

# Africa Biofuel and Emission Reduction (Tanzania) Ltd

An operating unit of EuphorbUS LLC

## **CAPITAL RAISED**

**SEPTEMBER 2006**

**\$450,000 FOUNDERS**

**SEPTEMBER 2008**

**\$200,000 WORLD BANK**

## Overview

Incorporated in late 2006 by a group of international energy, economic development, and technology experts, Africa Biofuel and Emission Reduction (Tanzania) Ltd (ABF) is an early stage company intended to provide a triple net return. The company operates in East Africa and is registered in Dar es Salaam, Tanzania. ABF has developed a diversified agribusiness model to provide a sustainable, scalable business for future ROI and to lead the development of biofuel as a new industry in East Africa. The company intends to grow and cultivate an agricultural source of biodiesel fuel while it accelerates an early revenue stream through the sale of: complementary cover crops, global university-based training programs, co-products from the land clearing and agri-business, carbon and clean development credits. Ancillary revenue streams include commercial development of glycerol, biogas, and organic fertilizer to support a strong investor ROI. The Company has undertaken extensive research to qualify and quantify an indigenous tree, which yields a non-edible oily nut. This nut is the basis for African-sourced Biofuel. By 2011, ABF expects to be the first African company to have designed and implemented a sustainable rural development model that 1) enhances regional agriculture, 2) supplies a locally sourced bio-fuel to replace petrol-diesel, and 3) raises the standard of living of Tanzanians. Africa Biofuel is seeking USD12M in equity financing to launch. Breakeven is projected in the 3<sup>rd</sup> operating year with profitability following shortly thereafter.

## COMPANY BACKGROUND

Tanzania, like the majority of its neighbors, continues to suffer economic setback from the effect of inadequate energy supply, particularly in the rural areas. Both power and fuel demands have increasingly outstripped supply as the country struggles to eclipse the economic development cycle characteristic of a developing nation. The chronic shortage of affordable fuel contributes to the lack of infrastructure necessary to support sustainable economic growth, health, and welfare. The founders of Africa Biofuel have leveraged their collective experience on the continent to solve the problem of inadequate supply of affordable oil. Currently, retail price for petro diesel at the Tanzanian pump is approximately USD 3.65 per gallon. The Company projects a discounted wholesale price below market for its biofuel once full production is achieved.

## THE PRODUCT

ABF will focus on cultivating Croton megalocarpus trees, a species indigenous to East Africa, the nuts of which contain 32% oil by weight. This oil will either be extracted and sold in its natural state as a fuel for large diesel electrical power generators, diesel engines or refined into biodiesel suitable for use in existing diesel-powered vehicles. American and German laboratories have validated the chemical properties of Croton Megalocarpus oil to support the cultivation and production of the nut as a viable source of Biofuel. Phase II of R&D is underway to determine the optimal manufacturing process to produce an efficient, cost effective commercially available Biodiesel product.

ABF plans the first planting of nursery raised seedlings in Q3 2009. This small (50 acre) planting provides the basis for the cultivation of 50,000 acres in operating years 2 and 3. Tissue culture propagation is underway to supply seedlings for core plantation and out-growers. An additional 100,000 acres owned and operated by the farmer's collective will provide ramp for the agri-business model.

## VALUE ADDED BENEFITS

- ▶ Reducing poverty through increased employment at fair wages
- ▶ Reducing hunger via long-term cash flow to local households
- ▶ Promoting gender equity through paid work and opportunities for entrepreneurship
- ▶ Increasing tax revenues from profitable sales of biofuels
- ▶ Reducing air pollution levels via production and distribution of "green" biofuel
- ▶ Long-term economic empowerment since Croton trees have a 45 year lifespan



ABF representatives pose with H.E. President Kikwete (second from right) after a briefing.

