

ELVES GRAPHITE TANZANIA LIMITED

**BUSINESS PLAN
FOR**

ESTABLISHMENT

OF

**GRAPHITE MINING PROCESSING AND
EXPORTING**

ELVES GRAPHITE TANZANIA LIMITED
SETTING UP FACILITIES FOR OPERATING, PROCESSING

AND EXPORTING

1. INVESTMENT PLAN

The Business Plan was prepared by ELVES GRAPHITE TANZANIA LIMITED for setting up a mineral processing plant project to recover Graphite.

the investment proposal was prepared to show clearly an analysis of the financial, human resource, technical and other resources required for the project and also assess its economic viability and commercial viability in order to allocate funds for the mineral processing for the flotation, electrostatic separation, gravity separation, workshop equipment etc.

The TIC certificate will enable the project to qualify for duty exemption Deemed capital Goods and VAT Deferment on Capital Goods. the Deemed Capital Goods such as importation of heavy machines handling equipment, generators, transformer etc and enjoy services under one stop shop at Tanzania Investment Centre services under one stop shop such as approvals, license and permits such as residence and work permits, Business License, protection of investment, arbitration and transfer of foreign currency etc.

2. COMPANY BACKGROUND

ELVES GRAPHITE TANZANIA LIMITED is a private company based in Lindi, was incorporated on Tanzania by Registrar of Companies under company ordinance on 14 day of July 2020 with certificate of incorporation No; 152668201. The company has been incorporated with a major objective of establishing and operating a project of graphite mineral processing.

Meanwhile the company is on the final stages in discussion with Grafica Resources company Limited which have discovered huge deposits of Graphite ore of about 8,000,000 tones of GTC reserve, to enter into agreement to sell its Graphite ore to ELVES company. This reserve can be mined for 40 years by producing 500 tones per month of which is our target.

Currently the company intends to import facilities for processing machinery such as flotation system, electrostatic separation system, and workshop equipment etc.

The company has already leased its main office at Da re salaam, and the construction site for the factory will be at Namapwia village at Rwangwa which is one of the company's license area.

The processing layout will be as follows ;

The main purpose of the proposed project is to undertake the business to correspond with the clients of graphite products especially in this competitive market. The quality of company business will guarantee clients satisfaction in proposed programme.

Graphite mineral is becoming the most needed mineral as it is the major component in vehicle battery manufacturing. There is a very high demand for such commodity in all around the world. ELVES GRAPHITE TANZANIA LIMITED will be one of the only few major graphite producing company in the world. It is on the basis of the above reasons the management resolved to invest in establishing and operating a project for the graphite process business. In setting up the facility, the intended project will export processed graphite to different countries.

Hence the establishment programme of three years in setting up facilities for the project is estimated to be USD 5,500,000 and above. The estimated capital investment cost of USD 5,500,000 will be on trucks, tractors, pickups, hardtop, fork lift, trailers, forklifts, crane, reachstacker, communication equipment, workshop equipment, generators etc.

3. TARGETED MARKET

There is very high Demand for the graphite as the whole world has opted to switch from using the gasoline into using battery. Following the call of making the world a better place by avoiding or stopping air pollution. The ready market for all graphite from ELVES company so far is in South Korea and Japan.

ECONOMIC GROWTH

The economic growth influenced such movement of goods especially industries and businessmen as the demand is growing day by day for the increased imported goods, transit and transshipment of containers to landlocked countries and other countries to be exported to.

LANDLOCKED COUNTRIES

Land locked countries need cargo services to transport mineral materials and containers from Lindi to their places which do not have ports. And the market is growing day by day due to the growth of business, industries etc.

The market survey conducted by the company has noticed that there is high demand for the graphite mining project business in Tanzania as well as land locked countries which do not have the ports to receive the imported or exported cargo. They get their containers of imported goods through Dar es Salaam Port.

Quality, production cost, transportation costs efficient and good will are the factors which will make the mining project to win the competitive market. There are few companies which can compete with the company services due to efficient, goodwill promptness and having new fleet of vehicles.

