

EAST COAST EXPLOSIVES



BUSINESS PLAN

NOVEMBER 2022

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1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

East Coast Explosives is limited liability company incorporated, registered and incorporated in the United Republic of Tanzania to provide solutions to mining and construction companies by providing quality products and services. The company is 100% owned by Tanzanian locals. East Coast Explosives is registered in Tanzania with BRELA certificate No: 156833886 of July 2022. East Coast Explosives is a diversified provider of specialized chemical products and services used in the mining, agriculture, and chemical sector.

Apart from world-class bulk and packaged explosives products as well as basic to high-tech tailor-made service packages, East Coast Explosives is all about innovation – using technology to ensure that every blast brings value to our customers. Our new range of emulsion delivery equipment is bringing the benefits of emulsion to underground operations. We are able to deliver our highly stable and re-pumpable emulsion formulations into narrow reef, lateral, and up-hole environments, using a variety of fit-for-purpose equipment and formulations. At East Coast Explosives, we strive toward constant research and development to continuously improve and develop our products.

Our team made of local Tanzanians consists of various industry specialists in blasting science, chemical, mechanical, electrical, and software engineering, geosciences, and mathematics. Our modular automation plants and remote emulsion manufacturing facilities offer the company and our clients security and continuity of supply. We are able to rapidly commission our bulk emulsion services anywhere across the country.

Our in-depth knowledge of the mining industry allows us to be proactive in all aspects of our work from start to finish. We attribute this success primarily to our commitment to excellent service and high levels of technical support. Our goal is to provide added value to our customers with a focus on service quality and the provision of advanced blasting technology. East Coast Explosives' main activities include the production, import and sale of all kinds of explosive products, including electronic ignition systems, underground pump explosives, all kinds of ignition systems and surface bulk emulsions.

1.2 VISION

To create high level of customer satisfaction through innovative blasting technique.

1.3 MISSION

To be the best provider of explosive services. To create a sustainable world-class company which will benefit the nation.

1.4 CORE PURPOSE

To deliver a comprehensive range of market leading products, backed by a highly responsive, client focused and safe culture.

2.0 STATE OF EXPLOSIVES SECTOR IN TANZANIA

2.1 GAP AND OUR INTENTION

Manufacturing and selling of explosive product in Tanzania can be tied to the mineral sectors history. Big corporations and medium sized mining companies and those in the production sector outsourced the blasting and quarrying services to a very few service providers who have dominated the market since privatization came into the place here in Tanzania. But, as of recently there have been many changes in the business as well as regulations whereas Tanzanian produced products are encouraged if not preferred. The local content regulation that directs that Tanzanians get priority and focus in talent retention as well as succession plan has been a contributing factor to the change in the sector.

With that reality, there has increasingly been a gap in terms of locally produced quality products and consulting services that 100% Tanzanian. The directors of East Africa Explosives through their experience and sheer determination have decided to capitalize into this business prospect by investing in a first Tanzanian owned and run factory which will produce and sell the most competitive products that can be found in the explosive industry business. Through this plan we have visited key crucial areas enabling the vision of the directors come to fruition and their desires met.

2.2 KEY OBJECTIVES

- i) To produce most competitive products made by Tanzanians and sold to clientele world-over
- ii) To become a market leader in the production and sale of modern explosive equipment and consulting services on the same.
- iii) To produce employment to vibrant and capable Tanzanian youth
- iv) To contribute into national building by paying all the necessary taxes, fees and levies as per laws of the land

2.3 THE DIGITAZATION OF BLASTING TECHNOLOGY

The mining industry is transitioning towards more intelligent digital mining, incorporating different technologies and adapting its processes to this purpose. These changes help increase the availability of information, use advanced analytics to improve performance, enhance worker safety, and achieve greater coordination during operations. One of the areas where the digital transformation may add value is in the blasting process.

