

PACIDIAN OCEAN MINERALS LIMITED

BUSINESS PLAN

FOR

QUARTZ MINING AND MINERALS PROCESSING

**AT CHALINZE,
PWANI REGION**

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PART I: GENERAL PROJECT INFORMATION

1.1 PREAMBLE

This study covers the business plan of quartz mining and minerals processing by PACIDIAN OCEAN MINERALS LIMITED at Dar es Salaam. The activities will be geared towards mining purposes. This report is for obtaining a certificate of incentives from Tanzania Investment center.

1.2 THE PROJECT PROMOTERS

The project is being promoted by **PACIDIAN OCEAN MINERALS LIMITED**; a limited liability company incorporated under the laws of Tanzania whose shareholders are as follow;

S/N	NAME OF SHAREHOLDERS	PERCENTAGE OF OWNERSHIP	NATIONALITY
1	YUAN BI	41	CHINESE

2	RASHID JAKAYA KIKWETE	39	TANZANIAN
3	YUE YIN	10	CHINESE
4	AMINI MUSSA AHMED	5	TANZANIAN
5	MZEE KHALIFANI KIWAMBA	5	TANZANIAN

1.3 LOCATION

The manufacturing plant will be set up and installed at Pwani Region.

1.4 THE PROJECT JUSTIFICATION

Quarrying and processing of Quartz is not very cumbersome unlike other stone materials. Generally, with simple machines, it can be excavated and can be crushed to required size and specification, at specialized stone crushers. In some cases, even the sized stones are cut to the required size, for usage in stone masonry works.

The actual block splitting from the sheet rocks or boulders is mainly done manually or in some cases by semi- mechanized methods, whereas the other operations, such as removal of overburden, lifting and transporting of cut blocks, etc. are carried out by mechanized method. Depending on the hardness of the rock, required production levels etc., controlled blasting by authorized blasting agencies, will

be carried-out.

Quartz is a hard, crystalline mineral composed of silicon and oxygen atoms. The atoms are linked in a continuous framework of SiO₄ silicon– oxygen tetrahedral, with each oxygen being shared between two tetrahedral, giving an overall chemical formula of SiO₂. Quartz is an important mineral with numerous uses.

Sand, which is composed of tiny Quartz pebbles, is the primary ingredient for the manufacture of glass. Transparent Rock Crystal has many electronic uses; it is used as oscillators in radios, watches, and pressure gauges, and in the study of optics.

Quartz is also used as an abrasive for sandblasting, grinding glass, and cutting soft stones. It is also essential in the computer industry, as the important silicon semiconductors are made from Quartz. In addition to all the practical uses, Quartz is essential to the gem trade.

1.5 PROPOSED DEVELOPMENT

The proposed development shall consist of a mine site plant, distribution hub, administration block, warehouses, sales points, providing a gross floor area of approximately 10,000m² estimated at **USD 3,300,000.00**.

1.6 REVENUE

Following an assessment of the market, the anticipated sale of the minerals is expected to be **USD 3,060,000** for the first year and would increase to **USD 3,400,000** during the 2nd and **5,100,000** during the 3rd year.

Table 1.0

Showing the Estimated Revenue from PACIDIAN OCEAN MINERALS LIMITED

	No. of consignments sold per product (In tons)	Sales prices (USD per tons)	Gross Sales (USD)
Year 1	Quartz 90,000	34	3,060,000
Year 2	Quartz 100,000	34	3,400,000
Year 3	Quartz 150,000	34	5,100,000

2.0 THE MARKET

Current Market of Quartz

There is a good demand of quartz in manufacturing industries of glass, scintillators in radios, watches, and pressure gauges, and in the study of optics. Quartz is also used as an abrasive for sandblasting, grinding glass, and cutting soft stones. It is also essential in the computer industry, as the important silicon semiconductors are made from Quartz.

2.1. RISK FACTORS FACING THE PROJECT

There is always an element of risk in any investment. It is therefore important to identify the risk and consider measures for their mitigation. Risks to the project have been identified as follows:

2.2. COMPETITION

Competition is the key factor facing the project. The management team together with the various consultants have taken this on board and come up with a highly quality picked quartz.

Another area where the competition can be beaten is by delivering the best quality products to compete with the imported products and always ensure constant and continuous supply

of products.

