



**RED ROCK MINERAL RESOURCE (TANZANIA)
LIMITED**

BUSINESS PLAN

For


**Providing Expertise in Earthmoving, Mining, Construction
Machinery Leasing and Technical Services Project in Dar es
salaam in the United Republic of Tanzania**

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SECTION ONE

BUSINESS DESCRIPTION

1.0 The Industry

Equipment leasing provides businesses with a financing option to obtain the necessary equipment for their operations without the commitment of purchasing it. This arrangement allows businesses to utilize the equipment for a specific duration, ranging from a few months up to five years or even longer in some cases.

The lease agreement typically involves the business paying a fixed monthly amount over the lease term that covers the equipment cost and interest. The business then can either return the equipment to the leasing company at the end of the lease term or purchase it for a predetermined price.

Leasing has been an important source of medium- and long-term financing for companies, both in developed economies, and in countries with economies in transition. Leasing plays an important role in these countries as an effective means to increase the lessee's asset base, particularly in private and/or new companies and in SMEs, all of which play a key role in introducing innovation and competition in the economy, and result in job creation.

In 1995, the United Leasing Company (ULC) Ltd., started leasing operations in Tanzania. One of the Company's shareholders was a leasing company with experience in Botswana and Malawi. ULC's Tanzanian operations were not successful due to unfavorable legal and taxation environment at the time, as well as management issues. In 2002, ULC was transformed into a merchant bank and continued leasing operations at a minimal scale. There are currently four major banks, as well as three other leasing companies, offering leasing or some form of asset financing.³ The approximate total portfolio of leasing is US\$ 35.2 million, and with the exception of a few banks, leasing practitioners in Tanzania are small sized operations with limited resources and low net worth. These include microfinance institutions, providing micro leases ranging between US\$300- US\$5,000.

Lease transactions have grown by 60 percent on average over the last twelve months. The total number of clients for leasing has grown to 1534, with an average lease size of US\$ 51,000, and average lease term of 2.5 years. Reasons for growth may be attributed to the entry of new players in the market, an increase in investment activities, and an improved business climate in the country. There is strong growth potential for leasing in Tanzania, as envisaged by market trends over the past two years. Demand for leasing has grown due to positive economic developments. However, the available supply of financing is not sufficient to meet the growing demand. Banks acknowledge receiving enquiries from clients for leasing finance, and have indicated interest in embarking on leasing

1.1 Executive Summary

RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED is a company incorporated in Tanzania with certificate No. 167726100 dated 14 day of August 2023 as a private limited company under the Tanzanian Companies Act, 2002. RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED deals in sub-contracting businesses especially in mining and mainly leasing of machinery used in construction and mining activities across Tanzania. The company is currently planning to provide not only machinery leasing services to companies specialized in mining and construction but also to provide the technical know-how by sub-contracting various activities with the available companies majoring in mining, factories and also construction within the country and around East Africa.

At RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED, we believe the customer comes first; the company management is focused in ensuring that the customers are delighted by superior quality services hence increasing customer profitability.

At RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED, we intend to operate all over the country, practicing an enduring value system based on an open culture, honest, transparency and fair business, and personal conduct, earning the confidence and trust of our Associates and Customers.

Red Rock Mineral Resources (Tanzania) Limited is a partnership business that will be jointly owned by Mohamed Abbas Abu Elaa Abdalkareem and the Red Rock Stone Trading L.L.C. company based in the United Arab Emirates, Dubai which is one of the leading experts in machinery leasing in Dubai. Mohamed Abbas Elaa Abdalkareem who is the Chief Executive Officer of the Company has a Degree in Mining Engineering with over 10 years' experience working in related industry as a senior Engineer expert prior to starting Red Rock Mineral Resources (Tanzania) Limited. He will be working with a team of professionals from the partnering company in Dubai to build the business and grow it to enviably heights.

1.2.0 Our Mission and Vision Statement

1.2.1 *Vision*

Our vision as a machinery leasing company is to deliver customized and unique leasing solutions ensuring time and cost savings for customers.

1.2.2 *Mission*

Our mission is to establish a standard leasing and technical services management company providing business enabling solutions and exceeding customer expectations

1.3 Location

Red Rock Mineral Resources (Tanzania) Limited's project will be located in Kinondoni district, Sukumashara street Barron house 8 in Dar es salaam region.

Furthermore, the company is expecting to expand and establish other offices or leasing sites where various machineries will be available ready for use and also venturing in sub-contracting projects

across the major cities in Tanzania such as Mwanza Arusha and Mbeya so has to capture customers in those regions and neighboring countries especially in mining sectors and construction.

SECTION TWO

SALES AND MARKETING STRATEGY

2.0 Marketing Overview

Tanzania is located along the coast of the Indian Ocean and is a member of the East Africa Community. Dar es Salaam is the largest port of entry in Tanzania and serves as a gateway to landlocked neighboring countries.

