

# **BUSINESS PLAN**

## **HUACHAO MINING TANZANIA CO. LIMITED**

Prepared by:

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## **EXECUTIVE SUMMARY**

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### ***Introduction***

Africa is well endowed with mineral resources and has a long history of mining, but has so far not reaped the developmental benefits from these resources. Historically, this is attributable to the weak integration of Africa's mining sector into national economic and social activities. The African Union (AU) Heads of State and Government have taken deliberate steps to address this weakness, through the creation of the Africa Mining Vision (AMV).

Huachao Mining Tanzania Co. Limited is a mining company engaged in exploration, development, mining, processing, property acquisition, marketing of products, beneficiation of large-scale mining operations and revitalization of old and abandoned mining properties into profit generating business in collaboration with the Tanzania. Huachao Mining Tanzania Co. Limited is a dynamic and forward-thinking mining company registered in Tanzania, specializing in comprehensive mining activities and processing. With a commitment to responsible and sustainable practices, the company envisions becoming a globally respected leader in the industry.

### ***Vision***

"To be a globally respected leader in sustainable mining, consistently delivering excellence in exploration, extraction, and processing while prioritizing environmental responsibility and fostering socio-economic development."

### ***Mission***

At Huachao Mining Tanzania Co. Limited, we are committed to responsibly harnessing the Earth's resources to meet the world's growing demand for minerals.

## **LONG-TERM VISION TARGET**

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We are contributing to society by securing superior mineral resources, smelting and refining those resources into metal, and supplying them to the market. To provide added value in Materials Business that uses non-ferrous metals.

### Mineral resources

- Expand our resource interests
- Pursue our own profit in mining business
- Stable procurement of raw

### Materials

- Growth in the environment & energy domain
- Development of new materials
- Continuous structural reform

### Smelting & refining

- Develop globally by being highly competitive
- Smelting technologies of less environmental impact
- Expand recycling of valuable metals

### Strength support strategy

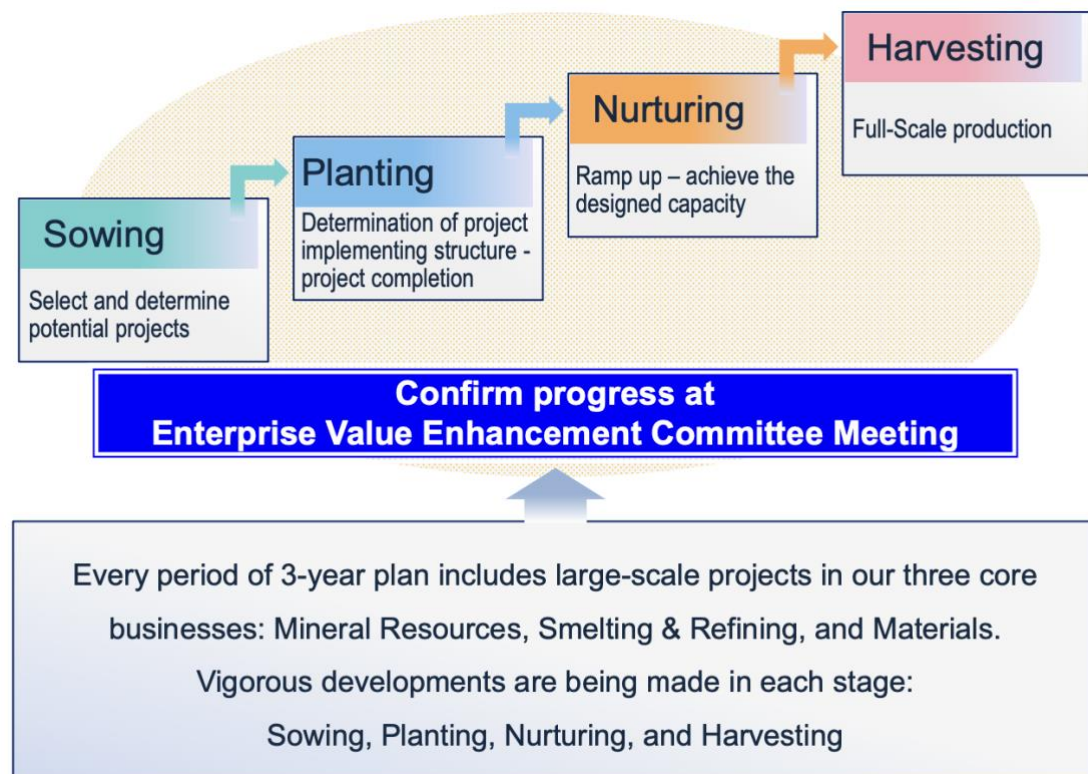
Growing business and improving corporate value through the execution of a continuous growth strategy.



