

TANZANIA INVESTMENT CENTRE

DIRECTORATE OF INVESTMENT FACILITATION



**REPORT ON PROJECT VERIFICATION VISIT TO SEA SALT LIMITED CONDUCTED
ON 12TH AUGUST, 2022**

August, 2022

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1.0 PROJECT PROFILE

| Company Information | | | | |
|---------------------|---------------------------|---|--------------------|-----------------|
| S/N | Item | Description | | |
| 1. | Company Name | Sea Salt Ltd | | |
| 2. | Project Location | Changwehela Village, Mapinga Ward, Bagamoyo District, Pwani Region | | |
| 3. | Projects' Core Activities | To set up new salt refinery to produce good quality edible salt | | |
| 4. | Address & Mobile Number | P.O.Box 9474, Dar es salaam Phone No. 0755763096 gm@seasalt.co.tz | | |
| 5. | Contact Person | Mr. Ajay Sengar- Chief Project Analyst and Strategist Phone No. (+255 767 375 840) | | |
| | Shareholders | Name | Nationality | % Shares |
| | | Mr. Ajay Sengar- | India | 0.02% |
| | | Mr. Makarand Suresh Raje | India | 0.02% |
| | | Mr.Mansukhlal Patel | Kenya | 49.98% |
| | | Mr. Perry Kansangr | Kenya | 49.98% |

2.0 INTRODUCTION

2.1 History of the Company

Sea Salt Ltd P. O. Box 9474, Dar es Salaam (hereinafter referred as investor) is a limited liability company incorporated in Tanzania since 4th September 1998 with Certificate of Incorporation No.34739. The Company is registered to Tanzania Investment Centre (TIC) with Certificate of Incentive (Col) No.024415 dated 7th August, 2019, valid up to August, 2022. The Company principal business is to produce good quality edible salt.

According to progress report submitted on May 2022, planned activities for the project include civil works and erection of plant and machinery. So far achievements made on the project implementation to date include connection to electricity from TANESCO and completeness of boundary survey.

2.2 Geographical location

The project is located at Changwehela Village, Mapinga area in Bagamoyo District, Pwani Region. It can be accessed via Dar es Salaam – Bagamoyo road about 10km from Mapinga Centre off to ocean side.

3.0 PROJECT VERIFICATION VISIT (PVV)

On 3rd August 2022 Sea Salt Limited applied for extension of Col for 1 year period due to unpredicted circumstances which have caused delays of project completion within period mentioned in the Col No.024415 of 7th August, 2019. Unpredicted reasons were as follows:-

- i. Impacts from flooded Mkuza River (which has fresh water) interfered channel containing salt water from the ocean and pump station which are key components in feeding reservoirs, condensers and crystallizers (salt pans);
- ii. Global Corona pandemic caused delay of machines due to restrictions posed in boundaries;
- iii. Poor nature of access road from Mapinga – to the site which is prone to flooding, erosion and breaches at multiple points during the rainy season.

On 12th August, 2022 a team of three officers from TIC visited Sea Salt Limited at Mapinga area, Bagamoyo District. The team comprised the followings officers:

- | | |
|-----------------------|-------------------|
| 1. Veronica T. Mrema | TIC (Team Leader) |
| 2. Navone P. Kisaka | TIC /NEMC |
| 3. Marcela A. Kimario | TIC |

The team was accompanied by Mr. Ajay Sengar-Chief project Analyst & Strategies and Mr. Bonaventura Masesa - a Lawyer both representing Sea Salt Ltd.

3.1 Objective of the visit

The main objective of the project verification visit (PVV) was to verify the project development status which would justify the reasons for Col extension application.

3.2 Specific Objectives

The followings were specific objectives for the visit;

- i. To oversee the progress of the project
- ii. To interview and gather information from the applicant regarding the Col extension application.
- iii. To take copies of relevant document /photos as evidence for Col extension application.
- iv. To conduct tour visit in the site to verify progress of construction activities

Findings of the team will facilitate the management to make decision whether the Company qualifies for extension of Col or not.

