

# **Alluvial Gold and Diamonds**

## **Business Plan**

Version 1.0

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# Alluvial Gold and Diamonds Business Plan

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# Alluvial Gold and Diamonds Business Plan

## 1. Management Summary

***Alluvial Gold and Diamonds supplies private costumers and the jewelry & wholesale market in Antwerp with high quality diamonds at competitive prices***

Alluvial Gold and Diamonds (Alluvial GD) supplies the professional and private diamond markets with fresh polished and certificated diamonds of 4 to 8 carats. By selling them at competitive prices Alluvial GD achieves a quick return on investment from each stone it purchases

Alluvial GD purchases rough diamonds in Sierra Leone which are polished in Antwerp. The majority of stones are also sold in Antwerp.

One of the principals of Alluvial GD has been buying and selling stones from Sierra Leone for over 10 years. Together with her business partner they have developed a process which cover all activities from the mine to the sale. A pilot of this process was successfully run with another investor this year. This investor is now focusing on artisan mining in Sierra Leone while the principles of Alluvial GD wish to exploit the process and expand their business and make the purchase, polishing and selling of diamonds a full-time business. Alluvial GD requires start-up capital to ensure a regular supply of stones to the market. In the past their business has been on an ad-hoc commission basis.

To establish Alluvial Gold and Diamonds funding of \$200,000 US is required. In return Alluvial GD are prepared to offer 25% of the company or to pay double the investment after 12 months with no equity. These generous returns are because Alluvial GD are unable to secure the loan/investment.

Alluvial Gold and Diamonds has enormous potential. Our business plan is conservative, in the first year we are basing it on 21 stones being acquired, polished and sold, all at a wholesale price i.e. 50% off the Rappaport price, the industry standard. We believe we can develop a network of retail and private buyers and achieve a much better sale price. Our 5-year goal is to give Alluvial GD a turnover of \$9,000,000 US which equates to transporting only 230 carats or 40 diamonds. The reality is much more could be achieved given the right partner.

## 2. The Diamond Market

A diamond is the hardest material on Earth and has long-since been recognized for its beauty as a gemstone. Some 128 million carats of diamonds were estimated to have been produced from mines worldwide in 2016. Major producing countries include Australia, the Democratic Republic of Congo, Botswana, South Africa, and Russia. Worldwide reserves are estimated to be some 750 million carats. Australia has the largest reserves, estimated at some 210 million carats. (The Statistics Portal).

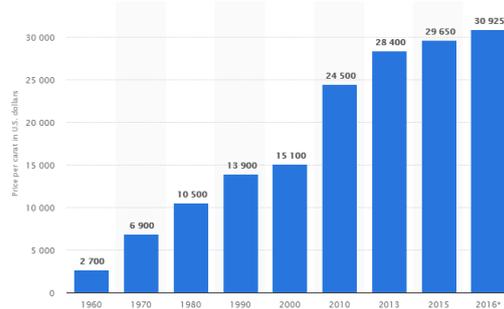
People buy diamonds for a variety of reasons. Diamonds in the commercial market, the market we are targeting, are usually presented as jewelry. Some people purchase diamonds as a symbol of longevity others measure their self-worth by the size and quality of the diamond jewelry they receive. Whether a gift, saying sorry, or the need to make a point of how important a person is to you, it can be well expressed with diamond jewelry.

Diamonds of high quality are rare and are not found in every part of the world. The demand is much higher than the supply, so the price of the diamonds is, and has consistently been, high.

# Alluvial Gold and Diamonds Business Plan

As you can see from the table below the price of diamonds has risen for the last 50 years.

*Historic diamond prices per carat from 1960 to 2016 (in US dollars)*



*(Statista - The statistics portal, 2018)*

### 3. Why Sierra Leone and Antwerp

We have chosen to buy rough diamonds in Sierra Leone because we already have an established network of suppliers. Sierra Leone is well known as a country with beautiful and big diamonds of high quality.

One of our Principal's family have been into the business of gold and diamonds for generations. This makes Sierra Leone an excellent market for Alluvial GD as we have the connections already in place to establish a strong and stable business. Diamonds are traded in Sierra Leone approximately 10 months a year. Our business plan is based on 21 purchases in year 1.

There are around 160 different diamond company representatives visiting Sierra Leone each year, 95% of these buy from wholesalers in Freetown. Purchasing from wholesalers means higher prices and less opportunity for high quality stones. Our business plan is based on purchasing quality diamonds at good, but fair, prices from owners of diamond mines or small prospecting companies. In this way we will build a relationship with these companies which will result in continued supply of high-quality stones. All our diamonds will be legally purchased according to the laws of Sierra Leone.