ABF has the full support of the government of Tanzania

**Today's problems cannot be solved if we still think the way we thought when we created them.**

– Albert Einstein



An operating unit of EuphorbUS LLC

121 Pelham Lane  
Fort Mill, SC 29715 USA  
+1 (803) 802 2634  
www.africabiofuel.com

## MARKET AND COMPETITION

Although BP, Shell, and Engen petroleum companies are actively seeking to enter the biodiesel market, none of these multinationals are currently present in East Africa with R&D or operating units. These companies represent a potential exit strategy for Africa Biofuel.

Other biofuel start-ups are now registered in Tanzania. However, ABF enjoys a competitive advantage: leader in corporate social responsibility; 5 years R&D; only East African company vetted by The World Bank; only US led global team cultivating Croton Megalocarpus.

First customers will include: Local villages through the TZ Power and Electric Company (TANESCO); 2 regional gold mines; marine industry on Lake Victoria; local commercial diesel generator customers.



*"Green fuel" for power and profit*



*An indigenous tree that produces abundant oil-bearing nuts*



*Plantation and refinery locations in northwest Tanzania*



*Vast areas of currently under-productive land available for planting*

## MILESTONES

Since early 2006, ABF has achieved the following significant milestones:

- ▶ Early investment of USD 450,000, World Bank Grant USD 200,000
- ▶ Founder's management team installed and working remotely
- ▶ Local start-up team identified and ready to start on closing investment
- ▶ Pending off-take agreements, early customers identified and in negotiation
- ▶ BOD formed and working
- ▶ Phase I research and development completed; Phase II begun
- ▶ Land and policy issues identified and underway

## FINANCIALS/CAPITAL REQUIREMENTS

ABF is a registered company in Tanzania. The local minority shareholder is National Investments Company Ltd. (NICO). EuphorbUS, LLC, a US limited partnership registered in Delaware, USA is the majority shareholder. Detailed financial projections and business plan are available after completion of the non disclosure agreement.

## RISK MITIGATION

- ▶ Strong support from stable, forward thinking national government
- ▶ International business expertise with 25 years of collective agriculture/energy/management
- ▶ Technical capability of founders, experienced TZ technical management team
- ▶ 5+ years R&D complete
- ▶ Croton Megalocarpus analysis positive for commercial Biofuel use; *No threat to food security*
- ▶ SVO market already established in East Africa Biofuel
- ▶ Venture vetted by World Bank
- ▶ Carbon credit and CDM eligible
- ▶ Scaleable regional model for 6 neighboring countries
- ▶ Transferable model for rural areas in Africa

## LOCAL MANAGEMENT TEAM

Director of Operations (pending funding) JN brings 25+ years of executive management experience within the sugar industry. During his career he is credited with the profitable oversight of a USD400M operation. He is currently working as an operations consultant to several energy companies in East Africa and resides in Dar es Salaam.

Chief Engineer /Local Manager: Bright Naiman brings 13+ years of experience in both the sugar and energy industries. He has held management positions with responsibility for all process manufacturing systems and equipment. Bright is an engineer graduate of the University of Dar es Salaam. He lives in Dar es Salaam.

Plantation Manager (pending funding) JK brings 30+ years of experience in agriculture, land use planning, rural development and environmental management to the team. He obtained a general Certificate in Agriculture, followed by a diploma in farm management from Mlingano Training Institute, in Tanga. He focused on farm management, crop production and protection, farm operations, and machinery management. He lives in Karagwe District, Kagera Region.

Lenard Milich, PhD, is Director of R&D and a founder of Africa Biofuel. He has 20+ years of international experience focused on food security initiatives and rural/urban sustainable development. Len provides farming systems, plant research, and private-public partnership capabilities to the venture. He currently lives in Jakarta, Indonesia, and will relocate to Dar es Salaam pending funding.

### Contact

Christine L. Adamow,  
CEO /Director  
121 Pelham Lane  
Fort Mill, SC 29715 USA

+1 (803) 802 2634  
+255 755 234 028 (tz mobile)  
+1 (860) 287 7379 (us mobile)  
Skype - cadamow

[cadamow@africabiofuel.com](mailto:cadamow@africabiofuel.com)  
[www.africabiofuel.com](http://www.africabiofuel.com)