4.0 FINDINGS AND/OR OBSERVATIONS

Through discussion with representatives of the investor and physical observation during PVV, the team found the following: -

- i. Currently, the investor operates a plant in Saadani National Park (SANAPA) however, due to some challenges including high entrance fees charged by SANAPA to cars entering to the factory and land issues on boundary dispute with SANAPA. The above

challenges made the company Management to decide to shift Saadani refinery project to Changwehela Village, Mapinga Ward, Bagamoyo District, Pwani Region.

- ii. Mining License offered for Changwehela covers an area of 612 acres however, land survey conducted recently has indicated that only 450acres can be used for project activities. The remaining 162acres has being eroded while some is covered with mangroves;
- iii. Within 450acres, 10 acres will be used to set a refinery plant, 40 acres to establish supporting facilities like staff houses, canteen, ablutions etc and the remaining acres for salt pans and access roads;
- iv. After acquiring CoI for Changwehela refinery plant, the investor imported some machines to establish a refinery plant however, due to the impact of the flood on the area the plant was not installed;
- v. In Changwehela, the investor established only water channel, pump station, water reservoirs and salt pans where the harvest of raw salt started and was transported to Saadani Refinery plant;
- vi. The established salt pans in Changwehela encountered challenge of floods where fresh water from Mkuza River interfered with the constructed seawater channel, pump house, and reservoir which border the river;
- vii. Since the project requires only seawater (with a high concentration of salt) floods resulted in the malfunction of the established project infrastructures;
- viii. Before floods impacted Changwehela salt pans, the pans were producing 10,000tons -12,000tons of salt per year. However, with the establishment of Changwehela refinery plant, the project will come up with rehabilitation of existing pans and establishment of new ones that in total will produce 20,000tons of raw salt per year;
- ix. If raw salt from Saadani and Changwehela will not fulfill raw material demand of the refinery plant to be established, the investor will import the missing quantity to cover the gap;

- x. The Changwehela refinery plant will be established within eight (8) to twelve (12) months and after establishment of the plant, the future plan is to gradually decommission Saadani plant;
- xi. The project in Changwehela will produce 250tons of refined salt per year;
- xii. During the visit, the project had already employed 5 permanent workers and 13 contractual while after completion of project establishment, 200 workers will be employed (100 permanent and 100 contractual);
- xiii. Despite that Saadani plant will be decommissioned yet, salt pans in Saadani (with the capacity of 30,000tons to 40,000tons of raw salt per year) will supply raw salt to the Changwehela refinery plant;
- xiv. Up to the time being the company has invested USD 3 million;
- xv. The investor has acquired some permits and certificates from government institutions including NEMC to comply with governing laws;
- xvi. Currently, the investor is waiting for the fate on the request for an extension of Col to facilitate the importation of project equipment.

4.1 Specific Challenges towards timely completion of the project

The team held a discussion with the representative of the investor Mr. Ajay Sengar-Chief project Analyst & Strategies and Mr. Bonaventura Masesa - Company Lawyer. Through the discussion it was portrayed that the following reasons have resulted to delays in completing project implementation: -

- i. Impacts from flooded Mkuza River (which has fresh water) interfered with pump station and channel containing salt water from the ocean which is key components in feeding reservoirs for salt pans (**evidence attached as Plate 1, 2, 3, 4 and annex 1**).
- ii. Global COVID 19 pandemic caused a delay of machines due to restrictions posed in boundaries. (**Invoices attached as annex 2**).

4.2 General Challenges

- i. Absence of Title deed where only Sales Agreement with STAMICO and Mining License available. Land survey has been done ready to be presented to the office of Land Registrar for Title deed,
- ii. Poor nature of access road from Mapinga to the site which is prone to flooding, erosion and breaches at multiple points during the rainy season. It is well known that transport system generates a range of external costs and consumes time. Good transportation connection is vital for economic development, TARURA should be consulted for any future plan to improve the road,
- iii. High tax posed to salt product while its price in the market is low.