We will finish and trade many of the diamonds in Antwerp as it is the world's most important center for trade of diamonds. Approximately 83% of the total world production of rough diamonds is traded in Antwerp. Antwerp is home to over 1,700 diamond officially registered firms. There are more than 350 official buyers of rough and polished stones. All our diamonds will be certificated in Antwerp.

### 4. The Product / Service

Th company will purchase rough diamonds in Sierra Leone and process them in Europe to become finished polished diamonds.

We will focus on producing the following types of diamonds:

- 4 carat to 8 carats
- Color D, E, F
- Clarity IF to VVS 1

We believe such diamonds will meet the needs of customers enabling us to achieve rapid sales after the diamonds have been polished.

# Alluvial Gold and Diamonds Business Plan

The Rapaport Report is the jewelry industry standard for the pricing of diamonds. The report is published weekly and is distributed to jewelers and diamond merchants to set prices for consumers. The report is issued in the form of a table and prices diamonds based on the 4C's of diamonds; carat, color, clarity and cut. The Rapaport List is copyrighted and available only to subscribers to its magazine.

We will price our finished diamonds competitively, though we will always achieve a good return. The price can be relatively high, such a price signals a quality diamond.

## 5. Operations

Our method of operation is simple and has been designed to be secure, yet scalable.

To ensure a regular stream of suitable stones in Sierra Leone we will initially work with nine suppliers we have already identified, many of whom we have already worked with. We can usually purchase the right stone in 5 – 7 days but will wait longer in order to purchase rough diamonds of the right quality. Alluvial GD will build a reputation of providing quality diamonds.



Diamonds are often described with the 4cs; Carat - Color - Cut - Clarity. We are maximizing the use of geology instruments to ensure we purchase rough diamonds which will deliver the 4cs. Alluvial Gold and Diamonds will always utilize a diamond tester to ensure we have sufficient weight in the rough diamond. By making an analysis of size, color and shape of the rough diamond, and by using established cutters, we are able to consistently deliver the 4cs.

To evaluate the stones in Sierra Leone we are using following instruments (see the next section for more details);

- Diamond tester; shows if it's a real diamond or not – simple test wand and water testing methods are used
- Scannox Planner; for planning the rough diamond. That means we will be able to analyze what shape and carat, we can get out of the rough stone.
- Color meter; to confirm the color of the stone

The Scannox and Color meter are computer controlled.

We will store purchased diamonds in an office in Freetown, where we have a deposit box and the offices are guarded by Security guards 24/7

The process to register the stones in Sierra Leone is as follows:

1. All exporters are required to make a 24-hour appointment at the DCI Diamond counsellor International (DCI) before export.
2. Valuation starts by weighing the stone to confirm the weight brought in by the exporter.
3. The rough diamonds are then sized according to the prescribed sizes on the schedule.

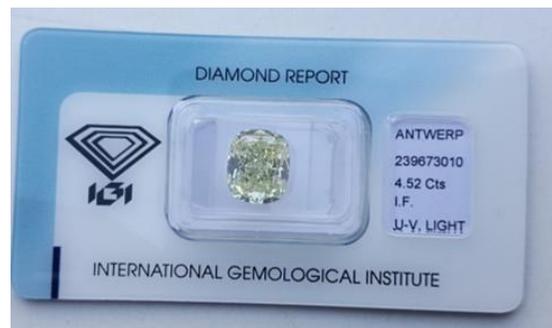
## Alluvial Gold and Diamonds Business Plan

4. Before preparing the Kimberley certificate, the exporter produces the bank deposit slip for the purchase as a part of the supporting documents for the eventual signing of the Kimberley Certificate. That the funds for the valuation are put on deposit
5. The exporter uses a copy of the schedule sheet to pay 3.03% export duty to the central bank. The exporter comes with the paid slip to the Trading and Auditing department and the PMT receipt is prepared.
6. Copies of the Kimberley certificate and schedule are handed over to the exporter together with the sealed certificate and box. The photocopies are deposited with the authorities at the Lungi International Airport.

Once a stone is purchased we will contact one of our polishers in Antwerp and arrange the expedient cutting of the stone. We have two polishers we currently use in Antwerp who we have worked with for many years, and we have always been pleased with the quality of their work. Mr. Bart Verswijvel and Erkos BVBA are our polishers, both have a good reputation in Antwerp which can be verified by members of the Diamond market.

