

CONFIDENTIAL

Ethiopian Gemstones Share Company

Short Business introduction

“Grand Solutions!”

Business Plan

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1. Executive summary

Ethiopia as a country has lots of potential in the mineral sector which has a known occurrence of more than 30 minerals which includes metallic minerals, Gemstones and other industrial minerals.

Extraordinary accomplishment and promising achievement have been seen in the gold market in the 2020/21. Ethiopian potential is not limited to the gold market, but more to Gemstone and industrial minerals. These gemstone and industrial items are under lots of challenges and left out by the government to the individuals. The biggest bottleneck for the market of gemstone and industrial minerals is the lack of a unified modality to regulate the production and market of these minerals. The biased market adventure and unnecessary actors in the supply chain makes the market unstable and too risky for the investment. These challenges make the market unattractive for new investments and let these precious minerals still run in the hands of small individuals.

The mining sector in Ethiopia is one of the economic pillars that is regulated under the supervision of the ministry of mines. The home grown economic agenda for prosperous Ethiopia gives a special focus to transform this sector, in which the government plans to scale the contribution of minerals to our GDP by 10% at the end of 2025. The current ministry of mines began a lot of reforms and started achieving successful results to address the production and market problems, but still a lot of work is left to achieve the milestone set by the government to usher the 1% GDP contribution to 10% within four years.

2. Market size

The market size of the mineral industry is more than 550 billion dollars and Specifically The international gemstone market involves around 24 billion dollar market size. The mineral sector in Ethiopia directly engages more than 1.2 million peoples and around 7 million peoples engage in the trade as a beneficiary to the sector in different forms of business, which mainly includes transportation and hotel services. The contribution to the country's GDP is 1% and it engages more than 15% of the export item. It also creates around 120,000 to 150,000 new jobs every year.

The increase of yearly sales from 260 million dollar export to 680 million dollar in a single year gives a glimpse of hope for further development of this sector in the coming years. The major export item currently is gold which accounts for more than 80% of the total items, but also Ethiopia is rich with more than 40 types of gemstone and a hub for top 5 gemstone available in the world. The gemstone market in Ethiopia has recently been identified and it is one of the

untapped sectors with promising quality and abundance to the world gemstone market, We have a potential to compete with top world gemstone exporting countries.

Top three countries in the Gemstone market of the world and their market share :-

List of countries	percentage on the world Gemstone market	Revenue from the sector in billion dollar(\$)
Switzerland	11.7%	8.1 B
China	11.5%	8 B
India	11.1%	7.7 B

3. Problem in the market

3.1 Lack of sufficient technology :- Usage of old tools to extract and grind the Gemstones limits our production capacity and reduces the price evaluation by causing some damage to precious Gemstones.

3.2 Long supply chain :- the market in gold is more advanced with the engagement of the government but in items like gemstones, unnecessary suppliers and many middle men between the miner and international market make the supply chain biased and cause market inflation without any contribution to the item.

3.3 Poor market exposure :- our collection of Gemstones are not well promoted across the globe which creates an advantage for countries like India to purchase our Gemstone and resell it on international platforms. Lack of using a digital sales approach also created a huge gap in which international buyers must have to come in person to purchase our Gemstone which is currently very challenging for a post-covid travel restricted world.

4. Our solution

Ethiopian Gemstones S.c is a shared company that will be formed by public engagement and every stakeholder in the Gemstones industry of Ethiopia, which includes exporters, miners and valueadding individuals along the value chain.

We implement a web based-service for merchants and sellers of Ethiopian Gemstones, which is operated in a digitalized manner including electronic payment with international financial

institutions and local banks. Our platform also works with international facilitated shipment solutions to facilitate logistics in a much more advanced way. This will provide an easy means in a way to manage and build a digital market wing to resell available Gemstones across the world in a bold and integrated approach.

Ethiopian Gemstones will use a digital approach to brand Ethiopian Gemstones for sailing across the world with an engagement of a website soon to be launched, www.ethiopiangemstones.com and a **mobile application** functioning in both Android and IOS to assist the sales of Gemstones.

Our digital solution will also funnel the available Gemstone to the international market by implementing an **agent-based affiliate market** in a way that can be managed virtually to create a B2B (Business to Business) approach to function with our digital market approach to function with joint effort for broad market exposure internationally.

This company operates in a modality that can help any stakeholders in the Gemstones industry to build a sustainable market exposure and become a hub of collaboration for means of finance, support and knowledge transfer of the whole special focus given to gemstone.

5. Sales channel

5.1 Mobile Application :- Ethiopian Gemstones mobile application will help any small scale and corporate miner, value adding lapidaries or exporters to list their available product and reach into a world pool of interested international buyers for an auction.

5.2 Website :- Our website _will also be a means to buy a collection of Gemstones from all over the world with simple and easy steps to assist our sales.

5.3 Affiliate agents :- Certified agents across the world will be licensed to transact and purchase to resell our Gemstones through our integrated agent monitoring system.

6. Marketing Strategy

6.1 Internet based marketing :- The world is connected like never before, nowadays 4.6 billion active internet users are out there and old means of selling products and advertisements to reach the customer is outdated. Ethiopian Gemstone s.c will advance its marketing by going digital with more targeted advertisements on Social media, like facebook and instagram. This will enable our digital platform to reach more customers than a group of pre-existing exporters will ever reach.

6.2 Mineral Tourism :- Through partnership with tourism Ethiopia we will

work on Gemstones tourism to attract many more Gemstones tourists in Ethiopia, by establishing Gemstone museums and getting a stand at world well known expos as a brand to promote Ethiopian Gemstones.

7. Benefits of the government

The government will be able to regulate and have access to the whole transaction report in which it will become easy to manage any royalty and other forms of payment will be collected easily and without evasion. Easy report generation and appropriate sales statistics will also help the government to understand the market more and set new policies and strategies for further scale up. The digital platform will enable any Gemstone producer to have the maximum and broader market exposure available internationally which will reduce the interest of selling a Gemstone in illegal ways which supports the government to collect the right amount of foreign currency.

8. Benefits of the miner

Small scale individual miners or mining association will have the access to list their available Gemstone to the collection of world Gemstones market in an open auction this will help them to benefit more from their products and enable them to become strong financially, in a way that will help them to scale up their demands of technological survey and extraction in a more advanced tools.

9. Benefit to the international buyer

International clients can easily buy a package to bid for the available Gemstones they are interested in, with a package offer for weekly, monthly and yearly subscriptions. This will have an advantage to filter out any spam user and create a class of buying members. This approach is very acceptable if we consider the readiness of Gemstones buyers, while they come physically spending too much money on travel and hospitality resources. It also becomes very tough for travel because of covid-19 is still a treat for many individuals. This platform will give them the opportunity to buy and order any type of Gemstones they are interested in from wherever they are. Through all these opportunities for the international market community, it will be convenient to pay and use our platform by subscribing to it.