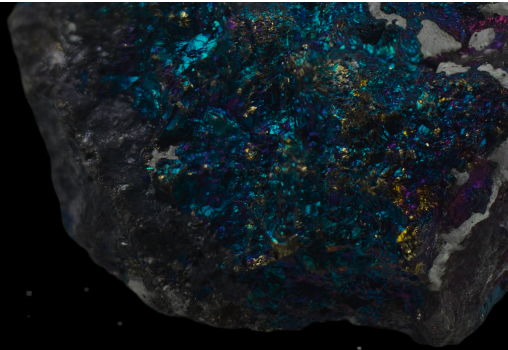


StoneVest

EXECUTIVE PROPOSAL

# The essential investment deck



**Trading  
Opportunities  
In Solid  
Minerals**



OUR VALUE

**Stonevest MBC fosters  
cooperation, pooling resources  
for Nigeria's mining sector.**

# 2023 Q2 Market Review

Executive proposal

## A MARKET REVIEW

The Nigerian solid mineral sector, specifically in terms of strategically useful industrial minerals like lead, zinc, lithium, and fluorspar, has been consistently underperforming. In 2021, Nigeria exported \$73.4 million worth of lead ore, ranking as the 17th largest exporter globally. The main export destination for lead ore was China, followed by Malaysia and Canada. However, zinc exports were weak at only \$1.4 million, mostly to China. China dominates the market for lead and zinc ores and concentrates from Nigeria, accounting for nearly 99% of the exports. The volumes of exports to China have been growing at an alarming rate of 13.5% year on year. Despite these export figures, the Nigerian solid mineral sector's contribution to the country's GDP remains minimal, reaching only 0.3% in Q3 of 2022.



The sector is on a slow but progressive growth trajectory, with improvements seen in revenue generation, accountability, technological development, geoscience data reliability, clampdown on illegal mining, and gender inclusivity. Nigeria possesses large commercial deposits of non-ferrous metals such as lead, zinc, tin, iron ore, and lithium, with over 5,000 confirmed sites according to the NMCO (Nigerian Mining Cadastral Office). However, over 60% of the mining licenses for lead, zinc, and lithium are set to be revoked, and 25% of the sites are currently dormant. Despite having significant reserves, the country's lead, zinc, and lithium exports account for less than 2% of the total available reserves, indicating significant underperformance. The sector's underperformance can be attributed to negligence by the federal government and the lack of trade policies to regulate the industry, similar to those in the crude oil and agro commodities sectors. Despite the growth and revenue-generating potential of the solid mineral sector, the government's attention and support have been insufficient, hindering its development.

The International market price of lead, zinc and lithium currently stands around 2000, 2500 and 5000(5% spodumene) usd respectively which indicate they are quite commercially valuable minerals with a steady stable demand internationally. Although minerals like Lithium crashed by over 38% in the first quarter of 2023, it still remains a very important future metal as many nations gear up to meet carbon emission targets. Lead and zinc on the other hand has maintained a fairly stable price only rising by 10% and 23% from Januray 2023 till date. It is therefore no gainsaying that whilst the Sector's performance is improving, more effort is required to set the Sector on a steady growth path and to earn Nigeria a prominent place on the global mining map.

# S.V OPPORTUNITY REVIEW

Executive proposal



## LEAD AND ZINC

*Lead and zinc vein deposits are widely spread across the Benue Trough in Nigeria, ranging from the southeast to the northeast.*

Ebonyi State is estimated to have the richest and highest-quality deposits, with two major mining companies operating there. The state is also home to the first large-scale lead and zinc flotation plant in Nigeria. Other states where lead and zinc ores are being exploited include Nasarawa, Plateau, Gombe, Benue, and more, each with varying purity levels.

In Nigeria, over 5,000 mining licenses have been issued to various companies and individuals. Around 3,000 exploration licenses have been granted to over 1,000 companies for lead and zinc, while 1,500 exploration licenses have been issued for lithium. However, the reality is that over 99% of these deposits remain unmined or unexplored due to the financial challenges faced by licensed owners in undertaking large-scale mining operations. Consequently, most mining activities in Nigeria are artisanal in nature.