As our equipment has given us the size, shape and color of the finished stone, we will also email our list of wholesalers, jewelry shops and private buyers before the stone leaves Sierra Leone.

The stone will be initially transported by one of the directors of the company and will be delivered directly to the polisher. When we move to 4 or 6 stone consignments we will use a security service to transport the stones. Our polishers will not accept stones from courier companies in order to avoid fraud. It takes 7 – 10 working days to polish the stone. Certification takes a further 2 days



In relation to selling stones, if the stone is to be traded in Antwerp we intend to make it available to as many of the registered buyers as possible. The typical business customer will be a registered diamond wholesaler company, which is often the subcontractor of other companies or private persons, or a jewelry shop.

We intend to follow up our initial contact with buyers while the stone is being polished, in order to judge their interest and achieve a quick sale. We will sell to the highest bidder on the day we are selling the stone. The price of a stone is set in the latest Rapaport report. The wholesale market will purchase from us at a 35 - 50% discount on Rapaport, while jewelry shops will purchase at the Rapaport listed price. Eventually we will also look for a private buyer as this will usually generate a minimum 25 to 40 % above Rapaport.

In the first year we believe it is realistic to work with 2 to 5 wholesalers, 5 to 10 Jewelry Shops and 3 to 5 private customers. In our cashflow we have assumed all sales to a wholesaler at a 50% reduction on Rapaport, we hope to achieve better returns by making some sales to Jewelry shops and negotiating less discount with the wholesalers. We have not included these or the more lucrative private sales in our forecast. We will endeavor to build a network of private individuals in the first year of business.

The selling process can take from 1 day to 10 days. If we sell to diamond dealers the maximum time is 72 hours in order to get bids for the stones. For private buyers the time depends on their location and how quick we agree the price.

# Alluvial Gold and Diamonds Business Plan

## 6. OGI Systems Equipment

Alluvial GD utilize the following advance technology from OGI Systems Limited



It is almost impossible to observe any difference in the top five or six color grades of the rough diamond. Nevertheless, the differences exist and they can cause dramatic variations in price. The dia color machine accurately color grades each rough diamond. .It enables the detection of different color grades from colorless stones ( D) to faint yellow (K) and up to fancy yellow (Z) in rough diamonds at about 1/2 color grade accuracy. The machine is also suitable for brown tint in the D-F color range and in providing a computerized indication of both the yellow fluorescence (which indicates cloudiness in the stone) and the blue fluorescence. The machines also detect fancy yellow in the

following groups:

- No fancy
- Light fancy yellow
- Fancy
- Intense fancy



The Scanox Planner System is the leading solution to Measuring, Planning and Grading of diamonds from the rough stone up to the brilliant polished diamond. A dual laser scanner provides precise scanning for optimal mapping of holes and grooves.

OGI's Rough Software provides an innovative method for determining the optimal yield of a rough stone. Each one of the suggested models will measure your stone, analyze its dimensions and show you the best way to achieve the optimal completed diamond. Powerful algorithms are used for calculating numerous cutting options for the highest yield possible from any rough stone. The software then presents a 3D simulation of the analysis results, as well as comprehensive numerical information organized in charts and diagrams, intended to help you decide on the best way to process it.

# Alluvial Gold and Diamonds Business Plan

## 7. Alluvial GD SWOT

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Steady supply of good quality diamonds</li> <li>• Good knowledge of Diamonds and the market</li> <li>• Good understanding of, and connections in, the Sierra Leone diamond market</li> <li>• Established business</li> <li>• There are few competitors who work the same way Alluvial GD does</li> <li>• Highly motivated Principals</li> <li>• New Sierra Leonian Government encouraging the Artisan mining business and exporting of gold and diamonds</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of capitalization in the business - purchases and processing are cash transactions</li> <li>• Currently a lack of private customers</li> <li>• Poor infrastructure in Sierra Leone</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Increasing the number of transactions per year</li> <li>• Increasing the number of jewelry shops and private customers and hence the profitability per trip</li> </ul>	<ul style="list-style-type: none"> <li>• Supply of single diamonds is reduced due to purchase by larger diamond traders</li> <li>• Purchasing diamonds whose fluorescence is too high</li> </ul>

While the infrastructure in Sierra Leone is poor this should not unduly impact us as the road to Kono has been recently upgraded. However, we will need a 4x4 to visit the mines where the best diamonds at the most competitive prices can be obtained. We will pay the miners to come to Freetown where we will transact our business.