4.3 Future Plan of the Sea Salt Ltd

The investor plans to:-

- i. Establish retention wall using stones to overcome the impact of floods to the degraded reservoir and channel area;
- ii. Complete the soil analysis and load bearing capacity;
- iii. Engage a structural engineer in planning and designing the civil works before installation of plant and machinery;
- iv. Obtain plant layout and machine specifications from the consultant in India;
- v. Scout for and empanel local and overseas suppliers and service providers for various requirements;
- vi. Register the project for approval with relevant bodies and authorities before commencement of any activity;
- vii. Appoint a project engineer;
- viii. Decommission Saadani Refinery plant and remain with Changwehela one.

5.0 CONCLUSION

Based on the facility visited, discussion with company representative, the documents presented and considering the findings of the visit it can be concluded that reasons provided by the investor for not completing the project time can be considered genuine and logical. However, the following should be taken into consideration while making further decisions on the requested extension: -

- i. Salt pans in Saadani where a large quantity of raw salt will be sourced to feed the Changwehela refinery plant has boundary disputes with SANAPA and discussions on the matter that involves various government institutions are underway;
- ii. Plans of establishing a retention wall should be done in consultation with relevant institutions including NEMC;
- iii. Project implementation should not interfere mangroves found at the coastal line unless permit from TFS is acquired.

6.0 RECOMMENDATIONS

In view of the findings observed during the project visit, the team recommends TIC management to grant one year extension due the following reasons: -

- i. This is the first extension the investor is applying after being granted Col with three (3) years implementation period that ends August, 2022;
- ii. Investors never applied and enjoyed any Fiscal Incentive such as Import Duty/VAT Exemptions;
- iii. Implementation of the Company’s main objective which is set up salt refinery for production of good quality edible in line with the issued Col No.024415;
- iv. The investor is in a position to embark impacts of floods which degraded reservoir, channel and salt pans by constructing a retention wall;
- v. The Certificate will facilitate establishment and nurturing of the project that will have new salt pans with high production capacity compared to the initial one. The investor will be able to install three (3) pumps with capacity of 750 m³ per hour and two (2) pumps with the capacity of 500 m³ per hour and for the reconstruction of new water channel.

We therefore submit.

Veronica T. Mrema - TIC

Navone P. Kisaka - NEMC

Marcella A. Kimario - TIC

Mrema
.....
Kisaka
.....
Kimario
.....