*Other states where Lead and zinc ores are currently being exploited include Nasarawa (20% and 30% Zn and Pb % purity), Plateau state (40% Zn and 60% pb %purity), Gombe(25% and 35% Zn and Pb % purity), Benue(30% Zn and 50% pb % purity) and so forth*

## LITHIUM

Nigeria boasts an exceptional quality of lithium, characterized by its high-grade composition with lithium oxide content ranging from an impressive 1% to 13%. This exceeds the global benchmark for lithium exploration and mining, which typically begins at a threshold of 0.4% lithium. Notably, significant deposits of lithium spodumene (Li<sub>2</sub>O) and lithium lepidolite (lithium mica), averaging an impressive 1.5-2%, have been discovered in nine states across the nation. These states include the North East (Kwara, Lade, Pategi), Kogi (Lokoja), Oyo (Iseyin, Shaki), Nassarawa (Kokona, Awe, Endo), and Kebbi (Birnin Kebbi), with new reserves continuously being unearthed.

Recognizing the immense potential of this valuable resource, it becomes increasingly crucial to implement strategies that can enhance the industry's value proposition. Two primary avenues for accomplishing this goal include active mining operations and strategic mineral trading. By leveraging these approaches, Nigeria can effectively harness and capitalize on its lithium reserves, fostering sustainable growth and maximizing the economic benefits derived from this remarkable natural resource.





## QUOTE

**“ Looking at the diversity of the mineral types and industrial importance of most of them and the need to exploit and process the minerals for technological development, there is need to build up capability to produce efficient unit operations of the required sizes by indigenous manufacturers. ”**

**S.V**  
**COMPANY REVIEW**

Executive proposal

LP Mining Resources Ltd is a strategic merger of LP logistics and Stonevest Nigeria Ltd to engage primarily in the initiative of mineral extraction and trade. By its vision it is more than just a mining organization but rather a market driver to make the most of the nigerian underperforming solid minerals sector and to create wealth for all stakeholders.

Hence our main agenda is to add real value to the solid minerals industry and to improve and accelerate the value chain process. Leveraging on our expertise, assets, network and shrewd trading practices, we have sufficient capacity to be a successful trading venture and to create wealth for all our members.



## OUR VISION

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To be recognised as the Top minerals and metal trading network in West Africa, a social investment, mining and mineral trading giant. To achieve this, we intend to invest in the most lucrative stages of the value chain; from extraction (upstream) to ore processing, quality assurance services, logistics, high volume trading, geological and exploratory services and government contracting. LP is already quite influential in the mining sector in Nigeria and growing at an increasing pace. Our two active segments which include mining and trading generate a net profit of 17% per year with a trading volume of over 2 million USD in 2022. We have a lean in-house staff of 25 employees and over 50 contractors, 47 suppliers of raw materials from various sites across several minerals, 2 active mining and exploration joint ventures and 11 legally owned Lead, zinc and lithium mines.

## ● OUR TEAM

LP Stonevest was founded by two experienced professionals in solid minerals and business management and we have a motivated and flexible management team. Our staff structure is divided into in-house staff(desk staff and field men) and contractors.

## ● BUSINESS MODEL

LP mining currently runs two main business segments Mining and Trading.



## LP MINING OPERATION

Operations are currently ongoing at our Enyigba Lead-zinc-silver rich open cast mine in Ebonyi state of South east Nigeria where we produce about 1000 tons of lead and around 700 tons of zinc ore monthly. Our second site called the Npkuma Akwu-akuko Lead Zinc-silver mine is also producing in JV partnership with RIMCO nigeria ltd. We have a solid array of equipment that supports open cast mining and deep tunnel mining methods which include excavators, payloaders, bulldozers, water pumps, generators, air compressors, drilling machines and handheld equipment like jackhammers and rock drills.

In addition, we enjoy smooth mining operations due to professional management, community backing and government connections. We finance all Mining operations and expenses through proceeds from our strong trading structure. We also own 8 lithium exploratory licenses, 2 lead and zinc licenses across three states of the federation giving us an edge over other companies. As we make concrete moves to expand, we plan to ensure all our licensed sites are working at full capacity.