ELVES GRAPHITE TANZANIA LIMITED intends to maximise the project production up to 800 tones per day. The project promoter is a well established business person who is to carry out various businesses majoring in Graphite processing and exporting. Having seen the opportunity of exercising in this business the directors are now prepared to establish a processing project.

4. CARGO TRANSPORTATION FACILITIES:

- Fleet of trucks, tractors, Tipper
- Supporting vehicles such as hardtops and pick ups,
- Cargo handling equipment; forklift, reach stackers, cranes

- Communication equipment; Radio calls, Base station, GPS, car tracking systems.
- workshop equipment, generators.
- etc

5. THE COMPANYS OBJECTIVES

ELVES GRAPHITE TANZANIA LIMITED is to invest in graphite processing business in Tanzania Mainland.

The mission of proposed project is basically aimed at graphite processing business whereby obtaining and maintaining highest quality possible, producing at the optimum level marketing or promoting the products

6. PLAN OR PROSPECTS

- Smooth running of the graphite process business.
- For efficient and effectiveness in operation and increase of the project business to neighboring landlocked countries and hence resulting foreign earnings in addition to the prevailing local market.
- To increase more facilities for the project i.e work machines with introduction of new technology.
- To increase the volume of the project or capacity of the project to be processed in the mining every year.

the investment proposal was prepared to show clearly an analysis of the financial, human, technical and other resources required for the project and also assess its economic viability and commercial viability in order to allocate funds for the mining and processing project especially in exporting of the graphite materials.

The document has been prepared to serve as a business plan for ELVES GRAPHITE TANZANIA LIMITED for the operator project specializing in mineral processing. The implementation of the project will comprise of the following activities:

- Construction of buildings with enough space.
- The construction of a modern office and residential houses
- Purchasing CCTV and communication equipment.
- Equipping the company with relevant facilities like water electricity etc.
- The purchasing of plant machinery.

The proposed project is estimated to cost about TZS 1,500,000,000. The project sponsors will provide full funding amounting TZS 1,000,000,000 in terms of equity contribution while the rest TZS 500, 000, 000 will be re investment of cash generated from operations.

7. THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 2 shareholders, namely;

Name	Shares%	Nationality
JAE JIN LEE	50	SOUTH KOREAN
CHUNSUB KIM	50	SOUTH KOREAN

8. LOCATION:

The project head quarter will be In Lindi, plot AAA floor Shaban Robert road. The operation of a mineral processing plant located in Kilwa, Lindi Rural and Ruangwa District. Postal Address P.O.BOX 11120 Lindi

9. COMPANYS IMPLEMENTATION SCHEDULE

9.1 NOVEMBER- 2022

- (a) Preparing feasibility study for the land space and the project area at Ruangwa Namapwia village
- (b) Registration of the project with Tanzania Investment Centre i.e Application for the Certificate of Incentives.
- (c) getting the Certificate of Incentives.

9.2 DECEMBER-2022

- (a) Application for import Duty exemption on trucks, tractors, lorries, supporting vehicles, workshop equipment, communication equipment, cargo lifting equipment after being awarded certificate of incentives in the establishment programme.
- (b) Importing of cargo lifting equipment, generators, transformers ball mill, flotation machine etc.

9.3 JANUARY-2023

- (a) Recruiting new employees, mechanics and other administration staff.
- (b) Construction of the factory, warehouse, and other necessary buildings.
- (c) Fully commencement of the project and the mining process.

10. CAPITAL INVESTMENT COST

Land and Building	USD \$ 500,000
Plant and Machinery	USD \$ 250,000
Vehicles	USD \$ 250, 000
Furniture and Fittings	USD \$ -
Pre- expenses	USD \$ 100,000
Other expenses	USD \$ 100,000
<u>Working Capital</u>	<u>USD \$ 100,000</u>
TOTAL CAPITAL	USD \$ 1,300,000

The intended project is to be implemented within 2 years. The company promoters (shareholders) have resolved to register the project with Tanzania Investment Center (TIC) and securing the certificate of incentives.