Plate 1: Mkuza River flowing to established water channel as a result of floods



Plate 2: a salt pan impacted by floods

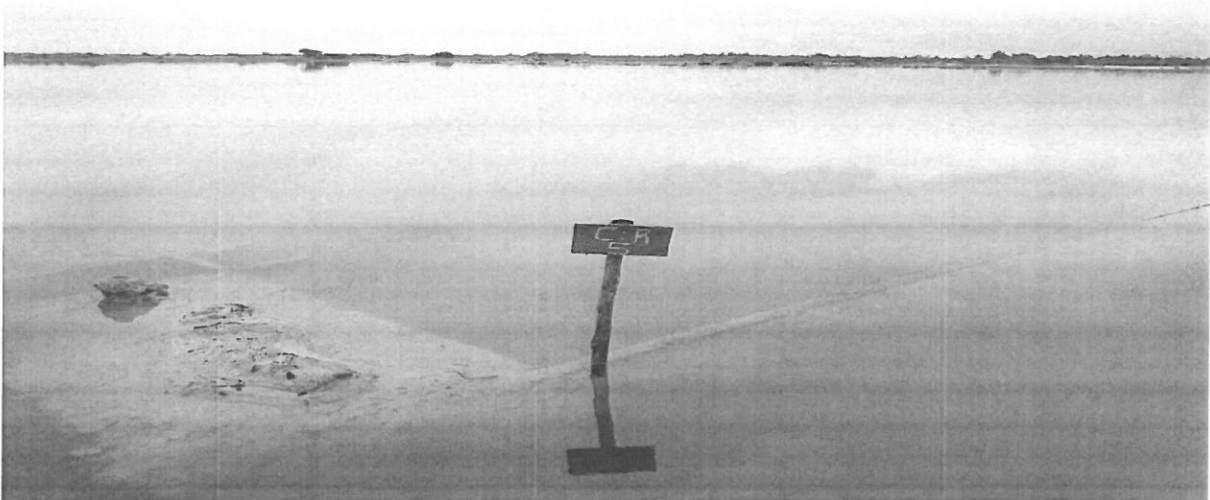


Plate 3: a salt pan impacted by floods

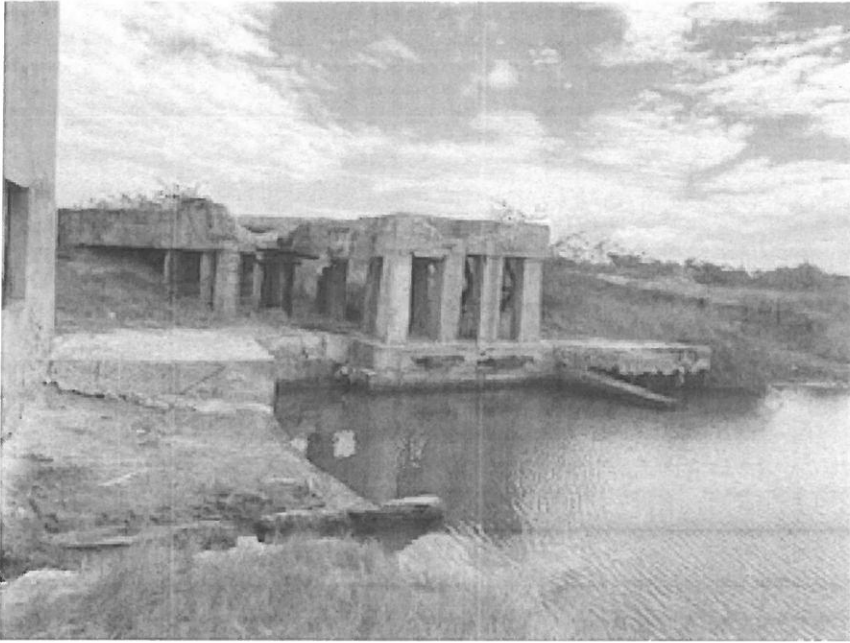


Plate 4: Water channel and pump house impacted by floods



P.O. Box 9474, Dar-es-Salaam, Tanzania - Tel: (255) 22 2401454, Email: info@seasalt.co.tz

September 6, 2021

Prof. Mr. Idris Kikula
CHAIRMAN, MINING COMMISSION
(Ministry of Minerals)
Kikuyu Avenue,
P.O. 2292
DODOMA

DAMAGE TO MINING AREA UNDER ML 06/92 BY RAINS & FLOODS

Respected Prof. Kikula,

Greetings.

Seasalt Ltd operates saltworks under the mining licence number ML 06/92 on approximately 613 acres (248 Hectares) land near Changwahela village, Mapinga ward, Bagamoyo district. Out of this, more than 300 acres was already developed to produce raw salt for our salt refinery located at Saadani, Chalinze district.

From April, 2020, to July 2020, the saltworks were severely damaged by torrential and incessant rainfall. The severity of the rainfall and the continuous adverse weather coupled with the flooding of Mkuza River along the northern boundary, caused numerous breaches in the banks of the river causing the river-water to overflow and flood the saltworks. The huge volume of water also changed the course of the river in a way that now the river also flows through the salt-producing areas of our land. In the preceding years, continuous siltation had gradually blocked the mouth of the river caused by the huge volume of water and silt carried by the river from its upper reaches.