Our major work in the first year will be to build the profile of the company to network and acquire private customers from whom we can earn higher commissions. Our contingency plan is to sell extra stones on the wholesale market.

The Sierra Leonean Government has recently changed and has introduced new rules to encourage the ethical exporting of diamonds. It has done this because it needs a considerable amount of money to rebuild the country. The diamond business provides significant revenue for the country. The current government tax when registering stones for the world-wide recognized Kimberley certificate is 3.03%. In addition, we have allowed a further 2% for the use of an exporters license.

While Sierra Leone is in the top twelve countries in the world who export diamonds, there is a steady supply of single diamonds on which our business model is based. We currently do not expect this to change.

## Alluvial Gold and Diamonds Business Plan

Our strengths and opportunities make this a JAM business, Just Add Money. With the right investor/partner the goals we have set can not only be achieved but exceeded. Alluvial GD has the network, the experience and enthusiasm to build a highly profitable business in a short space of time. Initially we will use suppliers, finishers and purchasers we have already traded with to ensure a fast start. Most importantly our plan gives us the time to build the infrastructure in the first year we can exploit in future years.

### 8. Who are Alluvial Gold and Diamonds?

Alluvial Gold and Diamonds is owned by Mahota & Tony. Mahota has been in the diamond business, for over 10 years, buying diamonds in Africa and selling them in Antwerp, with her recently deceased husband Rolf. Because of the business longevity she has built up a strong relationship with a lot of sellers in Sierra Leone, West Africa. With the large number of buyers in Antwerp, there are always options to sell the finished stones the same day as they have been valued by Gemological Institute of America (GIA).

Mahota has working in Sierra Leone and Liberia with gold and diamonds for more than 10 years and understands the complexities of the business gaining considerable knowledge from the dealers and sellers she has been working with.

Mahota and Tony have complementary backgrounds which are useful to the business. Mahota is born and raised in Sierra Leone and Tony is born and raised in UK and has a European approach to business. Tony was a management consultant for over 25 years and has worked with some of the leading companies in Europe improving their strategy and business processes. Alluvial Gold and Diamonds has a clearly defined strategy and process which is reviewed at the end of each 'run'. By continually improving our process Alluvial GD reduces the business risk with an efficient and effective process. This process will allow Alluvial GD to expand its business safely and if required, beyond the goals currently achieved.

The combination of the Principals backgrounds gives Alluvial Gold and Diamonds a good steady supply of quality stones in West Africa while we also establishing a chain of good buyers in Europe all based on a repeatable process.

CVs for Mahota and Tony are shown in the appendices to this document

#### **Mission statement**

Our Mission Statement is concise, yet it accurately describes our business:

***Alluvial Gold and Diamonds supplies private costumers and the jewelry & wholesale market in Antwerp with high quality diamonds at competitive prices***

Alluvial GD can deliver on this mission statement because of our access to good quality rough diamonds in Sierra Leone with no intermediaries in the buying and selling processes.

Alluvial GD covers a very small part of the total demand of the diamond market. This gives us a big opportunity to remain as a good business partner for the wholesalers and the private market. It also means that we do not have to worry about competition, other than to ensure our quality remains high and our price competitive.

# Alluvial Gold and Diamonds Business Plan

## Operating Targets

Our current assumptions for our business metrics are:

- Year 1 - we will sell 21 stones from finished size 4 to 8 carats and sell all of them through the wholesale market in Antwerp. With a turnover of approximately \$2,690,000 US dollars.
- Year 2 – we will expand the number of stones to 30 of size 4 to 8 carats and will make a turnover around \$5,750,000 US dollars
- Year 3 to 5 – The expansion will increase up to 40 stones, with a turnover around \$7,500,000 US dollars - \$10,000,000



## Measurable goals

Alluvial Gold and Diamonds has the following goals: -

At the end of 3 years we envisage the company having a:

- turnover of minimum \$5,000,000 US per year
- sales of total 210 carat
- Sales ratio of 75:25 i.e. 25% of sales to private customers

At the end of 5 years we envisage:

- Turnover of at least \$9,000,000 US
- Sales of 230 carat polished stones
- 40 % of our customers should be private in 5 years

There are unrivalled opportunities for growth within the industry. With the network we have today, and the options to bring more private customers to the business, Alluvial GD has extremely good potential.

