

PRESS RELEASE (DSE:SWALA)

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Swala Oil & Gas (Tanzania) Plc. Plans Local Bond Offering

Swala Oil & Gas (Tanzania) Plc, the first oil and gas company listed on an East African stock exchange with significant local ownership, plans investor meetings in Dar es Salaam and Kampala, Uganda, to offer bonds to local investors.

The local tranche of 7-year retail bonds will have a coupon of 12-16% payable in either available funds or Swala shares at a 12.5% discount. The issue is designed to maximise Tanzanian ownership through the conversion into Swala shares and revenue from the bond coupons.

Swala is following the national strategy of ensuring meaningful local interest in major domestic energy and infrastructure projects, while helping to develop and deepen the country's capital markets with one of the few energy debt issues in Africa.

The investor meetings will be held in Dar es Salaam on Aug. 10 and 11, and Kampala on Aug. 14. The issue is being arranged by the specialist frontier markets investment bank, Exotix Capital.

Swala has secured, subject to ongoing legal due diligence, funding for its first investment tranche from a major US investor, along with a 7-year CAPEX draw-down facility from a major South African investment fund. This facility will be used by Swala to optimise its forecast cashflow profile and ensure that it can meet any project development obligations.

The overall capital raising will help to finance a material transaction. Swala's board of directors has authorised the creation of 50 million Preferred Shares each with a face value of \$1 (one US dollar), 20 million of which will be issued to the vendor as part of the transaction and the other 30 million of which shall be available to Swala's current shareholders in exercise of their statutory pre-emption rights. As with the Preferred Shares, the retail bonds will also be offered to the Swala shareholders.

Dr. David Mestres Ridge, Swala's CEO, commented: "The funding of the agreed investment is progressing and is awaiting only the completion of ongoing due diligence. Our upcoming roadshow, focused as it is on the local Tanzanian bond investors, aims to maximise local participation in an African energy sector project with significant potential. We look forward to providing the market with further updates as our investment project advances."

About Swala:

Swala is the first oil and gas company listed on an East African Stock Exchange with a significant local ownership. Swala holds assets in the world-class East African Rift System with a total net land package in excess of 14,000 km². New discoveries have been announced by industry participants in a number of licences along this trend that extend the multi-billion-barrel Albert Graben play so successfully developed by Tullow Oil into the eastern arm of the rift. Swala has an active operational and business development programme to continue to grow its presence in the hydrocarbon provinces of East Africa and globally.

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About Exotix

Exotix, a leading boutique investment bank for frontier markets, was recently awarded Africa Investor's Best Performing Broker in Africa award for 2016, Global Finance Magazine's Best Boutique Investment Bank in Africa for 2016 and EMEA Finance's Best Broker in Nigeria & Best Broker in Tanzania, also for 2016. The firm specializes in natural resource capital raises with a particular focus on Africa. See www.exotix.com for further background.

Disclaimer: Forward-Looking Information

Certain information in this news release constitutes forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. In particular, forward-looking statements in this news release include statements relating to a proposed material transaction. Swala has provided the forward looking information in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the necessary government, regulatory, board, shareholder and other third party approvals. There can be no assurance that the proposed transaction will proceed on the basis set out above or at all.