### Strategies for achieving long-term strategies

- Promote and establish operations in Tanzania
- Ensure smooth launch of operations
- Implement structural reforms in the Materials Business and stable acquisition of own profit

## System supporting strategies



## Our business principle

### i. Ethical conduct and integrity

- Conduct all business activities with the highest standards of integrity, honesty, and transparency.
- Uphold ethical conduct in dealings with employees, stakeholders, and the communities in which we operate.

### ii. Safety and well-being

- Prioritize the safety, health, and well-being of all employees, ensuring a secure working environment. Implement rigorous safety protocols and continuous training programs to mitigate risks and promote a culture of safety.

### iii. Environmental responsibility

- Embrace a commitment to sustainable and environmentally responsible mining practices. Strive to minimize ecological impact, implement efficient waste management, and actively engage in conservation efforts.

### iv. Community engagement and development

- Actively engage with and listen to the needs of local communities, respecting their cultural values and traditions.

- Contribute to the social and economic development of the regions by creating employment opportunities, supporting education, and investing in community infrastructure.
  
- v. **Innovation and technological advancement**
  - Foster a culture of innovation, encouraging employees to explore and implement cutting-edge technologies in mining and processing.
  - Continuously invest in research and development to improve operational efficiency and reduce environmental impact.

## OUR CORE VALUE

- i. **Integrity** - Uphold the highest standards of honesty, transparency, and ethical conduct in all aspects of business.
- ii. **Safety first** - Prioritize the safety and well-being of our employees, contractors, and communities, ensuring a secure and healthy working environment.
- iii. **Environmental responsibility** - Demonstrate a deep commitment to sustainable mining practices, minimizing our environmental impact and contributing to biodiversity conservation.
- iv. **Innovation** - Foster a culture of innovation, encouraging employees to explore new technologies and continuous improvement in mining and processing techniques.
- v. **Community partnership** - Actively engage with and listen to the needs of local communities, cultivating strong and mutually beneficial partnerships.
- vi. **Social responsibility** - Contribute positively to the social and economic development of the regions in which we operate, creating sustainable value for communities.
- vii. **Accountability** - Foster a culture of accountability at all levels, where individuals take responsibility for their actions and decisions.

## GENERAL COMPANY OVERVIEW

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### *Registration*

Huachao Mining Tanzania Company Limited has been registered with a certificate Incorporation of a company as a private business that is solely owned by the three shareholders

and assigned the registration No. **170243382**. It has also been registered with Tanzania Revenue Authority and assigned Taxpayer Identity Number (TIN) **170-243-382**

### *Management*

Huachao Mining Tanzania Co. Limited has three directors **LIU NANHUI, JERRY VINCENT MHAGAMA** and **LONGINO LAURIAN LUMBANGA**. Both directors have robust experience qualifications and skills in mining industry, that will help to grow the business to the profitability within the shortest time possible.

### *Job creation*

Huachao Mining Tanzania Co. Limited intends to grow big in order to compete favorably with leading mining companies in Tanzania. We are aware of the importance of Mining sector in building the economy of the nation. That is why we are committed to employ more qualifiable workers in each area including transport officers, managers, drivers, mechanicals, engineers, processors and supervisors. We intend to employ 20 drivers, 4 transport and logistic officers, 2 supervisors, 4 engineers, 5 mineral processors and 2 managers.

### *Operations*

Site operations will be supervised by an expert professional Metallurgist or a Mining Engineer backed by site supervisors who visits will be on site every day.

There will be a total of 35 project employees including 5 agency hired security guards. Administration will be manned by a bookkeeper and warehouse clerk together with a service driver, a cook and a helper. At the same time, 2 maintenance personnel provide maintenance support to operations. Similarly, an Environmental technician will be hired to monitor the environmental protection facility installed in the area.

The site organization will be composed of the following:

1. **Site Supervisor** - responsible in the supervision of the entire operations both the Mining & Crushing/Agglomeration and the continuous 24 hour Heap Leach Operations.
2. **Bookkeeper** – responsible in the administration and recording of accounts and the payroll of personnel. Reports directly to the Site Supervisor and indirectly

responsible to the Accounts Manager stationed on-site.

