Disclaimer

This presentation contains forward-looking statements that are subject to risk factors associated with oil, gas and related businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

All references to dollars, cents or $ in this presentation are to United States currency, unless otherwise stated. References to “Swala” are references to Swala Oil & Gas (Tanzania) plc or its applicable subsidiaries. Unless otherwise noted, all references to reserves and resources figures are as at 30 January 2018 and represent Swala’s share.

Any geological, reserves and resources information in this presentation is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr. Neil Taylor. Mr. Taylor is a contractor of Swala Oil & Gas (Tanzania) plc and has over 30 years of experience in the oil and gas business with internationally renowned E&P companies including British Petroleum (1981-1992) and Woodside Energy (1992-2007). Any geological, reserves and resources information in this presentation has been issued with the prior written consent of Mr. Taylor in the form and context in which it appears.
1. Why are we now seeking exposure to gas?

2. The Kilosa-Kilombero Licence

3. Capital Structure Update

4. Conclusions
Fewer licences being explored

2015 – onshore and offshore activity

2018 – significant open acreage

Seven companies left since 2015 and not been replaced – some licences relinquished but some continue with fewer coventurers.

Two farm-ins to existing licences since 2015.

The last licencing round (2014) failed to attract any bidders.

Source: Tanzania Petroleum Development Corporation
87 Wells drilled to date on- and offshore Tanzania (includes exploration, appraisal and development).

Low exploration well density – national potential probably remains generally untested.
Activity in Tanzania reflects global activity

Source: Tanzania Petroleum Development Corporation; Rystad Energy; U.S. Energy Information Authority; HannonWestwood.
Terms for new licences are challenging

**Directly through the fiscal terms**

- Average Government Take ca. 85%
- Average Contractor Take

**Indirectly through ancillary legislation**

<table>
<thead>
<tr>
<th>INSTRUMENT</th>
<th>ISSUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic and Postal Communications Act (CAP 306)</td>
<td>Oil and Gas companies to float 25% of their shares to the public in Tanzania – aside from all other corporate considerations, there is the potential interaction with s56 ITA to prevent corporate growth.</td>
</tr>
<tr>
<td>Petroleum Act 2017</td>
<td>The National Oil Company to have 25% Participating Interest unless it decides otherwise - The lack of understanding of EMV approach in exploration activity is likely to further depress new projects.</td>
</tr>
<tr>
<td>Petroleum Act 2017</td>
<td>The National Oil Company to be the gas aggregator in Tanzania - Creation of a monopoly. Explorers now need larger targets / more of them to have viable projects and users are paying more for their gas / power than need be the case in a competitive market.</td>
</tr>
</tbody>
</table>

Conclusion: the combination of direct and indirect effects makes working new licences challenging – too challenging when seen in an international context?
Existing licences offer better growth opportunities

The existing PSAs have better terms than the new MPSA and are grandfathered under the 2015 Petroleum Act.

The indirect ancillary legislation that applies to new licences also applies to existing ones, including others that lead to uncertainty:

<table>
<thead>
<tr>
<th>SELECTED INSTRUMENTS</th>
<th>ISSUE</th>
<th>IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written Laws (Miscellaneous Amendments) Act 2017</td>
<td>Agreements involving Government, the National Oil Company and the international oil companies must now first be approved by the National Assembly.</td>
<td>Additional level of decision-making adds to delay in projects.</td>
</tr>
<tr>
<td>Natural Wealth and Resources (Permanent Sovereignty) Act, 2017</td>
<td>Arrangements and agreements cannot provide for beneficiation outside Tanzania.</td>
<td>Does this mean that there must be a refinery on Kito? What if Kito volumes are not sufficient? What if it is the least efficient option?</td>
</tr>
<tr>
<td>Income Tax Act (CAP 332)</td>
<td>Several, with the overall effect of enlarging the tax base.</td>
<td>Additional tax impact and potential delay to incremental projects once on production.</td>
</tr>
<tr>
<td>VAT Act</td>
<td>VAT charged on 100% of the consideration on asset sales</td>
<td>Slows down and provides obstacles for the efficient turn-over of assets, leading to inefficient market and reduced pace of activity.</td>
</tr>
</tbody>
</table>

We see growth opportunities in Tanzania and shall continue to pursue them, but started corporate strategy is also to seek to grow elsewhere.

The Swala interest in gas is part of that pursuit of perceived opportunities.
Current and forecast Tanzanian demand for gas

Source: Tanzania Petroleum Development Corporation; corporate websites.
Where is the additional gas coming from?