2.3. COST OVERRUNS

The consultant team has rigorously gone through the market, production requirements, machinery, specifications, legal compliance, so as to ensure that it is comprehensive so as to eliminate/minimize any variations. Furthermore, value management shall be carried out throughout the mining process to forestall any cost overruns.

2.4. INCREASE IN PRICE OF MATERIALS AND DELAYS DUE TO COVID RESTRICTIONS

The directors and shareholders are aware of the risk of fluctuation of prices and together with the consultants and where possible the Company shall be encouraged to make arrangements so as to minimize abrupt changes in pricing of the products.

3.0. Table 3.0

Showing the SWOT ANALYSIS

STRENGTH	WEAKNESS
<ul style="list-style-type: none">• Experienced Shareholders of the Company• Experienced Consultant team• Shareholders Commitment for the project to take off• Encouraging regional and inter region legal framework	<ul style="list-style-type: none">• Potential increase of prices due to global economic changes• Competition from counterparts
OPPORTUNITY	THREATS

<ul style="list-style-type: none"> • Increase in sale in the Eastern and Southern Region (export market) • High demand in export market • Friendly investment policy 	<ul style="list-style-type: none"> • we are a new cooking oil production company and we don't have the financial capacity to engage in the kind of publicity that we intend giving the business. • Competition from other companies and importers
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3.0 TECHNICAL INFORMATION

3.1. OBJECTIVES OF THE DEVELOPMENT

The objectives for the development are as follows:

- To provide a framework to set up of quartz mines and distribution hub from which the Company expects to receive return on investment.

3.2. THE CONSULTANCY TEAM

The Management has selected a team that it believes shall be able to produce best quartz and quartz products that are safe and of high-quality fit for consumers.

3.3. WORK PROGRAMME

Financial charges must be paid from the day money is borrowed, and yet cannot be repaid until the sales made. The relative timing of expenditure and revenue will have an impact on the project, it is therefore imperative that the project is completed within a short and reasonable time frame, say a maximum of 1 (one) year. The Company has already identified a production team that shall be committed to completing the production within the set time frames.

4. MARKETING AND SALES

The management understands that for success of the investment, they should embark on marketing and right from the conception stage the company has engaged a team of professionals to ensure that strategies are put in place right from the outset.

The company uses a modern approach of multi-selling in collaboration with other reputable key agencies to ensure maximum exposure and onward sales of its products.

4.1. THE MARKETING PROPOSAL

The marketing strategies that shall be put in place for **PACIDIAN OCEAN MINERALS LIMITED** will aim at attaining maximum exposure and onward sales at the optimal price so as to maximize on the return on investment. The marketing shall commence right from the conceptual stage of the manufacturing.

i. Identification of the Target Market

Identifying and listing the target market, followed by products group to cater for the identified groups.

ii. Putting in place competitive pricing and top sales terms

The results of the comparative analysis shall be embodied in the sale prices to ensure that the sale prices offered to the buyers are competitive in view of the products that shall be produced to competewith other brands in the market.

iii. Promotion Strategies

Promotion strategies that shall be adopted by **PACIDIAN OCEAN MINERALS LIMITED** will be aimed at informing, influencing, and persuading prospective buyers to purchase our products and beauty products through the use of the below promotion tools:

- ♦ Advertising
- ♦ E-Marketing
- ♦ Personal Selling

♦ Sales Promotion

♦ Selection Mix

- **Advertising**

Various forms of Print media and visual imagery will be used to create awareness of our products the public. The advertising will call for public attention through paid messages in newspapers, magazines, billboards, signboards, and display areas.

- **E-Marketing**

Our Products shall be available via the company website and social media pages for easy viewing by prospective buyers. Furthermore, emails shall be sent out to prospective clients with a link to the order/purchase gateway. The E-Platform shall also create an opportunity for enquiries.

- **Personal Selling**

- Personal selling in contrast to the impersonal and mass appeal of advertising will consist of individual interpersonal communication to include:
- Direct canvassing to the target market. This is a very good prospective method; a list of prospects shall be prepared and they shall be contacted and given presentations.
- Handling of enquiries over the telephone

- **Sales Promotion**

- This will be in the form of presentation of marketing brochures for the Company that shall be carefully prepared and distributed to the target market with select information to capture key information which will serve to inform, attract, influence and persuade prospective buyers.

5.0. FINANCIAL PROPOSAL

5.1. ESTIMATED COST OF THE PROJECT

The total project investment is estimated at **USD 3,300,000** including the land, manufacturing plant, distribution center, machines and equipment, raw materials and initial operation capital.