3. **Warehouse Clerk** – in charge in the administration of the small material supplies of the project. Reporting directly to the Bookkeeper and indirectly to the Materials and Contracts Manager stationed onsite for the supplies movement and stock inventory of the needed supplies and material of the project.
4. **Security Officer** – responsible of the project security administration and operations. Reporting directly to the Site Supervisor.
5. **Community Relations Officer** – responsible of the social and community aspect. Reporting directly to the Site supervisor and indirectly to VP on Community Relations.
6. Surveyor, Mechanic, Electrician, 3 Samplers/survey aid, 3 Heavy Equipment checker, 3 Heap and 4 Recovery Plant Operators and 4 Helpers, a Staff cook and a helper, service and truck drivers, an Environmental sampler and 5 Agency Security Guards.

### SWOT Analysis

<b>Strength</b>	<b>Weakness</b>
<ul style="list-style-type: none"> <li>i. Commitment to ethical conduct, transparency, and responsible mining practices, contributing to a positive corporate image</li> <li>ii. Skilled and well -trained workforce capable of implementing cutting-edge technologies and best practices in mining</li> <li>iii. Innovation and invest in technology to optimize mining operations, enhance efficiency and reduce environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>i. Vulnerability to fluctuations in commodity prices which can impact revenue and profitability</li> <li>ii. Despite sustainable practices, there may be challenges in completely mitigating the environmental impact of mining operations</li> <li>iii. Start-up funding needed</li> <li>iv. Infrastructure limitations in certain regions may affect the efficiency of mining and processing operations</li> </ul>

<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>i. Diversification of minerals</li> <li>ii. Collaborate with global organizations and initiatives to share best practices</li> <li>iii. Leverage emerging technologies to further enhance mining efficiency, reduce costs, and improve environmental performance</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>i. Fluctuations in commodity prices pose a threat to revenue and profitability</li> <li>ii. Intense competition in the mining industry may impact market share and pricing</li> <li>iii. Possible new regulations</li> <li>iv. Political and economic instability in the region</li> </ul>
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## FINANCIAL PLAN

### Project Finances and Source of Funds

Mining is a new business for Huachao Mining Tanzania Co. Limited. The startup costshare related to the purchase machinery, land/ building, plant and working capital. The shareholders are seeking to obtain a **TZS 1,200,000,000** investment.

### Sales Forecast

One thing is certain when it comes to the mining industry if you have a good customer care and best trucks and machinery, you will always attract more customers and that will translate to increase in revenues generations for the business. We are positioned to take on the available market within and outside Tanzania and we are quite optimistic that we will meet our set of targets of generating enough profits from the first six months of operations and grow the business and our clientele base. We have been able to critically examine the business and we have been able to come up with the following forecasts;

Second Fiscal year (2025) = **TZS 500,000,000**

Third Fiscal year (2026) = **TZS 70,000,000**

Fourth year (2027) = **TZS 900,000,000,000**

Fourth year (2028) = **TZS 1,000,000,000**

Fifth year (2029) = **TZS 1,100,000,000**

**N.B:** These projections were done based on what is obtained in the industry and with the assumption that there won't be any major economic meltdown, and there won't be any major competitors offering customer care services as good as ours. Please note that the above projections might lower and at the same time might be higher.

### **Expenditure Breakdown**

These are the key areas where we will spend our startup capital

- i. Lease agreement and building TSH. 50,000,000/=
- ii. Machinery TSH. 150,000,000/=
- iii. Working capital = 1,000,000,000/= TZS
- iv. Total investment capital = 1,200,000,000 TZS

