TZS 1.5 mil**
- Legal expenses for obtaining licenses and permits as well as the accounting services (other licenses & permits other than PML) – **TZS 1.5 mil**
- The cost for start-up inventory (spinel ore mining equipments, tools and other related spinel mining devices other except excavator, trucks, blasting) – **TZS 50 mil**
- The cost of acquiring spinels from other miners/dealers for the purpose of forming enough package for sales internally and exporting – **TZS 450 mil for 1st 12 months**
- Marketing, advertising & promotion expenses for the grand launch of Ruby International Limited mining business and continuation in the amount of **TZS 15 mil** and as well as flyer printing (2,000 flyers at TZS 100 per copy) for the total amount of **TZS 15.2 mil**
- The cost for hiring mining business consultant – **TZS 3 mil/month**
- Insurance (general liability, vehicles, and property casualty) coverage at a total premium – **TZS 5.4 mil/year**
- The cost for payment of rent for 4 plots of spinel ore mine – **TZS 2 mil** (Per Annum)
- Other start-up expenses including stationery, phone and internet **TZS 3.6 mil for 1st year**
- Personnel cost for the first 3 months (salaries of employees, payroll statutory et al) – **TZS 45 mil (TZS 15 mil per month)**
- Standby cash as part of working capital **TZS 100 mil**
- Miscellaneous – **TZS 12 mil for 1st year**

We would need an estimate of Two Billion and Five Hundred Million Tanzania shillings (**TZS 1 billion**) to successfully set up a standard and highly competitive spinel mining business in Tanzania with enough acquired/purchased spinels from other dealers/miners.

7.2 Generating Startup Capital for Mining Business

No matter how fantastic your business idea might be, if you don't have the required money to finance the business, the business might not become a reality. Finance is a very important factor when it comes to starting spinels mining business aimed at desired profits.

Ruby International Limited does not intend to welcome any external business partner which is why they decided to restrict the sourcing of startup capital to 2 major sources.

- Generate part of the startup capital from company's personal savings and reserves. □

Apply for loan from the Bank

N.B: We have been able to generate about TZS 1,500,000,000/= (from *Company savings and reserves*) and a plan to obtain a loan facility of TZS 1,000,000,000/= from bank with average lending rate at 20% pa, four (4) years tenure. All the papers, contracts and documents will be signed and submitted upon approval by our board, the company will open an account with bank lender for mining business purpose.

7.3 Cash Flow Projections For Five Years:

(As per 12 months' interval of Mining business)

8.0 RISK FACTORS

Conflicts between small scale miners, sometimes surrounding closed large scale foreign Companies, surrounded by poorly equipped and developed small-scale miners is a source of permanent conflict. The majority of the difficulties relate to the artisanal miners that are trying to attain underground galleries exploited by the Mining Companies in illegally expanding their own galleries by several hundred of meters out of the area defined by their Mineral right. These cases are sometimes going to the Court.

Usually, Mines companies use their own lawyers to support their case. Bettering communication and understanding between both extremes is one of the solutions. This can be done by promoting training and assistance to small-scale miners surrounding the company, proposing basic equipment or materials by the Mining Companies.

The risk of long-term none harvesting of ore minerals/spinels as sometimes harvesting much went hand to hand by Luck. But Ruby International Limited took measure on this by firstly make sure while mining there is mineral detector devices to lead the way and secondly by purchasing from other dealers/miners for the purpose of selling and exporting. This will ensure proper liquidity of the business.

Some health complications may encounter miners due to coal dusts, noises, chemicals, explosions and fires etc. The company will take highly precautions including quality wearing tools for miners to cube the risks.

9.0 SUSTAINABILITY AND EXPANSION STRATEGY

The future of a business lies in the number of loyal customers that they have the capacity and competence of their employees, their investment strategy and their business structure. If all of these factors are missing from a business, then it won't be too long before the business close shop. One of our major goals of starting Ruby International Limited is to build a business that will survive off its own cash flow without the need for injecting finance from external sources once the business is officially running. We know that one of the ways of gaining approval and winning customers over is to supply our raw spinels a little bit cheaper than what is obtainable in the market and we are well prepared to survive on lower profit margin for a while.

Ruby International Limited will make sure that the right foundation, structures and processes are put in place to ensure that our staff welfare is well taken of. Our company's corporate culture is

designed to drive our business to greater heights and training and retraining of our workforce is at the top burner.

