

FELLOWWELL MINING LIMITED

**BUSINESS PLAN**

**FOR**

**PRODUCTION OF STONE AGGREGATES BUILDING MATERIALS**

## 1.0. EXECUTIVE SUMMARY

### 1.1 Project Concept

The envisaged project will involve production of stones aggregated to be used in construction industry for basic inputs in road construction works, buildings, landscaping, construction of bridges and a host of other civil engineering works. Activities in these areas by governments, corporate entities and individuals are presently at their peak.

Although FELLOWWELL MINING LIMITED is starting out on a small scale, but that will not in any way stop FELLOWWELL MINING LIMITED from maximizing our potential in the stone aggregates production line of business by supplying crushed granite, dimension granite, gravels, and aggregates – stones.

As a business, FELLOWWELL MINING LIMITED is willing to go the extra mile to invest in owning our own world – class and environmentally friendly stone quarry and also to hire efficient and dedicated employees.

With that, the management of FELLOWWELL MINING LIMITED will be able to maximize profits in our business. FELLOWWELL MINING 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.

FELLOWWELL MINING LIMITED management will ensure that we hold ourselves accountable to the highest standards by meeting our customers' needs precisely and completely. We will cultivate a working environment that provides a human, sustainable approach to earning a living, and living in our world, for our partners, employees and for our customers.

## **2.2 OBJECTIVE OF STUDY**

The purpose of this study is to work out the project viability technically and financially of developing and operating a commercial residential apartments project.

## **2.3 OUR PRODUCT AND SERVICES**

FELLOWWELL MINING LIMITED was established with the aim of maximizing profits in the construction cum building

industry such as crushed granite, dimension granite, aggregates – stones, rocks. We want to compete favorably with the leaders in the industry which is why we have put in place a competent team that will ensure that our products are of highest standard.

FELLOWWELL MINING LIMITED will work hard to ensure that our products are accepted in Tanzania region where we intend supplying our products.

## 2.4 OUR VISION STATEMENT

Our vision as a stone quarry company is to engage in national distribution of crushed granite, dimension granite, aggregates – stones, rocks, across major construction sites in the Tanzania.

## 2.5 OUR MISSION STATEMENT

Our mission is to establish a standard and world class – environmentally friendly stone aggregates production company that in our own capacity will favorably compete with leaders in the industry on the global stage. We want to build a stone crushing company that will be listed amongst the top 5 stone quarry company brands in Nigeria and Africa in general.

## 2.6 THE COMPANY

FELLOWWELL MINING LIMITED is a company incorporated in Tanzania with Certificate of Incorporation No. 184768321 issued on 9<sup>th</sup> May, 2025.

The company decided to venture into Stone aggregates production after realizing that Tanzania is endowed with abundant mineral resources. However, not much has been done with regards to exploration and exploitation of these solid minerals.

It is therefore, envisaged that with the New Economic Reforms and increase of constructions activities in Tanzania, it is expected that the demand shall be more than the production. We are with the opinion that the benefits derivable due to establishment of this venture shall be enormous considering the economic empowerment of industrial development within the Mining Sector.

## 2.7 THE PROJECT

The project is to be engaged in the Stone aggregates production for local consumption. The plant is expected to

operate 6 days a week. The major raw material is Stone Hardcore, which is all year-round product. During the peak period (rainy season) from April to September the climate and weather, conditions are favorable to ensure that supply is surplus of demand.

The prices are lower and it is therefore a good period to stock pile raw material to keep production at optimal capacity during off-season (dry season). The project shall engage experienced technicians, mining/geological engineers and skilled work force who will make sure that high quality and right sizes of aggregates are produced and sold to the end users.

The market for the product is diverse. The project was conceptualized with the following key factors in mind

The project promoters are confident of mobilizing financial resources through owners' equity and loan from financial institutions

## 2.8 LOCATION

The project will be located at an surveyed area of **Pongwe msungura, Chalinze, Bagamoyo, Coast Region.**

## 2.9 The Sponsors

FELLOWWELL MINING LIMITED is being sponsoring this project. The Company is jointly owned by two shareholders

Name of shareholders	% Ownership	Nationality
LIN HANGUANG PO BOX 5330 DAR ES SALAAM	800	China
LIN JIANGUANG PO BOX 5330 DAR ES SALAAM	150	China
CHEN LONG PO BOX 5330 DAR ES SALAAM	25	China
HUANG WEIQIANG PO BOX 5330 DAR ES SALAAM	25	China

## 2.0 TANZANIA'S CONSTRUCTION INDUSTRY SET FOR CONTINUED GROWTH

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TANZANIA's construction sector is on a strong upward trajectory, and experts predict it will maintain that momentum well into the next decade, according to a new report by ResearchAndMarkets.com.