**HUACHAO TANZANIA MINING LIMITED**

**PROJECTED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023-  
2027**

<b>PARTICULARS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Revenue	500,000,000.00	70,000,000.00	900,000,000.00	1,000,000,000.00	1,100,000,000.00
Cost of sales	4,339,150.00	6,942,640.00	11,108,224.00	17,773,158.40	28,437,053.44
<b>Gross profit</b>	<b>495,660,850.00</b>	<b>63,057,360.00</b>	<b>888,891,776.00</b>	<b>982,226,841.60</b>	<b>1,071,562,946.56</b>
Distribution costs	48,000.00	76,800.00	122,880.00	196,608.00	314,572.80
Administration costs	708,000.00	1,132,800.00	1,812,480.00	2,899,968.00	4,639,948.80
Other costs	108,000.00	172,800.00	276,480.00	442,368.00	707,788.80
<b>Operating profit</b>	<b>494,796,850.00</b>	<b>61,674,960.00</b>	<b>886,679,936.00</b>	<b>978,687,897.60</b>	<b>1,065,900,636.16</b>
Finance costs	-	-	4,000.00	4,000.00	4,000.00
<b>Profit before tax</b>	<b>494,796,850.00</b>	<b>61,674,960.00</b>	<b>886,675,936.00</b>	<b>978,683,897.60</b>	<b>1,065,896,636.16</b>
Income tax	96,000.00	153,600.00	245,760.00	393,216.00	629,145.60
<b>Profit after tax</b>	<b>494,700,850.00</b>	<b>61,521,360.00</b>	<b>886,430,176.00</b>	<b>978,290,681.60</b>	<b>1,065,267,490.56</b>
<b>Other comprehensive incomes</b>					
Exchange gain from foreign operations	-	6,000,000.00	9,600,000.00	15,360,000.00	24,576,000.00
Fair value gain on financial assets	-	-	-	-	-
Income tax relating to other comprehensive incomes	-	-	-	-	-
Total other comprehensive incomes	-	6,000,000.00	9,600,000.00	15,360,000.00	24,576,000.00
<b>Total comprehensive income for the year</b>	<b>494,700,850.00</b>	<b>61,527,360.00</b>	<b>886,439,776.00</b>	<b>978,306,041.60</b>	<b>1,065,292,066.56</b>

**HUACHAO TANZANIA MINING  
LIMITED**  
**PROJECTED STATEMENT OF FINANCIAL POSITION AS A 31  
DECEMBER 2023-2027**

<b>PARTICULARS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>
<b>YEAR</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>ASSETS</b>					
<b>Non current assets</b>					
Land and building	600,000,000.00	600,000,000.00	600,000,000.00	600,000,000.00	600,000,000.00
Property, plant and equipments	614,000,000.00	614,000,000.00	614,000,000.00	614,000,000.00	614,000,000.00
<b>current assets</b>					
cash	90,000,000.00	100,000,000.00	110,000,000.00	109,000,000.00	130,000,000.00
inventory	-	5,000,000.00	9,000,000.00	9,000,000.00	12,000,000.00
Trade receivables	-			30,000,000.00	3,000,000.00
prepayments	-	-	-	7,000,000.00	10,000,000.00
<b>Total Assets</b>	<b>1,304,000,000.00</b>	<b>1,319,000,000.00</b>	<b>1,333,000,000.00</b>	<b>1,369,000,000.00</b>	<b>1,369,000,000.00</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
share capital	1,250,000,000.00	1,250,000,000.00	1,250,000,000.00	1,250,000,000.00	1,250,000,000.00
<b>liabilities</b>					
<b>current liabilities</b>					
trade payables	-	35,000,000.00	34,000,000.00	50,000,000.00	45,000,000.00
short term provisions	50,000,000.00	30,000,000.00	45,000,000.00	65,000,000.00	70,000,000.00
current tax payable	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00
<b>total equity and liabilities</b>	<b>1,304,000,000.00</b>	<b>1,319,000,000.00</b>	<b>1,333,000,000.00</b>	<b>1,369,000,000.00</b>	<b>1,369,000,000.00</b>

**HUACHAO TANZANIA MINING LIMITED**  
**PROJECTED STATEMENT OF CASHFLOW FOR THE YEAR ENDED 31**  
**DECEMBER 2023-2027**

<b>DETAIL</b>	<b>AMOUNT</b>	<b>AMOUNT</b>	<b>AMOUNT</b>	<b>AMOUNT</b>	<b>AMOUNT</b>
<b>CURRENCY</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>
BALANCE AT THE BEGINNING OF THE YEAR	-	350,000,000.00	230,000,000.00	920,000,000.00	1,620,000,000.00
CASHINFLOW	500,000,000.00	70,000,000.00	900,000,000.00	1,000,000,000.00	1,100,000,000.00
CASHOUTFLOW	150,000,000.00	190,000,000.00	210,000,000.00	300,000,000.00	400,000,000.00
BALANCE AT THE END OF THE YEAR	350,000,000.00	230,000,000.00	920,000,000.00	1,620,000,000.00	2,320,000,000.00