The United Republic Tanzania is an attractive market for U.S. exporters due to its relatively large population estimated to be 62 million people. This makes Tanzania the 24th largest country by population, larger than South Africa and slightly smaller than Italy (source CIA World Fact Book). In addition to its large population, Tanzania reached an important milestone in July 2020, when it formally graduated from low-income country (LIC) to lower-middle-income country (LMIC) status. Tanzania's achievement reflects sustained macroeconomic stability that have supported growth as well as the country's rich natural endowments and strategic geographic position.

Tanzania has benefited from a relatively stable political environment and reasonable macroeconomic policies that has allowed it to maintain sustained 6 to 7% growth rates since 2000. The COVID-19 novel coronavirus crisis of 2020/21 did not spare Tanzania, but economically it fared better than many of its neighbors. The growth rate fell from 5.8 percent in 2019 to an estimated 2.0 percent in 2020, and per capita growth turned negative for the first time in over 25 years, according to the World Bank. Although, Tanzania has witnessed strong nominal economic growth, its fast-growing population (2.8% per year, world's 12th fastest) has kept average income levels relatively low. The annual GDP growth rate is projected to rise to 4.5% in 2021, but this forecast hinges on a strong and consistent recovery in global economic activity.

The COVID-19 pandemic has hit global travel and tourism especially hard, which is particularly problematic for Tanzania with the sector contributing at least 17 percent of GDP in 2019 and attracted about 25 percent of FDI inflows in 2017 (US\$247 million). The economic damage from tourism was partially offset by growth in the price of gold, a key export commodity for Tanzania.

Tanzania has an ambitious industrialization plan to transform into a middle-income economy by 2030. Energy and transportation infrastructure sectors must become more reliable and efficient if Tanzania is to reach this goal. The Government of Tanzania (GoT) is focusing on developing local industries and investing in large infrastructure, energy, and agricultural sector development, which present opportunities for U.S. exports. The private sector is also investing heavily in the mining industry after years of underinvestment.

Growth has been driven primarily by transportation, infrastructure projects, communications, agriculture, manufacturing, electricity (especially renewable sources), wholesale and retail trade, travel and tourism, real estate, and business services. U.S. exporters will find many opportunities in these sectors and products and

services that will help Tanzanian industry move up the value chain in agriculture (processing and packaging equipment), mining (refining and smelting), and other key sectors.

Public and private sector participants are concerned about GoT policies that have raised questions about long-term prospects for foreign direct investment (FDI) and has fostered a more challenging business environment. Aggressive revenue collection (taxation and audit) practices and difficulties in obtaining work permits for expat workers to manage their investments have been particularly challenging.

Tanzania's main trading partner is China (\$4,960 million total trade), India (\$2,313 million), the European Union (EU) (\$1,542 million) followed by Kenya, South Africa and the U.S. in 6th position with \$367 million. Neighboring countries of the Southern African Development Community (SADC) and East African Community (EAC) countries make up a smaller, but still significant part of Tanzania trading relationship.

The United States had a \$124 million positive trade balance with Tanzania with a total trading relationship (exports plus imports) of \$367 million. U.S. key exports to Tanzania are Liquid Propane Gas (\$100 million), Aircraft parts (\$33 million), Automotive and Agricultural Machinery and Parts (\$25 million) and Chemicals and Fertilizers (\$13 million).

Tanzania exported \$121 million of products to the U.S. Tanzanian exports can be broken down into three main areas: Precious/Semi-Precious Stones; Apparel; and Raw agricultural products.

2.1 Our Target Market

When it comes to machinery leasing and technical know-how services there is indeed a well-defined market due various development evolving in mining and construction sectors. This goes to show that the target market for machinery leasing is far reaching. In view of that, we have conducted our market research and we have ideas of what our target market would be expecting from us. We are in business to engage in providing machinery leasing and technical know-how services to the following type of clients and various organizations in need of leasing and technical services

- Construction companies.
- Mining companies
- Government projects

2.2 FLEET SIZE

RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED is planning to purchase the following capital equipment:

- 10 Excavators @ \$100,000
- 35 Tippers@ \$50,000
- 3 Tanker trucks@ \$30,000.
- 3 crane 40 tones @\$85,000
- 4 Loader @\$120,000

- 10 Pick Up @ \$30,000
- 6 Drillers for blasting @ \$35,000

2.3 Sources of Income

Red Rock Mineral Resources (Tanzania) Limited will generate income by simply supplying the following services first;

- Leasing various heavy machineries to Mining and construction companies all over Tanzania.
- Sub-contracting services with mining companies in executing complex and technical activities in mining and construction fields.

2.4 Sales Forecast

One thing is certain when it comes to machinery leasing and technical Services, if your business is strategically positioned and you have good relationship with players in business industry, you will always attract customers cum sales that will translate to increase in revenue generation for the business.