**LNG**
- Significant offshore volumes
- Not close to development.
- Unlikely to contribute in the medium-term (5-10 years);

**Additional discoveries**
- Not completed exploration.
- Early in the development process and require infrastructure connections.
- Unlikely to contribute significantly in the short-term (<5 years);

**Current fields**
- Both fields can produce more gas from existing wells subject to CAPEX investment;
- There is additional exploration and discovered upside in the fields that can be tapped quickly.

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**Mnazi Bay Prospectivity**

**Songo Songo Prospectivity**

Source: https://wentplc.com/operations/tanzania/
Source: http://www.orcaexploration.com/operations_tanzania_exploration.shtml
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Kilosa-Kilombero Licence (Swala 75%)

- Swala is licence operator with 75% equity.
- Late 2013 identified the Kito Prospect.
- Late 2014 further work on Kito plus identified a number of other leads and prospects.
- Late 2015, farmed down to Tata Petrodyne Limited (“TPL”) for $5.7 million in past costs and a carry through the first exploration well (capped at $2.5 million).
- If the first well is successful, TPL will pay a further $1 million towards Swala’s costs for a second exploration well.
- 2016-2018: Prepared to drill but permits not received in time.
- Extension to 2020 currently under application with the aim of drilling in 4Q 2019.
Route to drill

• 2015: Data interpretations & Evaluations ($2.1 million). Requested (and obtained) an extension to 2016 because of the lateness of the survey results.

• 2016: Drilling planning and logistics ($2 million). Extension to 2017 because of unavailability of permits.

• 2017: Acquisition of some permits to drill Kito-1 but failed to secure access permits and requested an extension without penalty to 2018.

• 2018: MoU to be signed for permits to drill Kito-1 but MEM/NEMC failed to sign MoU on time. Because of the delays, the Caroil-2 rig was relocated to Kenya and so new rig needs to be secured to allow the 2019 drilling. Extension to 2020 currently under application.

• Total investment to date $20.8 million.

The main reasons for delay:


2018: Environmental Impact Assessment to be re-done to incorporate the impact of drilling on the Stiegler’s Gorge Project.
Sizeable Prospect with Additional Leads
Kito – a significant potential resource

<table>
<thead>
<tr>
<th>KIOMBERO BASIN</th>
<th>LOW</th>
<th>BEST</th>
<th>MEDIUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kito Basal Sandstone</td>
<td>31 mmstb</td>
<td>97 mmstb</td>
<td>293 mmstb</td>
</tr>
<tr>
<td>Kito Sequence 1 Sandstone</td>
<td>24.2 mmstb</td>
<td>87 mmstb</td>
<td>254 mmstb</td>
</tr>
<tr>
<td>Kito Shallow</td>
<td>11.2 mmstb</td>
<td>48.8 mmstb</td>
<td>169 mmstb</td>
</tr>
<tr>
<td>Lead A</td>
<td>3 mmstb</td>
<td>7 mmstb</td>
<td>10 mmstb</td>
</tr>
<tr>
<td>Lead B</td>
<td>6 mmstb</td>
<td>14 mmstb</td>
<td>20 mmstb</td>
</tr>
<tr>
<td>Lead D</td>
<td>19.5 mmstb</td>
<td>45.5 mmstb</td>
<td>65 mmstb</td>
</tr>
<tr>
<td>Lead F</td>
<td>14.4 mmstb</td>
<td>33.6 mmstb</td>
<td>48 mmstb</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET TO SWALA</th>
<th>LOW</th>
<th>BEST</th>
<th>MEDIUM</th>
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<tbody>
<tr>
<td>Kito Basal Sandstone</td>
<td>18.6 mmstb</td>
<td>58.2 mmstb</td>
<td>175.8 mmstb</td>
</tr>
<tr>
<td>Kito Sequence 1 Sandstone</td>
<td>14.52 mmstb</td>
<td>52.2 mmstb</td>
<td>152.4 mmstb</td>
</tr>
<tr>
<td>Kito Shallow</td>
<td>6.72 mmstb</td>
<td>29.28 mmstb</td>
<td>101.4 mmstb</td>
</tr>
<tr>
<td>Lead A</td>
<td>1.8 mmstb</td>
<td>4.2 mmstb</td>
<td>6 mmstb</td>
</tr>
<tr>
<td>Lead B</td>
<td>3.6 mmstb</td>
<td>8.4 mmstb</td>
<td>12 mmstb</td>
</tr>
<tr>
<td>Lead D</td>
<td>11.7 mmstb</td>
<td>27.3 mmstb</td>
<td>39 mmstb</td>
</tr>
<tr>
<td>Lead F</td>
<td>8.64 mmstb</td>
<td>20.16 mmstb</td>
<td>28.8 mmstb</td>
</tr>
</tbody>
</table>
Kito – amplitude anomalies matching structure