## LP TRADING OPERATION

In 2022, we traded nearly \$2.8 million worth of lead, zinc, lithium, and fluorite. In 2023, we have already purchased and supplied minerals worth over \$1.2 billion, resulting in a 7% end-of-year profit. Although our initial estimations predicted a 22% net income, the reality of plummeting lithium prices, which fell by over 300%, forced us to readjust. Nevertheless, we managed to maintain our position in the industry and remain financially stable.

Throughout the years, we have built a robust trading network by steadfastly adhering to our guiding principles, shaped by extensive experience. Our field staff, consisting of 12 individuals stationed across 6 different states, ensures effective operations. Moreover, we have fostered strong relationships with legally approved mine owners and traders, providing them with financial support and education on improved quality control and mining techniques.

To facilitate transportation and enhance our brand reputation, we maintain a fleet of trucks for efficient conveyance of goods from the site to their destinations. Additionally, we possess three spacious warehouses strategically located in easily accessible areas. These factors not only attract more buyers but also contribute to our overall brand image.





## QUOTE

**“ We have made major efforts in ensuring we are key plays in every area of the mineral to metal value chain. This lays the basis for our expansion ”**

# SV EXPANSION PLAN

Executive proposal

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## EXPANSION PLAN

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### The Brief

*The first plans of expansion are already coming underplay as we are going public with our first ever IPO. Du to how fast we are growing and how much we need to cover to achieve our goals, an IPO offering after much analysis was the best move made by both founders and the board of directors. This will enable us to carry out our carefully weighed expansions plans through the following business segments:*

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### Expanding our mining scale and exponentially increasing output volume:

The Nigerian solid minerals sector presents abundant opportunities for extraction, with numerous undiscovered sites and lands containing strategic minerals like lithium. LP recognizes this potential and aims to fully capitalize on it. Leveraging their seven years of mining experience, particularly in the successful zurak-wase lead and zinc mine in Plateau State, which yielded over 400,000 tons of Pb/Zn, LP believes it has the necessary expertise to excel in this sector. LP holds three approved lithium licenses and enjoys local goodwill, positioning them to exploit the rich lithium resources found in various locations. These lithium sites are estimated to contain spodumene with lithium concentrations ranging from 2-4%, making them commercially valuable. The value-to-cost ratio of mining 2% lithium is estimated to be around 320%, highlighting the significant profitability of this venture. With sufficient capital and funding, LP envisions exponentially increasing their output and bottom line through the exploitation of these lithium deposits.

To support their mining operations, LP recognizes the importance of effective equipment. While they already own some machinery such as excavators, bulldozers, payloaders, and dumpers, new ventures will require additional equipment. Additionally, LP plans to allocate funds for working capital, attracting top expertise, and navigating the political complexities of running a successful mining venture in Nigeria. The estimated value of this mining expansion initiative is approximately \$2 million.

Furthermore, LP's strong market position, economic standing, and brand reputation provide them with the opportunity to acquire new sites beyond their existing holdings. These additional sites can be explored in the future, further contributing to LP's expansion program.

Overall, LP aims to leverage the untapped potential of Nigeria's solid minerals sector, particularly in lithium mining, by utilizing their experience, equipment, funding, and market position.

## EXPANSION PLAN

### Expanding our Trading Scale and volume:

Trading is necessary because it complements the mining efforts and costs. Needless to say it is a powerful cash cow. As a matter of fact, trading is what keeps the business alive because it's a continuous flow of capital and exchange of money and information. Our target is to buy and sell 50,000 tons of lithium, 40,000 tons of lead, 40,000 tons of zinc and 80,000 tons of calcium fluoride, every year and keeping our revenue at around 50 to 100 USD per ton.

We have a plan to generate 10 million USD from trading every year. Our business model will be about controlling the market to control price movements. We plan to be the business buyer, only the biggest buyer can control price. With these funds at hand, we are faced with an opportunity to do productive, lucrative work.