We are well positioned to take on the available market in and around the Tanzania and we are quite optimistic that we will meet our set target of generating enough profits from the first six months of operation and grow the business and our clientele base.

We have been able to critically examine the machinery leasing line of business, we have analyzed our chances in the industry and we have been able to come up with the following sales forecast. The sales projections are based on information gathered on the field and some assumptions that are peculiar to startups in the Tanzania.

Below are the sales projections for RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED, it is based on the location of our business and other factors as it relates to small scale and medium scale machinery leasing company startups in the Tanzania;

The yearly computed sales projections that will be seen in the financial statements are as follows

- **First Fiscal Year: 4,680,000 USD**
- **Second Fiscal Year: 5,148,00 USD**
- **Third Fiscal Year: 6,561,500 USD**
- **Fourth Fiscal Year: 8,385,960 USD**
- **Fifth Fiscal Year: 10,743,359 USD**

N.B: This projection was done based on what is obtainable in the industry and with the assumption that there won't be any major economic meltdown and there won't be any major competitor offering same product and customer care services as we do within same location. Please note that the above projection might be lower.

2.5 Market differentiation:

This is a marketing strategy utilized to separate a product or service from its competition. For our case as Red Rock Mineral Resources (Tanzania) Limited we will provide cost-effective leasing options to keep our customers' bottom line in check, retain their liquidity, stay on the cutting edge of technology while having the equipment they need to get the job done and the level of professionalism we will dispense to mention a few, will be our marketing strategy to outshine our competitors in the market.

2.6 Competitors

Knowledge on the competition field is extremely important in business environment analysis. When analyzing competition, it is important to identify those competitors who are actually challenging the business in the eyes of the customer. In this light the competition in machinery leasing industry in Dar es salaam and Tanzania in general is not stiff we there are few established companies that are doing good in the market we have competitors like Station Company Limited to mention a few that we have to compete with in the market. Most companies do the selling of machinery and car rentals only. So they is a great chance for us to excel in this industry.

2.7 Our competitive advantage

Some of our competitive advantages are availability of machineries such as excavators, dump trucks, graders, bulldozers, loaders, low beds, cranes and drillers to mention a few aligned to offer earthmoving solutions applications suitable for all mining, contractions, agriculture, and manufacturing needs. Whether the client's need is lifting heavy equipment, mining exploration, large diggings, drilling and blasting hard rocks or carrying excavated materials from the mine pits to the processing plant, RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED is the solution.

As a standard licensed Machinery leasing and technical support company, we know that gaining a competitive edge requires a detailed analysis of the demographics of the surrounding area and the nature of the existing competitors. And even if you are successful at first, new competitors could enter your market at any time to steal your regular customers. Hence, we will not hesitate to adopt successful and workable strategies from our competitors.

Another competitive advantage that we have is the vast experience of our management team; we have people on board who understand how to grow a business from the scratch to becoming a national phenomenon. Our large and robust distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

Lastly, our employees will be well taken care of, and their welfare package will be among the best within our category in the industry, meaning that they will be more than willing to build the business with us and help deliver our set goals and achieve all our aims and objectives. We will also give good working conditions and commissions to freelance sales agents that we will recruit from time to time.

2.8 Marketing Strategy and Sales Strategy

Before choosing a location to start RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED, we conducted thorough market survey and feasibility studies in order for us to penetrate the available market in the Tanzania. We have detailed information and data that we were able to utilize to structure our business to compete with other machinery leasing and sub-contracting companies in mining and construction.

We hired experts who have good understanding of the machinery leasing line of business to help us develop marketing strategies that will help us achieve our business goal of winning a larger percentage of the available market.

Red Rock Mineral Resources (Tanzania) Limited will adopt the following sales and marketing approach to sell our service of machinery leasing;

- Introduce our business by sending introductory letters to mining companies and other stakeholders in and around the Tanzania.

- List our business and services on yellow pages' ads (local directories)
- Leverage on the internet to promote our product cum business
- Engage in direct marketing and sales
- Encourage the use of Word of mouth marketing (referrals)

2.9 Publicity and Advertising Strategy

Regardless of the fact that our machinery leasing business can favorably compete with other leading machinery leasing companies in Tanzania and any part of East Africa, we will still go ahead to intensify publicity for all our services and brand.

Red Rock Mineral Resources (Tanzania) Limited has a long-term plan of providing expertise in earthmoving, mining, construction, manufacturing machinery leasing and technical support services all across Tanzania and other countries of East Africa. This is why we will deliberately build our brand to be well accepted in Dar es salaam before venturing out to other cities all across Tanzania. and other countries of East Africa.

As a matter of fact, our publicity and advertising strategy is not solely for selling our services but to also effectively communicate our brand. Here are the platforms we intend leveraging on to promote and advertise RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED;

- Place adverts on both print (community-based newspapers and magazines) and electronic media platforms
- Sponsor relevant community programs
- Leverage on the internet and social media platforms like Instagram, Facebook, Twitter, et al to promote our brand
- Ensure that all our staff members wear our customized clothes, and all our official cars and machinery are customized and well branded.