5.2. MODE OF PROJECT FINANCING

The development shall be entirely carried out by the Company shareholders who intend to seek financing from the financial institutions at a sharing of Equity 87%:

USD

Total Development Cost:

USD 3,300,000

Equity:

USD 3,300,000

5.3. INVESTMENT COST FINANCING PATTERN

The total investment cost is estimated at **USD 1,000,000** a summary of the breakdown is as indicated in the table below

ITEM	USD \$
-------------	---------------

Fixed Asset	600,000
Civil Works & Building	800,000
Machinery and Equipment	400,000
Vehicles	200,000
Furniture and Fittings	600,000
Pre-Operational Expenses	200,000
Sub total	2,800,000
Initial working capital	500,000
GRAND TOTAL	3,300,000

5.4. FINANCING PLAN (USD)

Equity	100%	1,000,000
Debt	0%	0
TOTAL LOAN AMOUNT		0
Interest rate p.a. on USD Borrowing		16 %
Loan Period	Years	5
Capital Repayment Grace Period	Years	1

5.5. REVENUE

Table 5.0

Showing the cash flows and financial projection for PACIDIAN OCEAN MINERALS LIMITED - Tanzanian Shillings

(Note: The Revenue line represents Earnings Before Interest, Tax, Depreciation and Amortization Cashflow)

Item	Year 1	Year 2	Year 3
Cash Inflows			
Equity	5,753,075,000		
Loan	5,753,075,000		

Revenue	3,243,119,016	4,142,415,56	4,651,437,81
Total Cash Inflows	14,749,269,01	4,142,415,56	4,651,437,81
Cash Outflows			
Machines, furniture, vehicles purchase	5,522,952,000		
Construction work	3,912,091,000		
Loan Repayment		1,150,615.00	1,150,615.00
Investment in working capital	2,871,107,000	1,5000,000,00	2,000,000,00
Financial Charge			
Loan interest paid	836,113,567	652,015,167	467,916,767
Taxes and fees	290,621,010	615,639,495	823,575,689
Total Cash Out Flows	13,432,884,576	3,918,269,661	4,442,107,456
Net Cash Flows	1.316,384,439	224,145,904	209,330,358

Cum.(Deficit)/Excess cash flows	1,316,384,439	1,540,530.34	1,749,860,70
		3	1

5.6. FINANCIAL VIABILITY RETURN ON INVESTMENT

The project indicates a very healthy return on investment with a payback period of within 3.8 years. of the completion of construction

6.0. MANPOWER REQUIREMENTS AND ORGANISATION

6.1. MANAGEMENT

This success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within and outside the country.

In Order to streamline the manufacturing and sales operations, it is proposed to engage a team of qualified and experienced personnel to meet the Company target. These along with the Project Manager and Management will form the central operational core that will ensure the success of the project.

6.2. MANPOWER REQUIREMENTS

Based on the proposed organization structure the project will initially employ 30 persons in the first year of production, and from the second year the employment opportunities will increase up to 100 people will be employed in the industry.

CONCLUSION

We are of the opinion that the project is viable and the proposed marketing strategies will achieve maximum exposure for the achievement of 100% sales as summarized hereunder:

- The proposed sales prices for cosmetic and beauty products are reasonably priced and competitive comparative pricing from USD 4.50 per carton the starting years.

APPENDIX: I PACIDIAN OCEAN MINERALS LIMITED INVESTMENT COST

ITEM	USD \$
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Fixed Asset	600,000
Civil Works & Building	800,000
Machinery and Equipment	400,000
Vehicles	200,000
Furniture and Fittings	600,000
Pre-Operational Expenses	200,000
Sub total	2,800,000
Initial working capital	500,000
GRAND TOTAL	3,300,000

PACIDIAN OCEAN MINERALS LIMITED FINANCING PATTERN

Total Applications	9,345,043,000	1,126,734,576	2,418,269,661	2,442,107,456	2,965,007,094	2,973,342,054	3,150.639,829	3,188,144,276	1,917,261,600	2,233,450.963	2,569,048,060
Working capital	2,071,107,000	800,000,000	1,500,000,000	2,000,000,000	2,200,000,000	2,700,000,000	3,000,000,000	3,000,000,000	4,700,000,000	5,500,000,000	5,900,000,000