East Coast Explosives will a digital platform designed for blasting optimization and digital integration with our clients, for the final purpose of enhancing productivity by reducing the variability of the processes. This platform will provide the opportunity to learn about the operational process through artificial intelligence tools for the purpose of propose operational

optimizations. Moreover, it will generate digital information to facilitate the integration with our clients' systems and enable traceability of the complete process from design to the blasting result.

Using advanced instrumentation and the Internet of Things, the platform will receive input from different data sources in the mining subprocesses (drilling, mixer truck loading, blasting results, etc.). The data collected will be processed and analysed to generate valuable and accessible information for different areas and players, which may then be used to make decisions on how to dynamically optimize the process in order to quickly adapt to changes in the environment.

2.4 REGULATIONS ON EXPLOSIVES BUSINESS IN TANZANIA

The laws regulating the industry are as per the The Explosives (Manufacturing) regulations Act of 2019 under the Tanzania Mining Commission. East Coast Explosives will bind by all the laid down principles and directives of all regulatory authorities to ensure smooth running of our business and compliance to the laws of the land

3.0 SWOT ANALYSIS

3.1 STRENGTHS

- I. Our greatest strength lies in the vast experience and capabilities of our technical team and support personnel.
- II. Up-to date equipment and technology used
- III. A complete plan to build a modern emulsion plant in Morogoro whereas all necessary arrangement are in place
- IV. Well managed storage and transportation facilities for all explosives
- V. At the point of inception, the owners have already figured out a roadmap on how to gather funding and all the necessary resources needed to run the operations.
- VI. From the legal perspective the registration process is already done and the operations are already underway.
- VII. We offer environmental sensitive services in accordance to the laws of Tanzania
- VIII. Company headquarters are located in Dar es Salaam, Tanzania's business capital which makes it easy for the coordination of our operations and ease of access between our plant and where customers will be
- IX. A plan to use a comprehensive all round promotion effort so as to get the word out to as much potential clients as possible

3.2 WEAKNESSES

- I. We are entering a business venture that has a dominance of seasoned service providers but we believe our uniqueness in providing first class services will be an added advantage over time
- II. It is always hard to penetrate to the wide and far places to promote our business and to meet clients and for distributions sake, but our aim of bringing the new tech on board is our big USP.
- III. Potential negative connotation especially from seasoned clients who would doubt recommending or even using services from a relatively new company but we will use our few first clients as a testimony and ambassadors by the services they will get.

3.3 OPPORTUNITIES

- I. Current government continuing with all big construction projects initiated by last government
- II. Businesses going back to full operations after COVID 19 pandemic
- III. Government focus on Agriculture (**Budget for 2022/2023 increased by 350%**) especially on block irrigation farming whereas there will be a lot of dams, boreholes and large construction projects
- IV. Our use of new technologies in production, durable machinery and equipment in supply and blasting that will enable us to get the edge over the competitors.
- V. Availability of funds and human resource with potential of maximum output.

3.4 THREATS

- I. Increase of tight compliance rules from regulatory authorities
- II. The presence of existing dominant service providers: who have a long-established relationship with the clients and regulators as well
- III. New entrants with access to high capital.

4.0 OPERATIONS PLAN

4.1 PRODUCTION

We are planning to build a USD 200,000 high tech emulsion plant in Morogoro region. The land for the project has already been set aside and the procurement of the actual plant is in the final stages from suppliers based in China.

Our emulsion plant will be used to produce many products but essentially categorized into the following:

- i) **Bulk emulsion** designed for open pit blasting according to hole and rock properties and good water resistance.
- ii) **Packaged explosives** used in dry blast hole conditions for both surface and underground blasting operations.
- iii) **Initiating systems** which consist of detonating cord connector clip attached to sealed end, with a marked color-coded label indicating the delay number and are available for various applications.
- iv) **Industrial and lab chemicals**