2.10 Our Pricing Strategy

At Red Rock Mineral Resources (Tanzania) Limited we will keep the prices of our products below the average market rate by keeping our overhead low and by collecting payment in advance from well – established companies that will be leasing our equipment and would require constant supply of our machines and technical support services in mining.

2.11 Payment Options

The payment policy adopted by Red Rock Mineral Resources (Tanzania) Limited is all inclusive because we are quite 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 Tanzania.

Here are the payment options that Red Rock Mineral Resources (Tanzania) Limited will make available to her clients;

- Payment via bank transfer
- Payment via online bank transfer
- Payment via check
- Payment via bank draft
- In view of the above, we have chosen banking platforms that will enable our clients make payment for our machinery leasing and technical support services without any stress on their part. Our bank account numbers will be made available on our website and promotional materials.

SECTION THREE

OPERATION STRATEGIES

3.0 Our Business Structure

As part of our plan to build a top-flight machinery leasing company in Dar es salaam Region that will favorably compete with leaders in the industry, we have perfected plans to get it right from the onset which is why we are going the extra mile to ensure that we have competent employees to occupy all the available positions in our company.

In view of that, we have decided to hire qualified and competent hands to occupy the following positions at Red Rock Mineral Resources (Tanzania) Limited in that line of machinery leasing business;

- Chief Executive Officer (Owner)
- Transport and Logistics Manager
- Human Resources and Admin Manager
- Sales and Marketing Officer
- Accountants/Cashiers
- Warehouse Workers
- Truck Drivers
- Customer Service Executives

3.1 S. W. O. T Analysis

The business can be very robust once it is established. The biggest risk is lack of finance for the start-up operation. This will be solved by the shareholders. The SWOT analysis shown below illustrates that the basic business environment has many strengths and opportunities due to mainly the strong Government, the peace and political stability can flourish a business in a great way.

Dar es salaam city is open for businesses with many opportunities that can be tapped by the company as discussed herein notwithstanding the weakness and threats thereof.

Table 3.1: S. W. O. T Analysis

STRENGTH	WEAKNESS
<p>Our strength lies in the fact that the Promoters have sound experience in this business and have talented Management.</p> <p>Another factor that counts to our advantage is the background of our Chief Executive Office; he has a robust experience in the industry and also a pretty good academic qualification to match the experience acquired which has placed him amongst the top-flight players in the machinery leasing industry. We are not ignoring the fact that our team of highly qualified and dedicated</p>	<p>VAT on leasing transaction is not clear.</p> <p>Limited market share growth</p>



workers will also serve as strength for our organization. Good constructed roads in all major parts of the country	
OPPORTUNITIES	THREAT
Augmented demand for world-class logistics and warehousing services. Increased use of machinery and technical support services in sectors such as mining, construction, manufacturing and government projects. Increasing market share due to favorable laws in mining industry.	Increasing fuel rates, therefore, increasing transportation costs Different laws in different countries Unorganized sector and competition Complex Tax Structure

3.2 Job Roles and Responsibilities

Chief Executive Officer – CEO (Owner):

- Increases management’s usefulness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; collaborating values, strategies, and objectives; assigning accountabilities; preparing, monitoring, and appraising job results; developing incentives; developing a climate for offering information and opinions; providing educational opportunities.
- Answerable for fixing prices and signing business deals
- Responsible for providing direction for the business
- Makes, connects, and implements the organization’s vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization’s strategy.
- Accountable for signing checks and documents on behalf of the company
- Evaluates the success of the organization

Technical and Logistics Manager

- Planning routes and allocating truck drivers.
- Arranging training for drivers and junior staff
- Maps out strategies that will lead to efficiency amongst workers in the organization
- Responsible for training, evaluation and assessment of the workforce
- Answering customer queries/ensure customer satisfaction
- Performing safety checks on Machinery, vehicles and storage equipment.

Human Resources and Admin Manager

- Responsible for overseeing the smooth running of HR and administrative tasks for the organization
- Defines job positions for recruitment and managing interviewing process
- Carries out induction for new team members
- Responsible for training, evaluation and assessment of employees
- Oversees the smooth running of the daily business activities.

Sales and Marketing Manager

- Manages external research and coordinate all the internal sources of information to retain the organizations' best customers and attract new ones
- Models demographic information and analyze the volumes of transactional data generated by customer purchases
- Identifies, prioritize, and reach out to new partners, and business opportunities et al
- Responsible for supervising implementation, advocate for the customer's needs, and communicate with customers
- Develops, executes and evaluates new plans for expanding sales
- Documents all customer contact and information
- Represents the company in strategic meetings
- Helps to increase sales and growth for the company

Warehouse Workers

- Loading and unloading goods.
- Inventory management.
- Maintaining working knowledge of standards.