The report shows that the construction market in Tanzania is forecast to grow by an impressive 7 percent in 2025, reaching a total value of approximately 29.26trn/-.

This marks a significant milestone in a period of robust growth, with the sector achieving a compound annual growth rate (CAGR) of 10.1 percent between 2020 and 2024.

The construction industry has experienced steady progress in recent years, driven by several key factors, including increased urbanization, rising infrastructure development, and the government's focus on improving the nation's transport, energy, and housing sectors.

As the market continues to expand, its growth prospects remain strong, with a forecasted CAGR of 6.7 percent from 2025 to 2029. By 2029, the industry is projected to

reach approximately 40.44trn/-, a considerable jump from the 2024 value of 27.34trn/-.

The demand for both affordable housing and high-end residential projects has been increasing, particularly in major cities like Dar es Salaam.

In addition, Tanzania's commercial construction sector is seeing significant investments in office buildings, retail spaces, hospitality developments, and restaurants. Commercial construction projects are expected to continue to grow, driven by the need for improved infrastructure to support the country's expanding economy.

Green building and sustainability also takes centre stage in Tanzania's construction boom, with green building practices gaining traction across residential, commercial, and industrial sectors.

The report highlights a significant growth in the demand for green building construction, with a 10-year forecast showing promising growth in both value and volume.

These sustainable projects, which include energy-efficient buildings and eco-friendly materials, are expected to become a key feature of Tanzania's urban landscape as the country embraces global environmental trends.

Infrastructure development is another critical driver of growth in Tanzania's construction market. The Tanzanian government has been heavily investing in infrastructure, with key projects in transportation, energy, and utilities. Construction in transportation infrastructure, including highways, bridges, railways, and airports, is expected to see strong growth as Tanzania continues to modernize its logistics network to support the burgeoning economy.

The report also underscores the importance of marine, water, and sewer systems, all of which will play a crucial role in supporting the nation's expanding population and urbanization efforts. These developments will significantly improve the living standards of Tanzanians, boost employment opportunities, and stimulate further economic growth.

The newly released databook provides a thorough analysis of the Tanzanian construction market, offering

over 100 Key Performance Indicators (KPIs) covering market dynamics, construction costs, and growth opportunities. This detailed report will be an invaluable resource for stakeholders aiming to make informed decisions in the growing market.

With a focus on both volume and value data, the report provides clear insights into construction cost structures, including material and labour costs, as well as city-level trends for major regions in Tanzania. The data also covers over 40 market segments, ensuring that investors and developers can strategically align their business plans with market demands.

The Tanzanian construction market is undeniably on a path to continued growth, fuelled by government investment, urbanization, and rising demand across residential, commercial, and infrastructure projects. As the country progresses toward becoming a regional economic hub, the construction sector will remain a key pillar in driving Tanzania's development forward

## **2.1 CONSTRUCTION AGGREGATES MARKET OVERVIEW**

The Tanzania Construction Aggregates Market is vital for infrastructure development, encompassing materials like crushed stone, sand, gravel, and cement. Growth is driven by urbanization, government investments in public infrastructure projects, and expansion in residential and commercial construction activities. Sustainable mining practices and quality control remain crucial for meeting construction standards and environmental regulations.

## **2.2 DRIVERS OF THE MARKET**

The Tanzania Construction Aggregates Market is driven by infrastructure development projects, urbanization, and the construction of residential and commercial buildings. Aggregates such as sand, gravel, and crushed stone are essential materials in concrete production and road construction. Key drivers include government investments in infrastructure, population growth leading to increased housing demand, and ongoing urban renewal projects.