As a matter of fact, profit-sharing arrangement will be made available to all our management staff and it will be based on their performance for a period of three years or more. We know that if that is put in place, we will be able to successfully hire and retain the best hands we can get in the industry; they will be more committed to help us build the business of our dreams. Areas for expansion may include:-

- Bulky Exporting
- Processing
- Bulky wholesale purchaser

*******END*******

Appendix

A. Legal compliances under note:

- Application fee for PML USD 100 paid on application
- Annual rents for PML TZS 80,000/hectare paid annually
- Export permit of minerals USD 100 paid on application
- Dealer licence USD 200 paid on application, a non-refundable (As company will also buy spinels from other miners and sell)
- Royalties on gemstone (rough) – 5% of the Gross Value which is paid on local consumption upon delivery.
- Local Levy is charged at 0.3% of annual turnover and is paid to Local Government authority where the mine is located.

B. Application procedures for Primary Mining Licence (PML):-

Step 1. Applicant identifies area of interest.

Step 2. The Applicant completes and submits a Primary Mining License Application Form and supporting documents to the Resident or Zonal Mines Officer.

Step 3. The Resident or Zonal Mines Officer receives Application and issues an Acknowledgement Receipt to the Applicant.

Step 4. The Zonal Mines Officer reviews the Application and issues an Offer, or Rejection Letter.

Step 5. Successful Applicant pays prescribed Preparation Fee.

Step 6. The Zonal Mines Officer Grants a Primary Mining Licence (PML) to the Applicant. Step 7. Before commencing mining operations, PML Holder prepares and submits Environmental Protection Plan (EPP).

Step 8. The Zonal Mines Officer assesses the submitted Environmental Investigation and Social Study Report and EPP.

Step 9. The Zonal Mines Officer approves the EPP.

Step 10. The PML Holder must obtain Entry Permit from land owners/Local Authorities and begins operations.

Supporting documents include: 3 copies each of:

(a) Application Form (MRF 5),

{b} Site plan,

{c} Geographic Coordinates (Arc 1960 datum),

{d} For individual Applicant - passport size photo of Applicant, to be attached on the form,

(e) For a group made up of at least 10 members - passport size photo of each member and a Constitution of the group,

(f) For Co-operative Society - Registration Certificate, Details of Members & Regulations,

- {g} Registered Enterprise/Venture (which has mining listed as part of its core business) – Certificate of Registration,
- (h) Registered Company - Certificate of Incorporation, Company memorandum and articles of association. (which has mining listed as part of its core business).

C. Application for License To Deal In Minerals (Dealer licence)

Step 1. Applicant submits Application to Zonal Mines Officer together with supporting documents.

Step 2. The Zonal Mineral Trade Officer inspects Applicant's business premises.

Step 3. The Zonal Mineral Trade Officer reviews the Application to determine Applicant's capability/suitability to undertake the project.

Step 4. Recommendation to the Zonal Mines Officer by the Zonal Mineral Trade Officer. Step 5. The Zonal Mines Officer grants the Dealer Licence to Applicant, or sends a Rejection Letter.

Supporting documents include: 2 copies each of:

- (a) Certificate of Incorporation,
- (b) Memorandum and Articles of Association,
- (c) Latest Audited Accounts,
- (d) Evidence of Financial Capabilities,
- (e) Estimate of amount of money proposed to be spent,
- (f) Tax Clearance Certificate,
- (g) Particulars of the Applicant's proposal with respect to the employment and training of Tanzanians,
- (h) Curriculum Vitae of key/technical staff,
- (i) Particulars of Machinery and Equipment available for project,
- (j) Particulars of other capital items available for the project,
- (k) Proof of payment of consideration fee

D. Check List/Milestone

- Business Name Availability Check: **Completed**
- Business Registration: **Completed**
- Opening of Corporate Bank Accounts: **Completed**
- Securing Point of Sales (POS) Machines: **Completed**
- Opening Mobile Money Accounts: **Completed**
- Opening Online Payment Platforms: **Completed**
- Application and Obtaining Tax Payer's ID: **Completed**
- Application for business license and permit to operate Spinels ore mines in the United States of America: **In progress**
- Purchase of Insurance for the Business: **In progress**
- Conducting Feasibility Studies: **Completed**
- Generating capital from company savings and reserves: **Completed**
- Applications for Loan from the bank: **In Progress**
- Writing of Business Plan: **Completed**
- Drafting of Employee's Handbook: **In progress**
- Drafting of Contract Documents and other relevant Legal Documents: **In Progress**
- Design of The Company's Logo on miners/workers cloths for branding: **In progress**
- Printing of Promotional Materials: **In Progress**
- Recruitment of employees: **In Progress**
- Purchase of the needed Spinels mining machines and equipment, tools, furniture, racks, shelves, computers, electronic appliances: **In progress**
- Creating Awareness for the business both online and around the community: **In Progress**
- Health and Safety and Fire Safety Arrangement (License): **Secured**
- Launching party planning: **In Progress**
- Establishing business relationship with Jewelry production companies and other stakeholders: **In Progress**
- Purchase of delivery trucks: **Completed**