Accountant/Cashier

- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Provides managements with financial analyses, development budgets, and accounting reports; analyzes financial feasibility for the most complex proposed projects; conducts market research to forecast trends and business conditions.
- Responsible for financial forecasting and risks analysis.
- Performs cash management, general ledger accounting, and financial reporting
- Responsible for developing and managing financial systems and policies
- Responsible for administering payrolls
- Ensures compliance with taxation legislation
- Handles all financial transactions for the organization
- Serves as internal auditor for the organization

Truck Drivers

- Maintains a logbook of their driving activities to ensure compliance with federal regulations governing the rest and work periods for operators.
- Keeps a record of vehicle inspections and make sure the truck is equipped with safety equipment
- Inspects vehicles for mechanical items and safety issues and perform preventative maintenance
- Complies with truck driving rules and regulations (size, weight, route designations, parking, break periods etc.) as well as with company policies and procedures
- Reports defects, accidents or violations



Client Service Executive

- Ensures that all contacts with clients (e-mail, walk-In center, SMS or phone) provides the client with a personalized customer service experience of the highest level
- Through interaction with customers on the phone, uses every opportunity to build client's interest in the company's products and services
- Manages administrative duties assigned by the human resources and admin manager in an effective and timely manner
- Consistently stays abreast of any new information on the organizations' services, promotional campaigns etc. to ensure accurate and helpful information is supplied to customers when they make enquiries (answer customer queries regarding our leasing equipment and technical support services offered)
- Finds out the customer's needs, recommend, select and help locate the right merchandise, describe a product's features and benefits.

SECTION FOUR

FINANCIAL PLAN

4.0 Generating Startup Capital for Red Rock Mineral Resources (Tanzania) Limited.

The Investment plan of the project involves 80% of shareholders' contribution through shares and 20% the financing through a Five-year term loan from KCB Bank most likely at the Interest rate of 20%. The project financing is as follows;

Figures in USD

S/n	Particulars	Own Financing in USD.- (80%)	External Financing (Bank Loan) in USD. – (20%)	Total Investment in USD
	Total Project's Investment	<u>3,985,600</u>	<u>996,400</u>	<u>4,982,000</u>
	Total Investment	<u>USD 3,985,600</u>	<u>USD 996,400</u>	<u>USD 4,982,000</u>

4.1 Labor Management and Cost

We expect to be able to pay good salaries to the office staff as shown below

Table 4.1: Staff allowance per Month based on their rank (seniority)

Title	Salary
Chief Executive Officer (Owner)	3150
Transport and Logistics Manager	1000
Human Resources and Admin Manager	1000
Sales and Marketing Officer	1200
Accountants/Cashiers	1000
Warehouse Workers	500
Truck Drivers	1200
Customer Service Executives	900
TOTAL	9,950

This is the estimated monthly cost for salaries for all the offices and staff members for full operations with the staff receiving a 2 per cent increment in their remuneration after the first year as it will be depicted in our financial model. These salaries are deliberate in order for the cooperative to appear to be serious and also, to control pilferage of product since we are dealing in a high value mineral field with high yields and so to keep staff's morale at a high, will always translate in paying them well too.

4.2 Financial Analysis, Forecasting and Strategy

The Financial Plan involves the development of the company's revenue and profitability model. It includes detailed explanations of the key assumptions used in building the model, sensitivity analysis

on key revenue and cost variables, and description of comparable valuations for existing organization with similar business models. In addition, the financial plan assesses the amount of capital RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED needs, the proposed use of these funds, and the expected future earnings. It includes Projected Income Statements, balance sheet and Cash Flow Statements. The aggregate cargo transportation project will be funded as earlier explained by shareholders capital of 3,982,600 USD and a loan of 996,400 USD from BOA bank at an annual interest rate of 20%, term loan will be for 60month at a monthly rate of 1.53% having a monthly repayment of 25,503.74 USD using a reducing balance method hence having a total amount payable of 1,530,224.15 USD as it will be depicted in the financial statements.

Importantly, all of the assumptions and projections in the financial plan must flow from and be supported by the descriptions and explanations offered in the other sections of the plan. The Financial Plan is where the entrepreneur communicates how he/she plans to "monetize" the overall vision for the new venture.