## **3.0 Project Management and Manpower requirements**

The project will be under a competent management of **FELLOWWELL MINING LIMITED** comprising 15 employees

The estate management company will be answerable to the holding company's Board of Directors for operational and policy decisions.

#### 4.0 **Market Strategy**

According to expert, personal selling is the most effective method for because the customers and institutions. In order to reduce sunk costs, the project will use marketing agents who will be paid commissions on successful deals. Marketing in all types of media and publicity will support and enhance personal selling

The project will use internet for advertising to potential customers in the world.

#### 4.1 **PRICING**

The pricing policy for the project will be based on the service cost and competition levels considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals

The average gravel and crushed stone import price stood at \$250 per ton production capacity of 100 tons per day

## 5.0 PROJECT INVESTMENT COST

The estimated capital investment cost of the project is U  
US \$ 2,635,000

### FELLOWWELL MINING LIMITED COST STRUCTURE US \$

Land and Buildings	300,000
Machinery & Equipment	1,000,000
Motor Vehicles	200,000
Furniture & Fixtures	5,000
Pre exp	20,000
Others	410,000
Working Capital	700,000
<b>TOTAL</b>	<b>2,635,000</b>

## 5.1 FINANCING PATTERN

The project will be financed by equity by US\$ 1,690,000  
and loan US\$1,500,000

## 5.2 PROJECT OPERATING COSTS

In order to realize its intended objective, the project will  
have to meet operating costs which will constitute 5% of  
total revenue.

### **5.3 Aspect of Project Sustainability**

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing of Tanzania economy and increase of economic activities in Dar es Salaam City gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

### **5.4 Monitoring and Evaluation**

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

### **5.5 Projected Risks**

This is a real estate investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs, the project is more likely to prosper very fast for a very long period.

## **6.0 Financial Analysis**

## **6.1 Considerations and Assumptions:**

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the hospitality industry.

## **6.2 Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US \$ 217,630 in first year to US \$ 3,638,592 in the 10<sup>th</sup> year.

## **6.3 Projected Cash Flows**

This is shown in the financial statements. The project has a positive end of year cash flow from 1<sup>st</sup> year projected to be US\$ 403,230 to the US \$ 4,594,592 in 10<sup>th</sup> year.

#### 6.4 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholder's equity increases from US\$1,690,000 in the first year of operation to US \$ 5,188,592 in the 10<sup>th</sup> year.

#### 6.5 Projected payback period

Total investment is US \$ 3,190,000 cash accumulation in 9<sup>th</sup> year is US\$ 4,052,379 which is more than the initial investment, the project payback Period is exactly 9 years, only

#### 7.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of the prime site at Oysterbay which is located within 4km from city center
- The project will increase number of quality accommodation in Dar es Salaam
- The project will create employment for 15 people on permanent contract basis as well as on temporary basis.

- It will create more business opportunities to local suppliers.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will transfer of knowledge and skills to other real estate developer in the country as far as developing and managing real estate

## 8.0 Implementation

Project implementation is expected to be relatively very short once project has been approved it is estimated that the project will be implemented as followings: -

S/N	Activity	Period
1	Processing TIC Certificate of Incentive	June 2025
2	Construction	October 2025 – December 2028
3	Procurement furniture and other facilities	January-March 2029
4	Recruitment	March-April 2029
5	In house training	May- June 2029
6	Commercial operations	July 2029

## 9.0 Conclusion and Recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2022.

## FELLOWWELL MINING LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

	1	2	3	4	5
Revenue (Food & drinks)	5,000,000	5,250,000	5,512,500	5,788,125	6,077,531
<b>Operating Expenses:</b>	4,000,000	4,200,000	4,410,000	4,630,500	4,862,025
<b>Profit before Depreciation &amp;Interest</b>	<b>1,000,000</b>	<b>1,050,000</b>	<b>1,102,500</b>	<b>1,157,625</b>	<b>1,215,506</b>
<b>Interest</b>	-	-	-	-	-
<b>Depreciation</b>	36,500	36,500	36,500	36,500	36,500
<b>Gross Profit</b>	<b>963,500</b>	<b>1,013,500</b>	<b>1,066,000</b>	<b>1,121,125</b>	<b>1,179,006</b>
Tax (30%)	289,050	304,050	319,800	336,338	353,702
<b>Profit After Tax</b>	<b>674,450</b>	<b>709,450</b>	<b>746,200</b>	<b>784,788</b>	<b>825,304</b>
Accumulated Profit	674,450	1,383,900	2,130,100	2,914,888	3,740,192