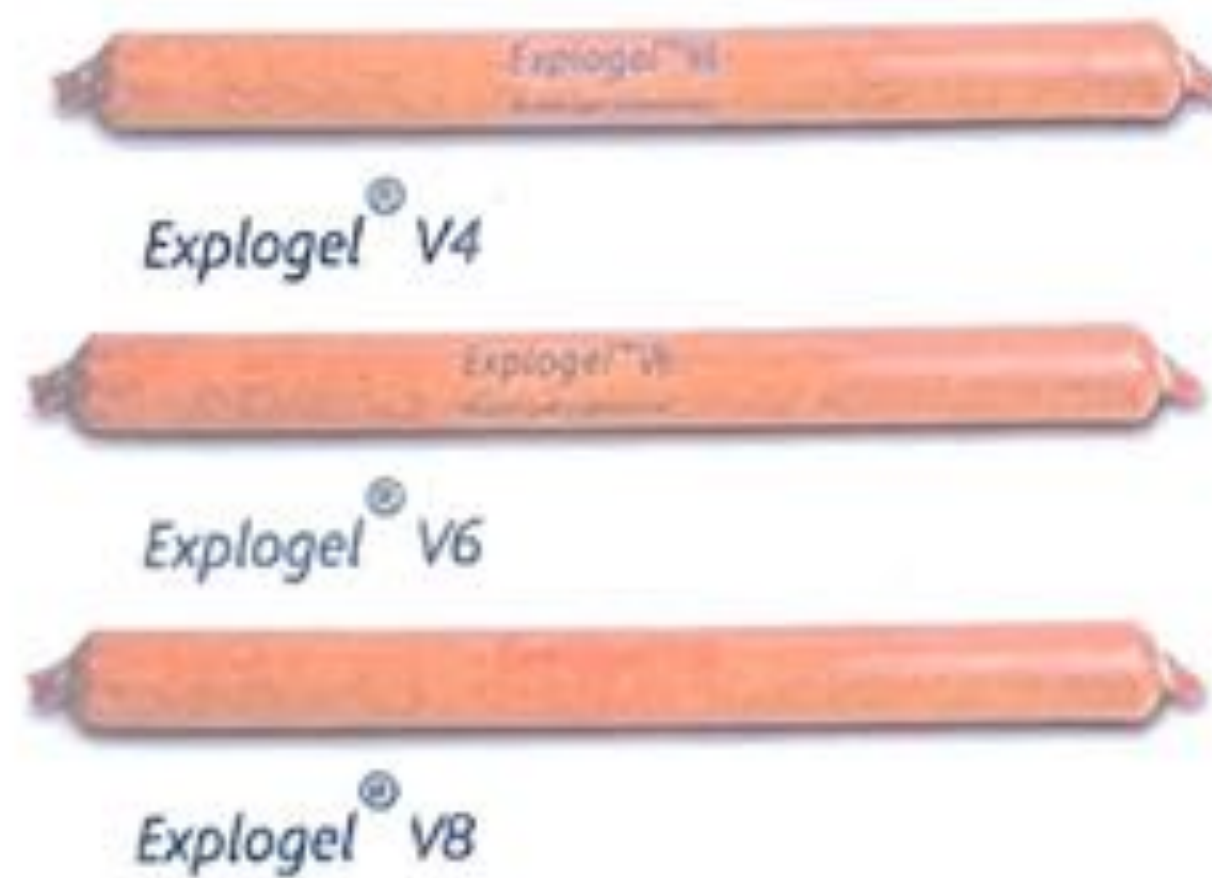
Ammonium Nitrate



Mobile Manufacturing units



Boosters



Explogel



Bulk Emulsion Explosives



Non-electric detonator



Electric detonator

4.2 SERVICES

Through our partnerships with leading explosives & equipment manufacturing organizations around the globe, East Coast Explosives offers the latest generation of products and services for blasting operations. Our custom-built services are carefully selected to suit each client's specific requirements. At East Coast Explosives we understand that each activity is different, that is why we believe in working with our clients to provide them with a unique solution and not just providing set standards and services. These include:

- i) Initiating systems
- ii) Technical Services In Mining Operations
- iii) Geology and Geomechanics consultation



4.3 LOGISTICS

A key part of our transportation system is our vehicles and personnel. Our fleet is both the safest and the latest available on site. It features units designed for industry specific applications. Many of our operators have drilling and gunnery experience. This means you can serve multiple loads.