The following are key financial assumptions for our project:

**RED ROCK MINERAL RESOURCES
(TANZANIA) LIMITED**

FORECASTED REVENUE

	Leases Made annually	price per Day/Units	Annual revenue per Lease
Bulldozers	560	4,000.00	2,240,000
B3 Drilling Machine lease	1700	350.00	595,000
Wheel loader Lease	880	450.00	396,000
Excavators	750	1,500.00	1,125,000
Graders	540	600.00	324,000
TOTAL OF FORECASTED REVENUE			4,680,000.00

COST OF GOODS SOLD

	Expected gross margin	Annual cost of services sold
Bulldozers	20%	448,000.00
B3 Drilling Machine Lease	20%	119,000.00
Wheel loader Lease	15%	59,400.00
Excavators	15%	168,750.00
Graders	15%	48,600.00
TOATL COST OF GOODS SOLD		843,750.00

- ANNUAL MAINTANANCE, REPAIR AND OVERHAUL will have a 12% factor on Capital equipment
- ASSET DEPRECIATION will be for 5 year
- ANNUAL TAX RATE will be 30%
- ANNUAL INFLATION RATE will be 4%
- For operating expenses, the forecasts will be as follows.
 - Marketing expenses will be 0.2% of the total revenue of the first year.
 - Labor management and cost will be 0.3% of the total revenue of the first year and will have an increment of 2% the following years as depicted in the financial model
 - Utilities will be 0.1% of the total revenue of the first year and will have an increment of 2% for each following year.
 - Other administrative expenses will be 0.1% of the total revenue of the first year.
 - Other expenses will be 0.07% of the total revenue of the first year.
- ANNUAL AGGREGATE PRICE INCREASE will be 2%

It is expected that **RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED** Machinery leasing and technical services project will earn income from leasing and technical service sales during year 1 amounting to USD 4,680,000 which will subsequently have a sales price growth rate from year 2 on wards of 2% when the business will have been more promoted and become well known to many users, both foreign customers and Local customers from all customers in need of transportation services.

The following are the financial statements thus the projected profit and loss statement, balance sheet and projected cash flow of **RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED** Earthmoving, Mining, Construction Machinery Leasing and Technical Support services project.

4.3 PROFIT AND LOSS PROJECTION

RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED	
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PROFIT AND LOSS ASSUMPTION

	2024	2025	2026	2027	2028
Annual cumulative price (revenue) increase	0.00%	10.00%	30.00%	30.00%	30.00%
Annual cumulative inflation (expense) increase	0.00%	2.00%	4.00%	6.00%	8.00%

INCOME

	2024	2025	2026	2027	2028
Revenue					
Bulldozers	2,240,000	2,464,000	3,203,200	4,164,160	5,413,408
B3 Drilling Machine lease	595,000	654,500	719,950	791,945	871,140
Wheel loader Lease	396,000	435,600	566,280	736,164	957,013
Excavators	1,125,000	1,237,500	1,608,750	2,091,375	2,718,788
Graders	324,000	356,400	463,320	602,316	783,011
Total revenue	4,680,000	5,148,000	6,561,500	8,385,960	10,743,359
Cost of Sales					
Bulldozers	448,000	456,960	475,238	503,753	544,053
B3 Drilling Machine Lease	119,000	121,380	123,808	126,284	128,809
Wheel loader Lease	59,400	60,588	63,012	66,792	72,136
Excavators	168,750	172,125	179,010	189,751	204,931
Graders	48,600.00	49,572.00	51,554.88	54,648.17	59,020.03
Cost of goods sold	843,750	860,625	895,050	948,753	1,024,653
Gross Profit	3,836,250	4,287,375	5,666,450	7,437,207	9,718,706

Non-Operation Income

Dar es salaam trips		-	-	-	-
Interest income	-	-	-	-	-
Loss (gain) on sale of assets	-	-	1,000	-	-
Other income (specify)	-	-	-	-	-

Total Non-Operation Income

-	-	1,000	-	-
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TOTAL INCOME

3,836,250	4,287,375	5,667,450	7,437,207	9,718,706
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EXPENSES**Operating expenses**

Sales and marketing	9,507	9,697	10,085	10,690	11,545
Depreciation	924,000	61,200	62,400	63,600	64,800
Insurance	7,500	7,650	7,956	8,433	9,108
Payroll and Payroll Tax	14,939	15,238	15,847	16,798	18,142
Property taxes	2,500	2,550	2,652	2,811	3,036
Maintenance, repair, and overhaul	520,800	531,216	541,632	552,048	562,464
Utilities	4,980	5,079	5,282	5,599	6,047
Administrative fees	4,980	5,080	5,283	5,600	6,048
Interest expense on long-term debt	172,149	145,370	113,235	74,673	28,398
Other	3,169	3,232	3,362	3,563	3,848

Total operating expenses

1,664,523	786,312	767,734	743,816	713,437
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Non-Recurring Expenses

Unexpected Expenses	-	-	-	-	-
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Other expenses	-	-	-	-	-
Total Non-Recurring Expenses	-	-	-	-	-
TOTAL EXPENSES	1,664,523	786,312	767,734	743,816	713,437
TAXES					
Income Tax	651,518	1,050,319	1,469,915	2,008,017	2,701,581
Other Tax (specify)	-	-	-	-	-
TOTAL TAXES	651,518	1,050,319	1,469,915	2,008,017	2,701,581
NET PROFIT	1,520,209	2,450,744	3,429,801	4,685,374	6,303,688