## 9. Business Metrics

In this section we have provided our first-year trading summary and detailed cash flow. We have only provided one year of figures because by the end of this period the investor will have achieved their exit, should they require one, and the business will be established.

All figures in our first-year trading budget and cash flow are stated in US dollars.

The cashflow is based on an 8-week cycle. In weeks 1 – 4 the stones are purchased and registered. In weeks 5 – 8 the stones are transported, polished and sold. There is approximately a 2-week contingency in each cycle to allow for delays in purchasing and selling. Should a regular outlet for our diamonds be found then the cycle could be reduced to 6 weeks, thus allowing more cycles per year, which would increase turnover.

As we have previously stated the trading in the first year is conservative and reflects the time required to establish the business while reactivating our current contacts and establishing new contacts.

## Alluvial Gold and Diamonds Business Plan

However, we intend to have a purchase made in the first month of operation. To do this we will have purchase options for stones in the pipeline when the business commences. Our first-year profit of approximately \$850,000 before tax is achieved by trading 21 diamonds. Approximately 35% will be used as shareholder dividends with the remaining £525,000 being used as cash flow for year 2.

Our aim is to purchase rough diamonds of the best quality and size. Our contingency is to purchase additional stones in months 9 and 11 should it take more time to establish a steady stream of quality merchandise.

The investment required for the business allows Alluvial GD to be established. Our cash flow is based on an assumption that we can hire the diamond testing equipment on the first two visits from the investor who took part in the pilot testing of the process. However, we have enough contingency in the budget to purchase this equipment in Month 1 should this be necessary. While using up the majority of the budget, this would add approximately \$20,000 to the profit.

Once the first diamonds are sold the business has a healthy cash position for the remainder of the first year. This can be seen in the cash flow provided.

As the value of the capital goods is less than \$100,000 we will depreciate the goods in the first year.

## Alluvial Gold and Diamonds Business Plan

### First Year Profit/Loss

<b>Income</b>	
Sale of stones	\$2,693,250
Loan or deposits	\$200,000
<b>Total Income</b>	<b>\$2,893,250</b>
<b>Expenditure</b>	
<b>Capital Goods</b>	
4 x 4	\$52,000
Test equipment	\$75,000
<b>Total Capital Goods</b>	<b>\$127,000</b>
<b>Purchase &amp; Processing of Diamonds</b>	
Diamonds (Buying)	\$840,000
Sierra Leone Diamond tax and export licence	\$42,000
Tax in Belgium	\$168,000
Polisher	\$28,186
GIA certification + number engraving	\$15,750
<b>Total Purchase &amp; Processing of Diamonds</b>	<b>\$1,093,936</b>
<b>Operating Costs</b>	
Salary	\$272,500
Travel expenses	\$126,200
Rental of testing equipment	\$20,000
Local gemologist	\$5,500
Transporting miners to Freetown	\$11,000
Mobile phones	\$2,500
Marketing inc. web & social media	\$13,200
Rapaport - membership and magazine	\$940
Insurance (travel, medical & diamonds)	\$9,450
Accounting & Legal inc. Licences	\$25,500
Local tips	\$24,000
Courier	\$50,000
Freetown Office	\$29,000
Unforeseen costs 10%	\$63,668
<b>Total Operating Costs</b>	<b>\$653,458</b>
<b>Total Expenditure</b>	<b>\$1,874,394</b>
Shareholder loans/dividends	\$292,261
Repayment of Capital & Interest	\$200,000
<b>Profit</b>	<b>\$526,595</b>