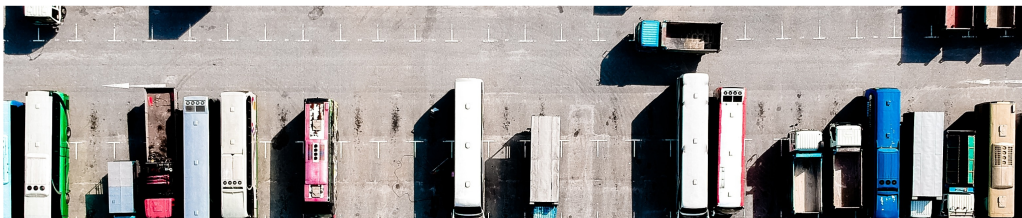


## EXPANSION PLAN

### Logistics

To further enhance its operations SV invest in logistics by acquiring several trucks for haulage. This business segment alone has the potential to generate approximately \$400,000 USD in annual profit for the company. In addition, sv recognises the significant value in processing ores into concentrates, particularly for lead, zinc, and lithium. Remarkably, there is currently no lithium processing factory in the country, presenting a lucrative opportunity for sv. By processing low-quality materials into marketable qualities at a low cost, the company can create substantial value. For instance, processing 30 tons of 1% lithium, which sells locally for less than \$150 USD per ton, into 9-10 tons of 3% quality, could yield close to \$1,000 USD per ton. By leveraging economies of scale, advanced processing technology, and effective waste management, LP aims to process 5,000 tons per month and generate an estimated net profit of \$4-5 million USD monthly from this business segment in the foreseeable future.

The execution of this processing plant project will require an annual budget of \$3 million USD. This strategic investment will not only bolster SV's profitability but also establish a much-needed lithium processing facility in Nigeria.



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## EXPANSION PLAN

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### Lab Analysis, Assay And Certification Service

LP recognizes the pressing need for a trusted and internationally recognized mineral testing laboratory in Nigeria. Currently, stakeholders have limited options as internationally recognized companies like SGS and Bureau Veritas do not have mineral testing facilities in the country. Consequently, samples need to be sent abroad for assay, incurring significant costs and time delays.

To address this gap, LP aims to establish a standard and professional mineral testing laboratory. By providing reliable lab analysis, assay, and certification services locally, LP can offer a cost-effective and efficient solution to stakeholders. The initial investment required for this project is estimated at \$500,000 USD annually.

While LP may not generate profits in the first year due to limited brand recognition, the company expects steady growth and reputation-building over time. A projected 7% return is anticipated at the end of the second business year, with subsequent years seeing a growth rate of 15-2%.

LP's mineral testing laboratory will not only meet the local demand for trusted and internationally recognized testing services but also contribute to the development and growth of the mining sector in Nigeria.



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## EXPANSION PLAN

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### Geological and Exploration Services & Research

Another segment is private and government contracting to provide exploration services, mapping aero-magnetic data and treasure hunting. The Nigerian government and private individuals alike are actively looking for professional and certified geological survey companies to carry out proper and dependable research on their assets. If we take on two or three jobs a year, we can add revenue to our bottom line depending on the value of the contract awarded. As for man power, we are well connected to current talent in the geological survey field and are ready to join our team.

Other viable business segments include selling and lease of mining equipment and bonded warehouse rentals at destination ports. These business segments have a capacity of generating a cumulative 30 million usd in net profit yearly including assets of over 2 million usd. Each segment complements the other and drives it forward and our vision is to be the prime driver, to take on the responsibility of pushing this great industry forward no matter the odds. In order to do this successfully, big funding and working capital is a top requirement. With our knowledge and expertise combined with adequate funding, we can create an organization that can compete across borders, create jobs, drive industry growth and create wealth for all stakeholders.



# SV COMPETITION REVIEW

Executive proposal



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## COMPETITION REVIEW

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### Geological and Exploration Services & Research

The company's competitive strategy focuses on working hard, staying professional, and consistently improving output and volume. The mining sector in which they operate is relatively less saturated and largely unregulated by the federal government. However, their main competition comes from large mining companies and Chinese trading ventures that hold a significant market share.