This improves overall efficiency and blasting results. Our bulk material is delivered to the blasthole in the most convenient way for the user



4.4 SALES AND MARKETING

4.4.1 MARKETING

East Coast Explosives has set aside **USD 315, 542** over a period of five (5) years towards marketing and networking efforts. Our Marketing plan is a combination of techniques, tools and resources designed to achieve commercial and social objectives. We will make sure our company is presented and known for its impact and contribution to the business realm rather than just its financial gains. This is the simple structure at which we are going to carry our activities:

- i) Print (brochures, fliers, magazines and ads on lead print magazines abroad)
- ii) Digital Marketing (emails, web advertising, social media etc)
- iii) Participate in exhibitions in different mining and construction fairs
- iv) Electronic media (radio and TVs as sponsors, partners, interviews etc)
- v) Word of mouth by all company employees and stakeholders
- vi) Pricing customization (Create different packages for different category of clients in order to work with their budgets)
- vii) Direct marketing approach where the management and marketing team will meet potential clients
- viii) Customer follow-up

4.4.2 TARGET MARKET

There is a wide range of potential clients who can be reached in order to expand our client base. We have created strategies that will enable us reach out to various partner organizations and government agencies in order to ensure there is an exceptional experience to our clients. The clients we have planned to reach are:

- i) Mining companies as attached in the annexure
- ii) Construction companies especially those with mega projects

- iii) Ministry of agriculture with focus on the irrigation department
- iv) Ministry of water with focus on the nine (9) water basin authorities
- v) Ministry of works with focus on CBA, TANROADS and TARURA

4.4.3 PROMOTION STRATEGY

- i) **Quality Assurance** There will be a constant and very strict adherence to making sure the quality coming out of all our services remains at the highest quality. We have already set standards for the service and products that will be offered at our doorsteps and we have stretched our minimum points to go with most of our competitors' quality. And we will make sure we always produce first grade trophy hunting tourism experience and products in order to beat our competitors but most importantly to reach and fulfill our clients' expectations.
- ii) **Customer Satisfaction** Our first, last and every rule is Customer is King! We will make sure no customer ever complains about the way we serviced them or our failure to deliver upon our set standards. And there will be a very strict zero (0) tolerance rule whenever the standards are not met. This will enable us to serve all our clients with the same passion we would want be served.
- iii) **Dynamic and flexible** As different clients will come with different inquiries and wants we will always be ready to bend and stretch to our last inch to meet their demands. Be it in the manner of funds, distance or time we will always have no rules in getting ahead of the game for the sake of our business and our clients.

4.4.4 COMPETITIVE ADVANTAGE

Acquiring a substantial market share in this business is dependent on four main strategies

- i) **Product development** (taking control of its quality, availability and accessibility and the ensuring we have the best in terms of Human Resource expertise)
- ii) **Market reach and penetration** (building the necessary networks with the markets, keeping a strong presence in different stakeholder gatherings, and promotions through different channels)
- iii) **Modernization of fleet and equipment** in order to meet expectation of such a sophisticated industry
- iv) **Competitive prices** for penetration and placement in the market

4.4.5 PRICING

Much of our prices will be determined by the market standards. Margins on all other products and services will necessarily vary depending upon the levels of related costs such as governmental fees and charges. We will always make sure that we stick and practice our competitive pricing strategy. Prices we charge most of the times cover all of our clients' scope also bringing returns

to our business. We also be flexible to accommodate any specific extra deliverables as per the clients' request at their own a reasonable cost when requested.