## Alluvial Gold and Diamonds Business Plan

### Cashflow (\$US)

	1	2	3	4	5	6	7	8	9	10	11	12	Total Year 1
<b>Income</b>													
Sale of stones		256,500		384,750		513,000		513,000		513,000		513,000	\$2,693,250
Loan or deposits	200,000												\$200,000
<b>Total Income</b>	<b>200,000</b>	<b>256,500</b>		<b>384,750</b>		<b>513,000</b>		<b>513,000</b>		<b>513,000</b>		<b>513,000</b>	<b>\$2,893,250</b>
<b>Expenditure</b>													
<b>Capital Goods</b>													
4 x 4	20,000								32,000				\$52,000
Test equipment				75,000									\$75,000
<b>Total Capital Goods</b>	<b>20,000</b>			<b>75,000</b>					<b>32,000</b>				<b>\$127,000</b>
<b>Purchase &amp; Processing of Diamonds</b>													
Diamonds (Buying)	80,000		120,000		160,000		160,000		160,000		160,000		\$840,000
Sierra Leone Diamond tax and export licence	4,000		6,000		8,000		8,000		8,000		8,000		\$42,000
Belgium Import Tax (VAT)		16,000		24,000		32,000		32,000		32,000		32,000	\$168,000
Polisher		3,316		4,974		4,974		4,974		4,974		4,974	\$28,186
GIa certification + number engraving		1,500		2,250		3,000		3,000		3,000		3,000	\$15,750
<b>Total Purchase &amp; Processing of Diamonds</b>	<b>84,000</b>	<b>20,816</b>	<b>126,000</b>	<b>31,224</b>	<b>168,000</b>	<b>39,974</b>	<b>168,000</b>	<b>39,974</b>	<b>168,000</b>	<b>39,974</b>	<b>168,000</b>	<b>39,974</b>	<b>\$1,093,936</b>
<b>Operating Costs</b>													
Salary	15,000	15,000	15,000	20,000	20,000	20,000	25,000	25,000	27,500	30,000	30,000	30,000	\$272,500
Travel expenses	8,200	4,800	15,150	6,250	15,150	6,250	15,150	7,250	16,750	7,250	16,750	7,250	\$126,200
Rental of testing equipment	10,000		10,000										\$20,000
Local gemologist	300		600		600		1,000		1,500		1,500		\$5,500
Transporting miners to Freetown	1,000		1,500		2,000		2,000		2,000		2,500		\$11,000
Mobile phones	200		300		500		500		500		500		\$2,500
Marketing inc. web & social media	450	250	1,000	1,500		2,500		2,500		2,500		2,500	\$13,200
Rapaport - membership and magazine			940										\$940
Insurance (travel, medical & diamonds)	300		750		1,650		2,250		2,250		2,250		\$9,450
Accounting & Legal inc. Licences	8,500	5,500	500	500	500	500	500	500	500	2,500	500	5,000	\$25,500
Local tips	2,000		3,500		3,500		5,000		5,000		5,000		\$24,000
Courier			5,000		10,000		10,000		10,000		15,000		\$50,000
Freetown Office		5,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000	\$29,000
Unforeseen costs 10%	13,148	4,087	18,024	3,547	21,190	3,672							\$63,668
<b>Total Operating Costs</b>	<b>59,098</b>	<b>34,637</b>	<b>74,264</b>	<b>33,797</b>	<b>77,090</b>	<b>34,922</b>	<b>63,400</b>	<b>37,250</b>	<b>69,000</b>	<b>45,250</b>	<b>77,000</b>	<b>47,750</b>	<b>\$653,458</b>
<b>Total Expenditure</b>	<b>163,098</b>	<b>55,453</b>	<b>200,264</b>	<b>140,021</b>	<b>245,090</b>	<b>74,896</b>	<b>231,400</b>	<b>77,224</b>	<b>269,000</b>	<b>85,224</b>	<b>245,000</b>	<b>87,724</b>	<b>\$1,874,394</b>
Shareholder loans/dividends							71,314	20,907	78,137	21,067	77,073	23,762	\$292,261
Repayment of Capital & Interest							33,333	33,333	33,333	33,333	33,333	33,333	\$200,000
<b>Net profit</b>	<b>36,902</b>	<b>201,047</b>	<b>-200,264</b>	<b>244,729</b>	<b>-245,090</b>	<b>438,104</b>	<b>-336,047</b>	<b>381,536</b>	<b>-380,471</b>	<b>373,376</b>	<b>-355,406</b>	<b>368,180</b>	
<b>Cumulative Profit</b>	<b>36,902</b>	<b>237,949</b>	<b>37,685</b>	<b>282,414</b>	<b>37,324</b>	<b>475,428</b>	<b>139,380</b>	<b>520,916</b>	<b>140,445</b>	<b>513,821</b>	<b>158,414</b>	<b>526,595</b>	

# Alluvial Gold and Diamonds Business Plan

## 10. The Gold Opportunity

Our business plan currently focuses exclusively on the diamond business. However, we have named the company so that we can also take advantage of our access to Gold should the opportunity arise. This is likely to be via one of the private clients we aim to recruit in the first 2 years of our business.

Our Gold business will be an 'on demand' service in the first year. We will purchase Gold on behalf of clients in Sierra Leone and transport it to their preferred location. Gold can be purchased in Sierra Leone for approximately \$33,000 per kilo and sells in Europe for \$38,000 and in Dubai for up to \$42,000 per kilo. The Sierra Leonian Government allows the personal transportation of 10 Kg of gold. We have business partners who are regularly carrying this amount of Gold to Europe and the USA.