## APPENDIX II

## FELLOWWELL MINING LIMITED PROJECTED CASH FLOWS US\$

	-	1	2	3	4	5
<b>SOURCES:</b>		1	2	3	4	5
Profit before interest and depreciation	-	1,000,000	1,050,000	1,102,500	1,157,625	1,215,506
Equity	2,635,000					
Loan	0					
<b>Total Sources</b>	<b>2,635,000</b>	<b>1,000,000</b>	<b>1,050,000</b>	<b>1,102,500</b>	<b>1,157,625</b>	<b>1,215,506</b>
<b>Applications:</b>						
Capital expenditure	1,505,000	-	-	-	-	-
working Capital &Others	1,130,000					
Cash	-	710,950	745,950	782,700	821,288	861,804
Tax	-	289,050	304,050	319,800	336,338	353,702
<b>Sub total</b>	<b>2,635,000</b>	<b>1,000,000</b>	<b>1,050,000</b>	<b>1,102,500</b>	<b>1,157,625</b>	<b>1,215,506</b>
<b>Total applications</b>	<b>2,635,000</b>	<b>1,000,000</b>	<b>1,050,000</b>	<b>1,102,500</b>	<b>1,157,625</b>	<b>1,215,506</b>
Accumulated cash		929,700	1,675,650	2,458,350	3,279,638	4,141,442

## APPENDIX III

## FELLOWWELL MINING LIMITED PROJECTED BALANCE SHEET US\$

<b>Fixed Assets</b>		1	2	3	4	5
Opening balance	-	1,505,000	1,468,500	1,432,000	1,395,500	1,359,000
Additions	-					
<b>Total Long-term Assets</b>	-	1,505,000	1,468,500	1,432,000	1,395,500	1,359,000
<b>Less depreciation</b>	-	36,500	36,500	36,500	36,500	36,500
<b>Closing balance</b>	-	1,468,500	1,432,000	1,395,500	1,359,000	1,322,500
Working capital	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000
Accumulated cash	-	929,700	1,675,650	2,458,350	3,279,638	4,141,442
<b>Total assets</b>	<b>1,130,000</b>	<b>3,528,200</b>	<b>4,237,650</b>	<b>4,983,850</b>	<b>5,768,638</b>	<b>6,593,942</b>
Financed by						
Equity	2,635,000	2,635,000	2,635,000	2,635,000	2,635,000	2,635,000
Accumulated profit	-	674,450	1,383,900	2,130,100	2,914,888	3,740,192
Total equity	2,635,000	3,309,450	4,018,900	4,765,100	5,549,888	6,375,192
Long term loan	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-
<b>Total debts</b>	-	-	-	-	-	-
<b>Total equity and debts</b>	<b>2,635,000</b>	<b>3,309,450</b>	<b>4,018,900</b>	<b>4,765,100</b>	<b>5,549,888</b>	<b>6,375,192</b>

## FELLOWWELL MINING LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5
Land And Buildings	300,000	294,000	288,000	282,000	276,000
Machinery, Tools & Equipment	1,000,000	990,000	980,000	970,000	960,000
Motor Vehicles	200,000	180,000	160,000	140,000	120,000
Furniture & Fixtures	5,000	4,500	4,000	3,500	3,000
<b>Total</b>	<b>1,505,000</b>	<b>1,468,500</b>	<b>1,432,000</b>	<b>1,395,500</b>	<b>1,359,000</b>
<b>DEPRECIATION</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Land and buildings	6,000	6,000.00	6,000.00	6,000.00	6,000.00
Machinery tools & Equipment	10,000	10,000.00	10,000.00	10,000.00	10,000.00
Motor Vehicles	20,000	20,000	20,000	20,000	20,000
Furniture & Fixtures	500	500.00	500.00	500.00	500.00
<b>ANNUAL DEPRECIATION</b>	<b>36,500</b>	<b>36,500</b>	<b>36,500</b>	<b>36,500</b>	<b>36,500</b>