DHI Index values color-coded by drilling outcomes. Note that above 20% almost all wells are successful. (Above two figures from “Relating seismic interpretation to reserve/resource calculations: Insights from a DHI consortium”, The Leading Edge, Sept. 2012, pp. 1066.)
### Expected activity timing (no rig share), 2019

<table>
<thead>
<tr>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
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</tbody>
</table>

- **Civil Works tenders**
- **Evaluation**
- **Rig inspection**
- **Mobilise rig to Dar es Salaam port**
- **Road and Site construction**
- **Mobilise**
- **DRILL**
- **Demobilise**
- **Close out**

- Late confirmation of licence extension may jeopardise timing.
- Slow or delayed customs clearance may delay the well.
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## Capital Structure

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>100,957,421</td>
<td>106,201,621</td>
<td>106,201,621</td>
<td>177,002,702</td>
</tr>
<tr>
<td>Preferred Shares @ 10%(^{(1)})</td>
<td>-</td>
<td>-</td>
<td>3,967,000</td>
<td>16,308,000</td>
</tr>
<tr>
<td>Corporate bonds @ 14.5%(^{(2)})</td>
<td>-</td>
<td>-</td>
<td>25,000,000</td>
<td>75,000,000</td>
</tr>
<tr>
<td>Convertible Notes(^{(3)})</td>
<td>-</td>
<td>-</td>
<td>30,000,000</td>
<td>-</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Preferred Shares issued to Orca Exploration Group Inc. under the Investment Agreement dated 29th Dec. 2017.

\(^{(2)}\) Corporate bonds with a maturity of 5 years and coupon of 14.5%.

\(^{(3)}\) Convertible Notes issued to Energy Tanzania Limited, each convertible into 30/75 shares of Swala Oil & Gas (Tanzania) plc.

\(^{(4)}\) 5,000,000 shares issued to Surestream Petroleum Limited in consideration for a 100% interest in Block D, Burundi and 244,200 shares issued to De Clermont Capital, a company associated with one of the directors.

\(^{(5)}\) Assumes the Convertible Notes converted in their entirety in 2019.

\(^{(6)}\) Assuming maximal acquisition of interest in PAE PanAfrican Energy Corporation under the Investment Agreement dated 29th December 2017.
Top 30 shareholders

5% significant shareholder threshold

Shareholder

Number of Shares held
Completing the share transfer ahead of cross-listing


- Process of contact (a) e-mail (week of the 20th December 2018); (b) Telephone contact to ascertain email details (week of the 7th January 2019); (c) ‘snail mail’ (week of the 13th January 2019).

- All ultimate beneficial owners asked to confirm receipt of the communication from the Company. Aim is to close the distribution process before the cross-listing. The board will discuss how to manage any shares that are fully-paid but where we have received no confirmation of receipt.

- Upon cross-listing, the Convertible Notes issued to Energy Tanzania Limited will convert into 70.8 million SOGTL shares, bringing the total issued to 177 million shares and Tanzanian ownership to 67%.
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Conclusions

➢ There has been a downturn in the oil and gas sector in Tanzania that mirrors the global downturn resulting from lower oil price expectations;

➢ The evolving fiscal terms for the oil and gas sector in Tanzania are generally uncompetitive with those elsewhere and there is a danger that this translates into reduced or slower (or no!) activity as the sector recovers – or adapts – globally;

➢ There is a growing disconnect between gas demand and gas availability in Tanzania that will not be covered by LNG, new gas developments or alternative energy initiatives in the near term (5-10 years). The best chance of meeting demand is to enable investment and fast-track near-field developments close to existing infrastructure;

➢ Continued economic growth requires growth in delivered gas volumes and Swala is aiming to play a role in that continued economic development;

➢ Swala is preparing to drill Kito-1 in 4Q 2019, having secured all necessary permits to access the drilling area. Work during 2018 has shown that there are a number of possible export routes that may accelerate development and production in the success case. There remain identified risks to the timetable, which the Company shall aim to manage;

➢ The Company is reasonably advanced in its preparations to cross-list on the London Stock Exchange and is aiming to do so in 2Q 2019 following the preparation of Competent Persons Reports and the 2018 Financial Year Audited Accounts. With this move the Company is positioning itself to access deeper capital markets in anticipation of investing in its sectors of interest.
THANK YOU FOR LISTENING

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