Our business partners method of operation is that the client pays 50% - 100% of the transaction at time of order and is responsible for all transportation costs i.e. business class travel. The client often comes to Sierra Leone on the first transaction to view the process. We envisage offering a similar service in Year 1. In Year 2 cash flow will allow us to fund transactions and be paid on delivery of the gold.



The Gold supplied is in excess of 96% pure. We would test the Gold and put it into 1Kg (or other amount) bars. This process costs approximately \$1,000. The customer is notified of the purity and agrees the shipment. The Gold is then taken to the Government Gold and Diamond Office where the tax of 3.03% is paid. At the end of the process 2% is paid to the holder of the export licence.

## 11. Investment Proposition

We are looking for an Investor or business partner. The funding requirement required to establish Alluvial Gold and Diamonds is \$200,000 USD.

As we are not able to create security for a loan we are offering attractive terms for the right partner or investor:

either

- 25% of Précieux-Amour and the loan repaid within the first year, on current projections this equates to approximately \$275,000

or

- 200% of investment repaid in 12 months i.e. \$400,000 paid after 12 months

We would also consider a hybrid equity/repayment situation of say 15% equity plus a 50% return on investment or a number of investors contributing smaller amounts and receiving part of the equity i.e. a \$50,000 investment would receive 7.5% of the equity.

Should the business trade as per the cash flow detailed previously Alluvial GD would consider starting to repay the investment after 6 months, thus the investor would achieve a higher return on investment.

# Alluvial Gold and Diamonds Business Plan

## 12. Next Steps

Please contact Tony on + 44 (0)77 1525 3199 or email [tonyd@alluvialgd.com](mailto:tonyd@alluvialgd.com) to be part of this exciting opportunity.

## Bibliography

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The Statistics Portal. (n.d.). Retrieved February 2018, 2018, from <https://www.statista.com/topics/1704/diamond-industry/>

# Alluvial Gold and Diamonds Business Plan

## Appendix A: CV Mahota Jensen



### Background

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Experienced with purchase of diamonds and gold. Buying, selling jewelry and diamonds around Liberia, Guinea, Sierra Leone, Belguim and Denmark, has been her main occupation for the last 15 years. She has been working in Sierra Leone and Liberia with gold and diamonds for more than 10 years.

Mahota comes from a family who have been in the diamond trade and gold for many generations and her initial training came from the family. Operating in the West African diamond trade in Sierra Leone for 10 years means she understands the complexities of the business. Mahota has gained considerable knowledge from the dealers and sellers she has been working with. This knowledge has been put to good effect in designing the straightforward, risk reduced, approach of Alluvial GD.

Coming from Sierra Leone she is able to work closely with the owners of diamond mines, or the small prospecting companies, which form the backbone of our existing network. Her eye for quality enables her to identify diamonds, which when polished, will produce the best return on investment.

Mahota has spent a significant amount of time in Sierra Leone in the last few years reestablishing and quality testing a network of suppliers. In addition, she has assembled the pieces of the new business Alluvial Gold and Diamonds. During this time, she has tested the process of buying uncut diamonds from 9 different mines, registering them in Sierra Leone, personally transporting them to Antwerp, where she have worked with 2 polishers, before selling the cut diamonds on the market in Antwerp.

In Alluvial we have designed a low risk, high profit business.

### Experience

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- |                    |   |
|--------------------|---|
| <b>2018 -</b>      | <b>Partner of Alluvial Gold and Diamonds</b><br>Establishing a new business based on the Précieux- Amour model.   |
| <b>2015 - 2018</b> | <b>Partner of Précieux- Amour</b><br>Diamond dealer: In conjunction with her husband Rolf, purchase of uncut diamonds in Sierra Leone for cutting and sale in Antwerp and too a few private European individuals. |
| <b>2007 - 2013</b> | <b>Jewelry sales manager</b>  |

## Alluvial Gold and Diamonds Business Plan

Sales manager for Seines Jewelry in Liberia, responsible for the team serving high-class customers.

**2004 - 2007**

### **Independent Training**

Trading with different kinds of fashion to women In and out of Sierra Leone.

**2003 – 2004**

### **UNHCR**

Working as the voice for children - how they have been misused or suffered other bad events after the war in Sierra Leone.