4.4.6 PAYMENT OPTIONS

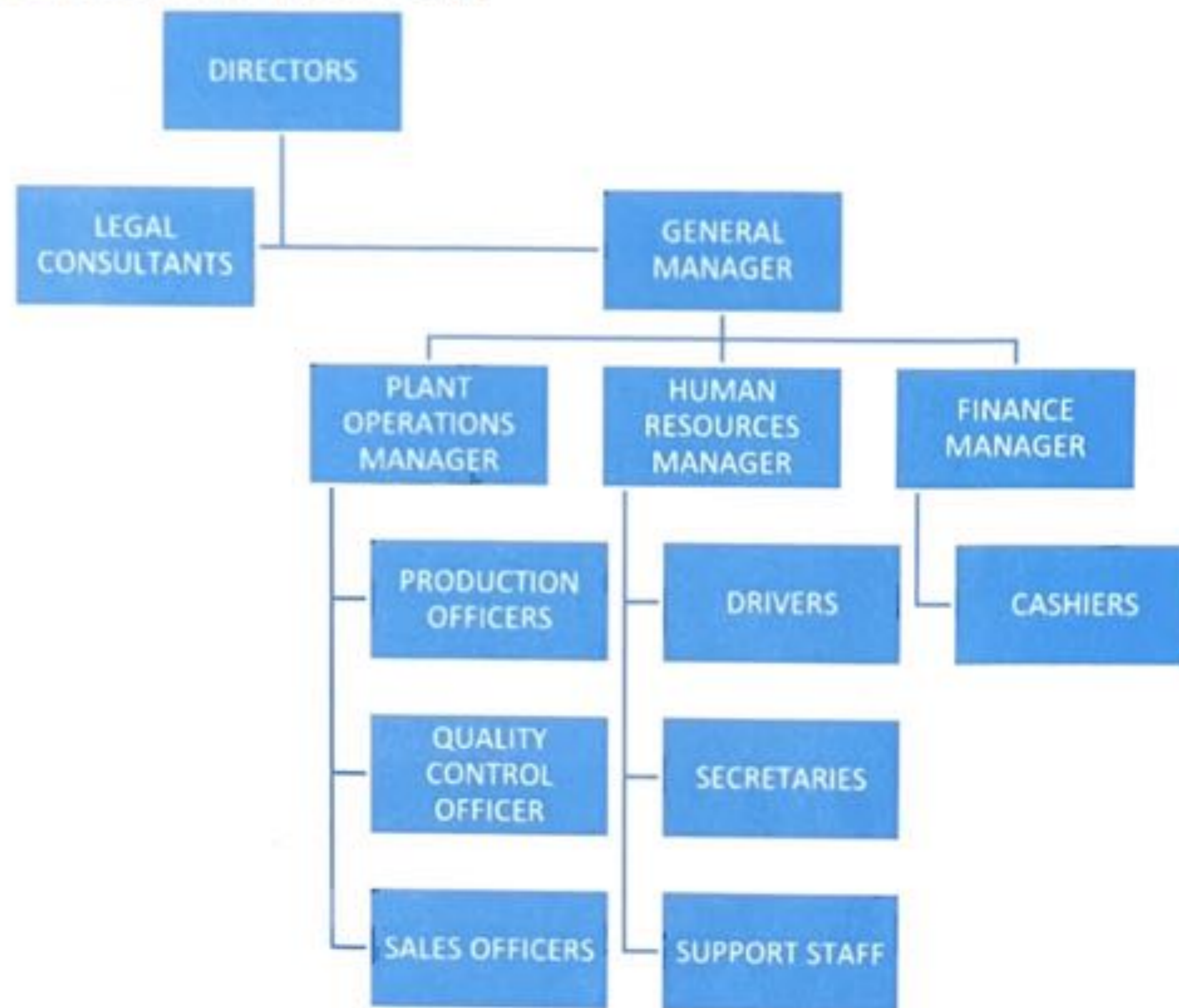
The payment policy adopted by East Coast Explosives is all inclusive because we are aware that different customers prefer different payment options as it suits them but at the same time, we will ensure that we abide by the financial rules and regulation of the United Republic of Tanzania