11. FINANCIAL PLAN (SOURCE OF FUNDS)

ELVES GRAPHITE TANZANIA LIMITED has firmed up finances for the implementation programme by its fund and Loan.

Own fund (equity)	USD \$ 8,000,000
Local loan	<u>USD \$ 5,000,000</u>
TOTAL	USD \$ 1,300,000

12. GRAPHITE PROJECT PROCESS REQUIREMENTS

- (i) Graphite Floatation system
- (ii) Thickeners
- (iii) Weigh bridge, Generators, Transformers
- (iv) Electric driers
- (v) Forklift.
- (vi) Mobile workshop, Tool boxes
- (vii) GPS AND car Tracking system
- (viii) Ball mills
- (ix) Motor rollers
- (x) Electric generators
- (xi) Mineral analyzers

13. SUBMISSION

ELVES GRAPHITE TANZANIA LIMITED submits the investment proposal and application to the Tanzania Investment Centre (TIC) for registration and award of certificate of Incentives for the commencement of the processing project.

The project will soon commence after the company is registered by Tanzania Investment Centre and being issued the Certificate of Incentives. Thereafter the company will import the project facilities such as flotation machine, ball mill, thickner system, dryer, heavy duty machines, cargo handling equipment, generators, transformer, Certificate of Incentives will enable the project to qualify for Duty exemptions on Capital and Deemed Capital Goods etc.

14. ECONOMIC GROWTH

The current economic growth which had been registered in Tanzania, as the result of investment, business, mining have attracted more investments as well as processing and business in the Tanzania such as the intended mineral processing project. The economic

growth influenced such movement of goods especially industries and business as the demand is growing day by day for the increased production.

15. COMPETITION OR MARKET

Despite there being numbers of mining and processing of graphite in Tanzania, still the commodity is not enough compared to the level of demand.

However, the intended project will provide trustworthy, efficient and quality services to dominate the local and export market because the project ensure high quality, promptness and goodwill.

16. ADVERTISEMENT

Advertisement which forms part of the marketing strategy, will be embarked upon in the newspapers, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

17. BUSINESS STRATEGY

In order to meet the current demand and high productivity the management of the company will develop and implement additional strategies which will capture markets.

- (i) Technology and quality fleet of vehicles.
- (ii) Advertisement and Promotion,
- (iii) Employing qualified and experienced operators,
- (iv) On job training,
- (v) Business Discipline.

18. ENVIRONMENTAL ISSUE

The mineral processing project business and the whole project implementation is environmental friendly. The workshop activities of services will not cause any harm to people.

19. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. JAE JIN LEE and CHUNSUB KIM are the shareholders of the company They are well versed in distribution of the business.

20. MANPOWER AND TRANSFER OF TECHNOLOGY

ELVES GRAPHITE TANZANIA LIMITED being the mineral processing in its commencement will usher in the technology by using modern workshop activities. The advantages to the country

are quite significant, and will get the advantage of value addition due to such incoming technology.

The proposed project will cause more people to be employed in as operators, labouratoyr technicians, different types of personnels, security guards accountant, logistic manager and about 100 local people and 2 foreigners will increase their income, improve their social welfare and pay taxes; it is poverty alleviation programme to them.

local employees will get on job training in a long run will improve the technical competence in the project.

21. CONCLUSION AND RECOMMENDATION

The financial evaluation of the project done so far indicates that this project will be profitable both economically and financially viable venture. There are many other benefits directs and indirect of this project.

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines.

Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the implementation of the project so that the project will operate and enjoy tax exemption on capital and deemed goods and increase its production capacity.

22. FINANCIAL AND ECONOMIC ANALYSIS

22.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 250,000 this operating year. The profit amount is expected to steadily rise to USD \$ 260, 000 in year two, USD \$270,000 in year three and USD \$280,000 in year four.

22.2 Projected cash flows

The projected cash flows for the next five years indicate that the company will have enough funds to service and repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

23.3 Proposed Balanced Sheet

The projected balance sheet shows healthy financial situation. Short term liabilities are all times covered by fixed assets. Also current liabilities are adequately covered by current assets.

23. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of ELVES GRAPHITE TANZANIA LIMITED.

23.1 Effect of cost increase on profitability (on the basis of year II ELVES GRAPHITE TANZANIA LIMITED. INCOME in “.....” USD \$)

INCOME	COSTS	INCREASE	PROFIT BEFORE DEPRECIATION
760,000	500,000	%	260,000
760,000	525,000	5%	235,000
760,000	550,000	10%	210,000

23.2 Effect of ELVES GRAPHITE TANZANIA LIMITED. INCOME decrease/ drop on profitability (on the basis of year II costs in “.....” USD \$)

INCOME	INCOME DECREASE	COST	PROFIT BEFORE DEPRECIATION
760,000	%	500,000	260,000
722,000	5%	500,000	222,000
684,000	10%	500,000	184,000

The viability/ profitability of the company operations appears more sensitive to sale income/revenue than increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

Appendix 1**ELVES GRAPHITE TANZANIA LIMITED
PROJECTED INCOME STATEMENT****(Fig. USD \$ '000')**

INCOME	1st year	2nd year	3rd year	4th year	5th year
Sales Income	720.0	760.0	800.0	850.0	900.0
Total Income	720.0	760.0	800.0	850.0	900.0
Utilities	150.0	150.0	150.0	150.0	150.0
Salaries and wages	80.0	85.0	90.0	100.0	110.0
Transportation/fuel	100.0	105.0	110.0	120.0	130.0
Administrative					
Expenses	100.0	110.0	120.0	130.0	140.0
Other Expenses	40.0	50.0	60.0	70.0	80.0
Total Expenditure	470.0	500.0	530.0	570.0	610.0
Net Profit (pre tax and depreciation)	250.0	260.0	270.0	280.0	290.0

Appendix II

**ELVES GRAPHITE TANZANIA LIMITED
PROJECTED CASHFLOW STATEMENT**

(Fig. USD \$ '000')

YEAR	1	11	111	1V	V	TOTAL
Cash inflow						
Income from operation	250.0	260.0	270.0	280.0	290.0	1350.0
	250.0	260.0	270.0	280.0	290.0	1350.0
Cash outflow						
Interest payments	50.0	45.0	40.0	35.0	30.0	200.0
Loan re-payment	50.0	50.0	50.0	50.0	50.0	250.0
Wear and tear	10.0	12.0	14.0	16.0	18.0	70.0
Taxes	10.0	10.0	10.0	10.0	10.0	50.0
	120.0	117.0	114.0	111.0	108.0	570.0
Surplus cash generated	130.0	143.0	156.0	169.0	182.0	780.0

Appendix III**ELVES GRAPHITE TANZANIA LIMITED
PROJECTED LONG TERM LOAN REPAYMENT****(Fig. in USD \$'000')**

YEAR	PRINCIPAL	INTEREST	TOTAL	AMOUNT
0				500.0
I	50.0	50.0	100.0	450.0
II	50.0	45.0	95.0	400.0
III	50.0	40.0	90.0	350.0
IV	50.0	35.0	85.0	300.0
V	50.0	30.0	80.0	250.0
VI	50.0	25.0	75.0	200.0
VII	50.0	20.0	70.0	150.0
VIII	50.0	15.0	65.0	100.0
IX	50.0	10.0	60.0	50.0
X	50.0	5	55.0	00.0

Appendix IV

ELVES GRAPHITE TANZANIA LIMITED
PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

NO.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	SOURCE OF FUNDS					
1.	Shareholders funds	100.0	150.0	200.0	250.0	350.0
2.	Long Term Loan	100.0	95.0	90.0	85.0	80.0
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current liabilities	200.0	250.0	300.0	350.0	400.0
		500.0	595.0	690.0	785.0	930.0
	Application of funds					
1.	Fixed Assets	300.0	300.0	300.0	300.0	300.0
2.	Current Assets	200.0	295.0	390.0	485.0	630.0
		500.0	595.0	690.0	785.0	930.0