**2000 – 2003**

### **Bar owner**

Independent bar owner in Freetown. Made my own bar/restaurant Typical customers UN, FN staff and local people. Our menu was typical African food served international drinks and beers.

## **Education**

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**1998 – 2000**

High diploma in social work

## **Interests**

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Family, fashion.

## **Languages**

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Fluent

English, Mende and Creole

Beginner

Swedish

# Alluvial Gold and Diamonds Business Plan

## Appendix B: CV Tony Davies



### Background

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Tony Davies is a business facilitator and lecturer. As a business facilitator he works in partnership with organizations helping them implement strategies and gain business advantage through innovative techniques including the application of Knowledge. He uses a variety of tools including the Balanced Scorecard and the Knowledge Framework to deliver measurable business benefit to his clients. Tony also has considerable experience in helping organizations redefine and knowledge enable their processes including embedding measurement frameworks which feedback the success of both the strategy and its implementation.

He has put all his experience to good use in the development of the Alluvial Gold and Diamonds business model and processes. He has been studying the diamond business for the last 6 months. During this time he was trained to use the OGI Systems Limited range of equipment to test the rough diamonds in Sierra Leone. This advanced testing and modelling software is a key differentiator for Alluvial GD.

In September this year Tony made his second trip to Sierra Leone and was part of the team testing the process which Alluvial are now bringing to the market.

Tony is an accomplished workshop facilitator, lecturer and conference speaker. His work is often delivered via electronic workshops of which he is a leading exponent. Tony has delivered workshops/conferences on four continents.

### Education

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Tony has an honors degree in Information Technology from the Polytechnic of Wales and a Postgraduate Diploma in Education from the University of Hertfordshire.

### Published Work

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10 Reasons Knowledge Projects Fail	Market Leader	2000
Knowledge Management Tools	CBI Knowledge Management Guide	2000
Technology Support for Sustainable Innovation – with M Stephenson	Knowledge Management Yearbook	2001

### Major Consulting Projects

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**Strategy Development**                      Nationwide Building Society, Swindon, UK    14 months

Facilitated the development of a five year strategy for the Facilities Group at the Society. Developed an overall balanced scorecard to manage their strategy, including a full set of metrics to ensure

## Alluvial Gold and Diamonds Business Plan

timely management decisions. Led the team that redesigned their refurbishment process which was implemented in the refurbishment of 625 branches of the Society.

**Process Development** Renaissance 36 months

Led and/ worked as a consultant on a number of projects where processes were redesigned and sometimes knowledge enabled. Led a project to redesign the cargo and passenger loading processes for a major airline. Worked on a project to knowledge enable the customer process for a major Nordic bank. Led a project to redefine and knowledge enable the oil field identification process for a small UK oil company. Helped streamline the sales process for a UK insurance company.

**Process & Business Model Redesign** BUPA, London 15 months

Working with Actuarial team enabling them to develop a health risk model which allowed them to both change their delivery methods as well as their pricing model. This model helped them grow their business and make it more effective. As part of this work the processes within the risk assessment and pricing parts of the business were redesigned.

**Project Management Method** ASML, Eindhoven, Holland 12 months

Part of a team designing and implementing a project management methodology to better manage the building of 'high tech' machinery. The project also redesigned the HR process. Tony was coach to a number of the ASML teams helping them improve the delivery of their projects with respect to time and cost.

**Project Facilitation** Nationwide Building Society, Swindon, UK 40 months

Responsible for making five 'independent contractors into one team to refurbish the 625 branches of Nationwide building society, and for ensuring their performance throughout the project. The program was called from competitors to co-operators. Developed and implemented measurement criteria to ensure the successful running of the project.

**Business Incubator** MgTechnologies, Hamburg, Germany 9 months

Chief Innovator and Strategist for a business incubator owned by MgTechnologies with the remit of identifying new business opportunities and building new businesses for the group. Developed an Innovation Process based on collaborative techniques.

**Strategy Implementation** TetraPak, Modena, Italy 18 months

Led the development of a group balanced scorecard which was then cascaded to the two areas in the division and then to their 11 sections. For each section a series of 12 measures were developed which were used to manage their business. The standards developed in the work in Equipment Group were subsequently adopted throughout Tetrapak.

**Knowledge Management** Lotus/IBM, Staines, UK 18 months

Tony acted as Knowledge Management Principle for Lotus/IBM in Europe and oversaw the implementation of major Knowledge Management projects across Europe. He also presented papers at major conferences in Europe, USA and Asia.