Here are the payment options that will be available to clients;

- i) Payment via bank transfer
- ii) Payment with cash
- iii) Payment via credit cards
- iv) Payment via online bank transfer
- v) Payment via check
- vi) Payment via bank draft

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

4.5 ORGANIZATIONAL STRUCTURE



4.5.1 THE EMPLOYMENT OPPORTUNITY

The company has planned to provide employment opportunities to Tanzanians on both contractual and temporary basis. There is projected to be a total of 30 (thirty) contractual employees and 84 (eighty-four) casual workers who are employed on temporary basis according to the project at hand and the need at the particular moment. That bring the total number of people working for the company at any particular hunting season to at least 114 (One hundred and fourteen). The company through its growth phases plans to employ more Tanzanian experts and casual laborers in order to serve the existing clientele. The company philosophy in employing workers is to get Tanzanian youth of all gender and backgrounds and preferably under 30 (thirty) years of age in order to retain the employees longer and grow their careers. At the moment the forecasted number of employees after 5 (five) years of production and servicing the market is projected to be more than 250+ (more than two hundred and fifty) Tanzanian youth. If all goes according to plan they will all be full time contracted employees.

5.0 FINANCIAL PROJECTIONS

5.1 DIRECT OVERHEADS

Total Investment in Year 1 is USD	12,962,000
DIRECT OVERHEADS (Annual)	\$
Structure	550,000
Office Expenses	15,000
Utilities	20,000
Communications & Internet	7,000
Fuels & Maintenance	50,000
Security	50,000
Travels	75,000
Laboratory Licenses	15,000
Compliance authorities	10,000
	792,000

5.2 CAPEX

CAPEX	Price per Unit \$	USD (\$)
Emulsion Plant	1,500,000	1,500,000
IT Equipment	55,000	55,000
5 Field Trucks (Toyota Land Cruiser pick-ups, 10 other pickup double cabin,	75,000	1,125,000
10 Office cars (5 SUV i.e Toyota Rav 4, 4 Toyota Fortuners and Toyota Hiace for Staffs etc)	N/A	680,000
5 Director's cars (3 Toyota VX V8 & 2 Prado TXL)	102,000	510,000
2 Excavators	325,000	650,000
2 Dozer (CAT D7)	200,000	400,000
Three (3) Mobile manufacturing Units (MMUs)	300,000	900,000
10 Tipping trucks 6*4 and 10 Tipping Trucks 8*4	90,000	1,800,000
60 Truck heads	45,000	2,700,000
20 Flatbed trailer	20,000	400,000
20 Tipping trailer	30,000	600,000
10 Fuel trailer	45,000	450,000
10 Amulsion tanker	40,000	400,000
	TOTAL	12,170,000

5.3 HUMAN RESOURCE

STAFFING (Gross Salary pa)	Salary/ Month (\$)	USD (\$)
General Manager	2,000	24,000
5 Line Managers	1,000	60,000
Officers (8)	500	48,000
Technicians (6)	350	25,200
Drivers/Operators (30)	350	126,000
Office Support (6)	250	18,000
		301,200

5.4 NOTES TO FINANCIAL PROJECTIONS

- i) USD to TZs exchange rate = USD 1 = TZs 2,300
- ii) All the prices are taken from www.alibaba.com and www.beforward.jp and consumption and usage average are according to expert advice on www.quora.com
- iii) The entirety of the project is the estimated lifespan of the plan which is 16 years.
- iv) Projected Consumer Prices (% Change): 3.6 according to [the IMF data](#) on Tanzania.
- v) Infrastructural development and maintenance estimates have been taken from an industry expert
- vi) Man Power price is according to sectoral minimum wage directive of 2019 by the government of Tanzania

Annexure

List of Minerals and their operations status in Tanzania