4.4 BALANCE SHEET PROJECTION

RED ROCK MINERAL RESOURCES (TANZANIA) LIMITED	
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ASSETS						
Current Assets	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Cash and short-term investments	4,327,600	6,637,913	8,989,182	12,287,573	16,805,175	22,896,017
Accounts receivable		-	-	-	-	-
Total inventory		-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-
Other current assets		-	-	-	-	-
Total current assets	4,327,600	6,637,913	8,989,182	12,287,573	16,805,175	22,896,017

Property and Equipment	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Buildings	80,000	80,000	80,000	80,000	80,000	80,000
Land	20,000	20,000	20,000	20,000	20,000	20,000
Capital improvements	200,000	200,000	200,000	200,000	200,000	200,000
Machinery and equipment	4,340,000	4,340,000	4,340,000	4,340,000	4,340,000	4,340,000
Less Accumulated depreciation expense		924,000	985,200	1,047,600	1,111,200	1,176,000
Total Property and Equipment	4,640,000	3,716,000	3,654,800	3,592,400	3,528,800	3,464,000

Other Assets	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Goodwill	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Deposits	-	-	-	1,000	1,000	1,000
Other long-term assets	-	-	-	-	-	-
Total Other Assets	-	-	-	1,000	1,000	1,000

TOTAL ASSETS	8,967,600	10,353,913	12,643,982	15,880,973	20,334,975	26,361,017
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LIABILITIES

Current Liabilities	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Accounts payable		-	-	-	-	-
Accrued expenses	-	-	-	-	-	-
Notes payable/short-term debt	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-
Other current liabilities		-	-	-	-	-

Total Current Liabilities

- - - - -

Debt

Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
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Long-term debt/loan	996,400	862,504	701,829	509,019	277,647	-
Other long-term debt						

Total Debt

996,400 862,504 701,829 509,019 277,647 -

Other Liabilities

Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
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Other liabilities (specify)	-	-	-	-	-	-
Other liabilities (specify)	-	-	-	-	-	-

Total Other Liabilities

- - - - -

TOTAL LIABILITIES

996,400 862,504 701,829 509,019 277,647 -

EQUITY

Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
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Owner's equity (common)	3,985,600	3,985,600	3,985,600	3,985,600	3,985,600	3,985,600
Paid-in capital	3,985,600	3,985,600	3,985,600	3,985,600	3,985,600	3,985,600
Preferred equity	-	-	-	-	-	-
Retained earnings	-	1,520,209	3,970,953	7,400,755	12,086,129	18,389,817

TOTAL EQUITY

7,971,200 9,491,409 11,942,153 15,371,955 20,057,329 26,361,017

TOTAL LIABILITIES AND EQUITY

8,967,600 10,353,913 12,643,982 15,880,973 20,334,975 26,361,017

4.5 CASH FLOW PROJECTION

RED ROCK MINERAL RESOURCES
(TANZANIA) LIMITED

Operating activities	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Net income	1,520,209	2,450,744	3,429,801	4,685,374	6,303,688	18,389,817
Depreciation	924,000	61,200	62,400	63,600	64,800	1,176,000
Accounts receivable	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Amortization	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Other operating cash flow items	-	-	-	-	-	-
Total operating activities	2,444,209	2,511,944	3,492,201	4,748,974	6,368,488	19,565,817

Investing activities	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Capital expenditures	-	-	-	-	-	-
Acquisition of business	-	-	-	-	-	-
Sale of fixed assets	-	-	1,000	-	-	1,000
Other investing cash flow items	-	-	-	-	-	-
Total investing activities	-	-	1,000	-	-	1,000

Financing activities	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Long-term debt/financing	133,896	160,675	192,810	231,372	277,647	996,400
Preferred stock	-	-	-	-	-	-
Total cash dividends paid	-	-	-	-	-	-
Common stock	-	-	-	-	-	-



Other financing cash flow items	-	-	-	-	-	-
Total financing activities	133,896	160,675	192,810	231,372	277,647	996,400
Cumulative cash flow	2,310,313	2,351,269	3,298,391	4,517,602	6,090,842	18,568,417
Beginning cash balance	4,327,600	6,637,913	8,989,182	12,287,573	16,805,175	
Ending cash balance	6,637,913	8,989,182	12,287,573	16,805,175	22,896,017	