We have already conducted a preliminary recce of the area affected by the flood. Prima facie, the devastation is too extensive and spans over an area much beyond the boundaries of the licensed area. With the river water now flowing through the saltworks, its rehabilitation seems to be a herculean task and a prohibitively lengthy and expensive proposition.

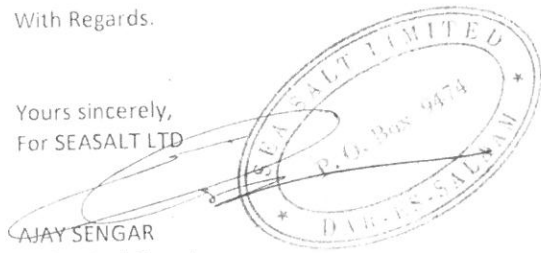
We humbly request you to kindly depute a team of experts to visit the site to assess the damage and existing condition first-hand and advise us on the further steps to take.

We are also enclosing a clip of the aerial view of the damaged site so that it will be easier for you to get a better understanding of the actual ground situation.

With Regards.


Yours sincerely,
For SEASALT LTD

AJAY SENGAR
Authorized Signatory



Copy to:

Resident Mining Officer
Eastern Zone
P.O. Box. 3060
DAR ES SALAM

| KENSALT LIMITED | | | EXPORT INVOICE | | |
|--|---|--|--|---------------------------|------------------|
|  | | INVOICE NO : 19130001 INVOICE DATE : 12/07/2019 INVOICE DUE DATE : 10/10/2019 TERMS OF SALE : AGAINST PI NO : CUSTOMER PIN No : | | | |
| CUSTOMER DETAILS | | | | | |
| Seasalt Ltd P.O.BOX-9474 Ubungo Industrial Area, Kigogo Road Dar E Salaam Tanzania Mobile No. : 754574641 | | | | | |
| Order No : Order Date : Payment Terms: 90 Days Credit Limit : 5,000,000.00 Country of Origin : Country of Destination : | | | Transporter Name : CUSTOMER OWN VEHICLE Vehicle No : T 651DKG/T150 DKC Delivery Note No : Delivery Note Date : Customs Entry No : | | |
| S.No | Description | HS Code | Price USD | Vat USD | Amount USD |
| 1 | DORMAN MAKE 550 KVA GENSET (USED) - 1 pc | 0001.12.00 | 7,000.00 | 0.00 | 7,000.00 |
| 2 | VIBRO SIEVE MACHINE (USED) - 2 pcs @ USD 1500 each | 0001.12.00 | 3,000.00 | 0.00 | 3,000.00 |
| 3 | PUSHER CENTRIFUGE MACHINE (USED) - 1pc | 0001.12.00 | 6,500.00 | 0.00 | 6,500.00 |
| 4 | CONVEYOR BELT WITH STAND(USED) - 2 pcs @ USD 500 each | 0001.12.00 | 1,000.00 | 0.00 | 1,000.00 |
| 5 | SHAPER MACHINE 18" BUTLER MAKE (USED) - 1 pc | 0001.12.00 | 1,000.00 | 0.00 | 1,000.00 |
| Total | | | 18,500.00 | 0.00 | 18,500.00 |
| Amount in Word - USD : EIGHTEEN THOUSAND FIVE HUNDRED ONLY | | | | Vat : | 0.00 |
| | | | | Grand Total(USD) : | 18,500.00 |
| Bank Details | | | | | |
| Kenya Commercial bank Account no. 1106638697 SWIFT Code - KCBLKENX Treasury Square, Mombasa Or I&M Bank Limited, Account no. 02100896191211 Swift code - IMBLKENA Changamwe, Mombasa Conversion Rate : 1 USD = 102.53 | | | | | |
| Remarks : | | | | | |
| Prepared by MR. ARPAN BASU ROY E. & O.E. | | | For KENSALT LIMITED Authorised Signatory | | |