Access to funding would provide the company with a competitive edge and potential avenues for cooperation with competitors as suppliers. Key competitors include Malcomines Nig Ltd, Multiverse Nig Ltd, Aihua Anhui Nig Ltd (Tongyi Group), Bright GU Ltd, and Royal Salt Ltd, along with other indigenous and foreign traders with substantial output capacity and trade volume.

The company's ability to outperform competition relies on financial resources, effective execution and management, safety policies, proper budgeting, monitoring of results, equipment maintenance, and strategic hiring processes. Their ultimate competitive goal is to win market share and gain control of the market, allowing them to have a decisive hold on local prices. The company's long-term aspiration is to become the "Glencore of Nigeria," positioning itself as a dominant player in the mining industry.

### Risk Analysis

Surprisingly, the solid minerals industry comes with less risk than we care to know. In all our years of experience, our 2 main business segments (mining and trading) may come with the following risks:

The company faces several challenges in its operations. International prices of lead, zinc, and fluorite have been stable with minimal growth, but there was a significant drop in lithium prices in the final quarter of 2022. The company needs to stay informed and alert to mitigate the risks associated with market price fluctuations.

Community apathy in the mining areas can create friction between the company and local villagers. Resolving issues through meetings with local leaders, elders, and offering financial incentives is an effective approach.

Government laws and policies, such as fuel subsidy removal and introduction of state taxes and levies, can impact costs in the industry. Having strong connections and networks within the government is crucial for staying informed about regulatory changes.

Theft during transit of goods is a concern, but the company has implemented security measures such as employing motor boys and escorts, installing CCTV cameras, and utilizing tracking devices to prevent material theft.

Overall, the company takes a holistic approach to risk management and seeks to provide creative solutions to mitigate challenges in the industry.

# SV FINAL PLAN & PROJECTION

Executive proposal

## Financial Projection

The financial projections for the two main business segments: mining and trading.

### 1. Mining Segment:

- Budget: \$1,571,000 per year per site
- Net Income Target: 30% of the budget ( $\$1,571,000 \times 0.30 = \$471,300$ )

The mining segment is allocated a budget of \$1,571,000 per year per site. This budget covers various expenses related to mining operations, such as equipment maintenance, labor costs, raw material procurement, transportation, and other overhead expenses. At the end of the fiscal year, the goal is to achieve a net income of 30% of the allocated budget, which amounts to \$471,300.

### 2. Trading Segment:

- Budget: \$2,000,000 per year
- Net Income Target: 25% of the budget ( $\$2,000,000 \times 0.25 = \$500,000$ )

The trading segment has a separate budget of \$2,000,000 per year. This budget covers activities related to trading, such as procurement of goods, logistics, distribution, marketing, and other associated costs. The target for net income in the trading segment is 25% of the allocated budget, which amounts to \$500,000.

Overall, the company aims to achieve a net income of \$471,300 from the mining segment and \$500,000 from the trading segment, resulting in a total net income of \$971,300 at the end of the fiscal year. These financial projections help guide the company's financial planning and performance evaluation for each business segment.

*In Year 1, the company needs to acquire several assets and allocate working capital for the mining venture. Here is a detailed breakdown of the costs:*

### Acquisition of Assets

1. 2 foreign used excavators: \$250,000
2. 2 foreign used payloaders: \$200,000
3. 1 foreign used bulldozer: \$75,000
4. 1 40kva generator: \$20,000
5. 1 dumper truck: \$90,000
6. 15 heavy high-quality submersible water pumps: \$40,000
7. 1 heavy-duty windlass and hoist: \$10,000
8. A core drilling machine: \$200,000
9. 2 heavy-duty HOWO 40-ton tippers for lifting harvested material: \$250,000
10. 2 heavy-duty crawling air compressors: \$120,000
11. Small handheld machinery (e.g., pneumatic hand-held jackhammers, rock drills, electric drills, carpentry and welding equipment): \$50,000

