

Agri Commodities Tanzania Limited

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The Executive Director
Tanzania Investment Centre
P.O. Box 938
Shaaban Robert Street
Dar es Salaam
United Republic of Tanzania



Dear Sir

PROJECT PROGRESS UPDATE TO THE EXECUTIVE DIRECTOR AND REQUEST FOR AN EXTENSION OF THE CERTIFICATE OF INCENTIVES EXPIRY DATE

1. Background and project update

Agri Commodities Tanzania Limited (ACTL) was incorporated in 2016 in Tanzania and registered under the Tanzanian Investment Centre (TIC) on 15th September 2017. Refer to attached Certificate of Incentives as per Annexure 1. Initially ACTL intended to manufacture livestock feed only. However, following engagements with Tanzania Bureau of Standards it became apparent that extensive testing of the proposed livestock feed was necessary before ACTL could sell the product to a third party customer. As such, it was found necessary to establish a feedlot facility in order to extensively test the livestock feed. The objects of ACTL was therefore expanded to cover: (i) Carrying out feedlot operations to fatten the livestock and improve the quality of the meat, (ii) Manufacture livestock feed, (iii) To carryout abattoir operations and sell the meat produce. The amendments of ACTL's objects have since been registered with BRELA. The livestock feed manufacturing process is basically just 'batch mixing' of the ingredients that are contained in our proposed livestock feeding formula as per Annexure 2. The livestock feed is in the form of a 'mash' mixture.

2. Establishment of a Pilot Phase Feedlot

ACTL is in the process of launching a Pilot Phase Feedlot project to test its formula of livestock feed. ACTL has secured a piece of suitable farming land in Kihanga Village at Mlowa Ward in Makambako Area through a 20 year lease. A copy of the lease is shown in Annexure 3. The layout of the full 'Feedlot and Abattoir' project is shown in Annexure 4. The proposed plan of the Abattoir is shown in Annexure 5. The Pilot Phase of the Pilot Feedlot will consist of the suitable kraals and a small warehouse to start testing the feed. The feedlot land is to be fenced and secured accordingly. Clean water is to be sourced from a borehole that has been drilled. The water quality tests for the drilled borehole is shown on Annexure 6. The Pilot Feedlot will stock not more than 1,000 cattle and will be registered accordingly as required by the Environmental Management Act and related regulations.

In this regard, a registered Environmental Management Consultant has been engaged in consultation with the National Environment Management Council (NEMC) to carry out the required Environmental Impact Assessment and to secure the required regulatory clearances.

If the Pilot Phase is successful, *ACTL* will scale-up with regarding the livestock that is reared in the feedlot following proper protocols and further regulatory clearances from NEMC and other relevant authorities. It is *ACTL*'s wish to generate a significant number of full time meaningful jobs for the local residents and citizens of the United Republic of Tanzania with a focus in Makambako Area once the project is fully implemented.

Furthermore, in order to source the raw material inputs for its livestock feed, the local farming community (i.e. commercial and subsistence farmers) within the Southern Highlands to start off with, will provide the required pipeline of supplies – which include: (1) Dry maize stocks that we crush for our roughage after harvesting the maize, (2) Wheat bran, (3) Subgrade maize and/or maize bran, (4) Sunflower cake that is obtained from the sunflower cooking-oil pressing process, (5) Dry brewer's grains, (6) Molasses. This will in turn benefit the general households through transformational financial inclusion that is intended to improve livelihoods through meaningful symbiotic collaboration and poverty eradication.

The objective of an abattoir being situated in the feedlot area will ensure that the livestock is slaughtered on the same premises. Such an approach is pro-animal welfare oriented. As a result, the treated effluent from the abattoir will provide the required water source and the livestock dung providing the organic compost to establish a grassland for paddock background feeding of livestock prior to inducting the animals into the feedlot.

We wish to advise that a 20 tonnes per hour Mixing Plant for the livestock feed, the Silos that go with the Mixing Plant as well as the Abattoir Equipment for the project have already been acquired and are currently warehoused in Botswana awaiting transportation to the project site in Makambako. Refer to Annexure 7, 8 and 19 being the respectively packing lists of the mentioned equipment. The equipment will be transported by road to Makambako upon successful completion of the Pilot Phase. The Pilot Phase is expected to take at least 4 months.

3. Regulatory clearances that have been sought

In accordance with the Grazing Land and Animal Feeds Resources Act and the Animal Diseases Act we have written to the Ministry of Fisheries and Livestock to seek the required clearances to import: 1. Livestock feed concentrates and 2. Livestock vaccines and medicines in the event that they are not available in Tanzania.

4. Request for an extension for the Certificate of Incentives (Col)

We plead with your honourable office, Sir, for the extension of the Col by another **18 months** when it expires on 31 July 2020. We remain committed to the project under the revised model that offers additional benefits and substantially reduces the business risk. The pilot feedlot phase is already on course and it is our hope that we will start testing our livestock feed as soon as possible once the COVID-19 travel and cross border movement of goods restrictions are relaxed. Since received our Col dated 17 September 2017, we have been operating a European Union accredited feedlot in Botswana whilst continuing to evaluate and enhance our Tanzania Project.

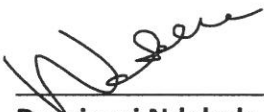
The practical experience gained from the Botswana Feedlot project will certainly come very handy. We now believe that we have addressed all the limiting factors associated with our Tanzania Project and we wish to commit that we shall move with haste to see the project to the end. The Feedlot and Abattoir aspects, which took up a considerable amount of time to incorporate, are recent add-ons that will go a long way towards enhancing the success of the overall Project. Furthermore, the new add-ons will result in an increase in the value of the Project as well as foreign direct investment of this Project in Tanzania.

5. Total expenditure incurred to date

Life to date, *ACTL* has spent in the order of approximately USD500,000 on 1. Land, 2. Equipment and 3. Preliminary expenses. We are confident that the increase in capital requirements of the project through the inclusion of the Feedlot and Abattoir aspects will be met once the Pilot Feedlot is accomplished successfully.

If you require any clarification, please do not hesitate to contact our local co-ordinator and director Mr Abubakar Saleh Mlilima – Mobile Number +255 752 602 610 or myself on my Mobile Number +267 71305935.

Yours faithfully,



Dumisani Ndebele

Director and Project Promoter

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Schedule of Annexures that have been referred to:

Annexure Ref #	Details of Annexure
Annexure 1	Current Certificate of Incentives
Annexure 2	Proposed livestock feeding formula
Annexure 3	Copy of the Feedlot long term lease
Annexure 4	Layout of the Feedlot and Abattoir project
Annexure 5	Proposed plan of the Abattoir
Annexure 6	Water quality tests for the drilled borehole
Annexure 7	Packing slip of the 20 tonnes per hour Mixing Plant for the livestock feed
Annexure 8	Packing slip of the Silos and Accessories for the Mixing Plant
Annexure 9	Packing slip of the Abattoir equipment