4.6 LOAN AMORTIZATION SCHEDULE

RED ROCK MINERAL RESOURCES (TANZANIA)
LIMITED

MONTH	BALANCE	SCHEDULED PAYMENT	PRINCIPAL	INTEREST
	996,400.00			
1	996,400.00	25,503.74	10,249.38	15,254.36
2	986,150.62	25,503.74	10,406.29	15,097.44
3	975,744.33	25,503.74	10,565.61	14,938.13
4	965,178.72	25,503.74	10,727.36	14,776.38
5	954,451.36	25,503.74	10,891.59	14,612.14
6	943,559.77	25,503.74	11,058.34	14,445.40
7	932,501.43	25,503.74	11,227.63	14,276.10
8	921,273.80	25,503.74	11,399.52	14,104.21
9	909,874.28	25,503.74	11,574.04	13,929.69
10	898,300.24	25,503.74	11,751.23	13,752.50
11	886,549.00	25,503.74	11,931.14	13,572.60
12	874,617.86	25,503.74	12,113.80	13,389.94
13	862,504.06	25,503.74	12,299.26	13,204.48
14	850,204.81	25,503.74	12,487.55	13,016.19
15	837,717.26	25,503.74	12,678.73	12,825.01
16	825,038.53	25,503.74	12,872.83	12,630.90
17	812,165.70	25,503.74	13,069.91	12,433.83
18	799,095.79	25,503.74	13,270.00	12,233.73
19	785,825.79	25,503.74	13,473.16	12,030.58
20	772,352.63	25,503.74	13,679.43	11,824.31



21	758,673.20	25,503.74	13,888.85	11,614.88
22	744,784.35	25,503.74	14,101.48	11,402.25
23	730,682.87	25,503.74	14,317.37	11,186.37
24	716,365.50	25,503.74	14,536.56	10,967.18
25	701,828.94	25,503.74	14,759.11	10,744.63
26	687,069.83	25,503.74	14,985.06	10,518.68
27	672,084.77	25,503.74	15,214.47	10,289.26
28	656,870.30	25,503.74	15,447.40	10,056.34
29	641,422.90	25,503.74	15,683.89	9,819.84
30	625,739.01	25,503.74	15,924.00	9,579.73
31	609,815.01	25,503.74	16,167.79	9,335.94
32	593,647.22	25,503.74	16,415.31	9,088.42
33	577,231.90	25,503.74	16,666.62	8,837.11
34	560,565.28	25,503.74	16,921.78	8,581.96
35	543,643.50	25,503.74	17,180.84	8,322.89
36	526,462.66	25,503.74	17,443.87	8,059.86
37	509,018.79	25,503.74	17,710.93	7,792.81
38	491,307.86	25,503.74	17,982.07	7,521.66
39	473,325.79	25,503.74	18,257.37	7,246.37
40	455,068.42	25,503.74	18,536.88	6,966.86
41	436,531.54	25,503.74	18,820.67	6,683.07
42	417,710.87	25,503.74	19,108.80	6,394.93
43	398,602.07	25,503.74	19,401.35	6,102.39
44	379,200.72	25,503.74	19,698.37	5,805.36
45	359,502.35	25,503.74	19,999.95	5,503.79
46	339,502.40	25,503.74	20,306.13	5,197.60
47	319,196.27	25,503.74	20,617.01	4,886.73
48	298,579.26	25,503.74	20,932.65	4,571.09



49	277,646.61	25,503.74	21,253.11	4,250.62
50	256,393.50	25,503.74	21,578.49	3,925.25
51	234,815.01	25,503.74	21,908.84	3,594.89
52	212,906.17	25,503.74	22,244.26	3,259.48
53	190,661.92	25,503.74	22,584.80	2,918.93
54	168,077.11	25,503.74	22,930.56	2,573.17
55	145,146.55	25,503.74	23,281.62	2,222.12
56	121,864.93	25,503.74	23,638.05	1,865.69
57	98,226.88	25,503.74	23,999.93	1,503.80
58	74,226.95	25,503.74	24,367.36	1,136.38
59	49,859.59	25,503.74	24,740.41	763.32
60	25,119.17	25,503.74	25,119.17	384.56


4.7 Sustainability and Expansion Strategy

The future of a business lies in the number of loyal customers that they have the capacity and competence of their employees, their investment strategy and their business structure. If all of these factors are missing from a business, then it won't be too long before the business close shop.

One of our major goals as Red Rock Mineral Resources (Tanzania) Limited in starting this project of machinery leasing and offering technical support services is to build a business that will survive off its own cash flow without the need for injecting finance from external sources once the business is officially running. We know that one of the ways of gaining approval and winning customers over is by offering better machinery leasing and technical services at a little bit cheaper than what is obtained in the market and we are well prepared to survive on lower profit margin for a while.

4.8 Way forward

The overall success of this business plan will depend on the efforts of the entrepreneur's ability to sale the company services as the customers buy the services leading to expand national wide, Also the success will depend on financial discipline of the management as to implement the idea as planned. The activities which are essential for the business to start up has to be carefully monitored and implemented. The entrepreneur is flexible and open up for new ideas and techniques with aim of ensuring the idea take off.



So, after all these considerations and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, mainly the Tanzania Investment Centre – (TIC). And Tanzania revenue authority (TRA) The project deserves this support because of its viability technically, economically, and, socially acceptable.

List of Appendice

Appendix I: The Proposed Organization Chart of RED ROCK MINERAL RESOURCES (TZ) LIMITED