### Working Capital

1. Diesel for powering large equipment (minimum 230 working days):  $\$300/\text{day} \times 230 \text{ days} = \$69,000$
2. Staff wages and salaries (per year): \$96,000
3. Staff quarters, buildings, warehouses, office space, storage facilities: \$20,000
4. Feeding and staff upkeep: \$5,000
5. Miscellaneous expenses (adjusting to possible risks, govt laws, tax, and royalties): \$50,000

**\*\*Total Funding Required for Year 1:\*\***

Asset Acquisition Cost + Working Capital =  $\$1,305,000 + \$240,000 = \$1,545,000$

The company needs approximately \$1,545,000 in funding for Year 1 to acquire assets and cover working capital expenses. This investment will help the company establish its mining venture, improve operations, and achieve its financial targets.

## Output

The company's next plan of action is to begin mining on two lithium sites located in Nassarawa Awe local government area. These sites have been confirmed to be rich in middle-grade spodumene, as indicated by on-site samples. The mining approach will involve careful and controlled exploration for the first 4-5 months, followed by large-scale open-cast method mining. This will expose the veins for a continuous and substantial harvest from the 6th month throughout the rest of the business year.

The production target is a minimum of 2,500 tons of 1.5% lithium spodumene per month for each site in the last 2 quarters of the business year. The projected output for the entire year would be 15,000 tons.

### \*\*Financial Projection for Lithium Mining\*\*

- Local Selling Price of 1.5% lithium (ex Onne port): \$270 per metric ton
- Total Revenue from Lithium Sales: \$270/ton \* 15,000 tons = \$4,050,000
- Profit Margin: \$4,050,000 (Revenue) - \$1,545,000 (Funding Required) = \$2,505,000
- Profit Margin Percentage: (\$2,505,000 / \$1,545,000) \* 100 = 162%

The projected revenue from lithium sales at the end of the business year is \$4,050,000, resulting in a profit margin of \$2,505,000. This represents a substantial profit margin of 162% on the initial funding of \$1,545,000.

Additionally, the value of the site and production output is influenced by the market value of the minerals extracted. High-grade lead ore with Ag (Silver) content is estimated to generate an impressive profit of 320% return on capital.

By pursuing the mining operations in a strategic manner and leveraging the potential of the lithium sites, the company aims to achieve significant financial success and establish itself as a key player in the mining industry.

## Trading

The estimated trading volume for lead, zinc, and fluorite is 2,000 tons monthly, while for fluorspar it is 3,000 tons monthly. The company aims to maintain a healthy profit margin of \$42 per ton for lead, zinc, and lithium in both stable and bear markets. For calcium fluorite, the profit margin is stable at \$12 per ton.

### Breakdown

The estimated net profit per ton of goods sold for a truck of Pb (Lead), Zn (Zinc), and Li (Lithium) ores delivered to PH (Onne) is \$42 per ton. Considering an estimated yearly trading volume of 72,000 tons, the calculation would be:

$$\text{Estimated Yearly Trading Volume X Profit per Ton} = 72,000 \text{ tons} \times \$42 = \$3,024,000$$

This indicates that the company can potentially generate \$3,024,000 in profit from the trading of these ores at the end of the business year. The initial capital investment of \$3,000,000 can be recycled as goods are supplied and paid for by off-takers, effectively putting capital back into the business. This recycling of capital helps in maintaining the business operations.

For Calcium Fluorite, with an estimated selling price of \$12 per ton and a quantity of 36,000 tons, the revenue generated would be:

$$\text{Calcium Fluorite Selling Price per Ton X Quantity} = \$12 \times 36,000 \text{ tons} = \$432,000$$

This indicates that the company can potentially generate \$432,000 in revenue from Calcium Fluorite sales at the end of the business year.

Considering the initial capital investment and the profits generated from the trading ventures, the total profit margin is approximately 115% on the initial capital at the end of the business year.

However, it's important to note that with adequate funding and the expansion of operations to include more functioning sites and a well-established structural trading network across Nigeria, the company has the potential to generate significantly higher profits. These projections represent a starting point, and with strategic growth and development, the company can aim for greater financial success.