

NOTICE OF ANNUAL GENERAL MEETING

Swala Oil & Gas (Tanzania) plc **Company Number 115280066**

**Annual General Meeting to be held at the Julius Nyerere International Conference Centre on the
31st January 2018 at 09.00-12.00 (East African Standard Time)**

Important

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice.

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an annual general meeting of the shareholders of Swala Oil & Gas (Tanzania) plc will be held at the Julius Nyerere International Conference Centre on the 31st January 2018 at 09.00-12.00 (EAST) for the purpose of transacting the following business, in each case, as more particularly described in the Explanatory Statement accompanying this Notice.

ORDINARY BUSINESS

CONSIDERATION OF FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Financial Report, the Directors' Report and the Independent Audit Report of the Company for the year ended 31 December 2016 ("Annual Report"). Unless the Company has been notified otherwise, Shareholders will not be sent a hard copy of the Annual Report. All Shareholders can view the Annual Report on the Company's website www.swalaoilandgas.com.

RESOLUTION 1: APPOINTMENT OF AUDITORS OF THE COMPANY

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

*"That, for the purposes of section 133(1) (d) of the Companies Act, Act No. 12 of 2002 (the **Companies Act**) and for all other purposes, the Company appoints new independent Auditors of the Company."*

RESOLUTION 2: APPOINTMENT OF HAROLD TEMU AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

"That, for the purposes of section 133(1) (f) of the Companies Act and for all other purposes, Harold Temu, who was appointed by the Board as an additional Director on 1 June 2017, be confirmed as a Director of the Company."

RESOLUTION 3: APPOINTMENT OF SALEM BALLEITH AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

"That, for the purposes of section 133(1) (f) of the Companies Act and for all other purposes, Salem Balleith, who was appointed by the Board as an additional Director on 1 June 2017, be confirmed as a Director of the Company."

RESOLUTION 4: APPOINTMENT OF SCOTT GILBERT AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

"That, for the purposes of section 133(1) (f) of the Companies Act and for all other purposes, Scott Gilbert, who was appointed by the Board as an additional Director on 7 July 2017, be confirmed as a Director of the Company."

RESOLUTION 5: APPOINTMENT OF JUSTIN MASSAWE AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

"That, for the purposes of section 133(1) (f) of the Companies Act and for all other purposes, Justin Massawe, who was appointed by the Board as an additional Director on 1 June 2017, be confirmed as a Director of the Company."

RESOLUTION 6: RATIFICATION OF THE ISSUE OF 6,247,154 SHARES TO SURESTREAM PETROLEUM LIMITED

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution of Shareholders of the Company:

*“That, for the purposes of rule 46(o) and paragraph 9 of the Fourth Schedule to the Dar es Salaam Stock Exchange Plc Rules 2006 (the **DSE Rules**) and for all other purposes, Shareholders approve and ratify the issue of 6,247,154 shares to Surestream Petroleum Limited, in consideration for the transaction described in the Explanatory Statement which forms part of this Notice of Meeting.”*

RESOLUTION 7: RATIFICATION OF THE TRANSACTION WITH ORCA EXPLORATION GROUP INC.

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That, for all purposes Shareholders approve and ratify the acquisition by Swala (PAEM) Limited of up to 40% of PAE PanAfrican Energy Corporation.”

RESOLUTION 8: RATIFICATION OF THE ISSUANCE OF ‘SENIOR NOTES’

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That, for all purposes, shareholders approve and ratify the issuance by Swala (PAEM) Limited of Senior Notes for the purpose of acquiring an equity interest in PAE PanAfrican Energy Corporation”

RESOLUTION 9: RATIFICATION OF THE ISSUANCE OF ‘PREFERRED SHARES’

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That, for the purposes of rule 46(o) and the Fourth Schedule to the DSE Rules and for all other purposes, shareholders approve and ratify the issuance by Swala to Swala (PAEM) Limited of Preferred Shares for the purpose of acquiring an equity interest in PAE PanAfrican Energy Corporation”

RESOLUTION 10: RESOLUTION 10 – TO APPROVE THE ISSUANCE OF ‘MEZZANINE NOTES’

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That, for all purposes, shareholders approve and ratify the issuance by Swala of Mezzanine Notes, to be subsequently listed on the Dar es Salaam Stock Exchange, for the purpose of acquiring an equity interest in PAE PanAfrican Energy Corporation”

RESOLUTION 11: TO APPROVE THE PARTICIPATION OF SWALA MEMBERS AND ULTIMATE BENEFICIAL OWNERS IN THE SUBSCRIPTION OF NEW SECURITIES

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That, for the purposes of rule 46(o) and paragraph 10 of the Fourth Schedule to the DSE Rules and for all other purposes, existing members and ultimate beneficial owners of the Company be allowed to subscribe for any securities issued under Resolutions 9-10 inclusive.”

RESOLUTION 12: TO APPROVE THE COMPANY’S DUAL LISTING ON AN OECD EXCHANGE

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That, for all other purposes, the Directors of the Company may dual-list the securities of the Company on an appropriate OECD stock exchange.”

RESOLUTION 13: TO DISSAPLY THE PRE-EMPTION RIGHTS ASSOCIATED WITH THE ISSUANCE OF NEW SECURITIES

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That, for the purposes of rule 46(o) and paragraph 10 of the Fourth Schedule to the DSE Rules and for all other purposes, existing members and ultimate beneficial owners of the Company waive their pre-emption rights in relation to any securities issued under Resolutions 8-10 inclusive.”

RESOLUTION 14: TO APPROVE CERTAIN AMENDEMENTS TO THE COMPANY’S CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment the following resolution as a special resolution:

“That, for the purposes of sections 8 and 13 of the Companies Act and Alteration of the Regulations as provided under the Fourth Schedule to the DSE Rules and for all other purposes, existing members and ultimate beneficial owners of the Company approve the amendment of the Company's Memorandum and Articles of Association.”

RESOLUTION 15: TO APPROVE THE ISSUANCE OF WARRANTS BY SWALA (PAEM) LIMITED

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That, for all purposes, the shareholders approve the issuance by Swala (PAEM) Limited of Warrants which entitle the holders of the warrants to ordinary shares in Swala upon exercising the Warrants.”

IMPORTANT NOTES:

1. Members wishing to attend the meeting must come with one of the following: a copy of his/ her depository receipt, passport, Voters ID card or National ID card.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf in accordance with the provisions of the Articles of the Company. The proxy form must be deposited at the registered office of the company not later than 17:00 (EAST) on Friday, 26th January, 2018.
3. Members wishing to attend the meeting will have to attend at their own cost. Copies of Annual Report and proxy forms will be available at the offices of Swala Oil & Gas (Tanzania) plc, 2nd Floor, Oyster Plaza, Haile Selassie Road, Dar es Salaam, Tanzania, from 19th January 2018. Copies of the Annual reports will be distributed to shareholders before the meeting.

EXPLANATORY STATEMENT

IMPORTANT INFORMATION

IMPORTANT INFORMATION

This Explanatory Statement has been prepared for the information of the shareholders of Swala Oil & Gas (Tanzania) plc (“Swala” or “the Company”) in connection with the Resolutions to be considered at the Annual General Meeting to be held at the Julius Nyerere International Conference Centre on the 31st January 2018 at 09.00-12.00 (EAST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company, which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Notice and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

INTERPRETATION

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms in Section 4.

References to “\$” and “US\$” in this Notice and Explanatory Statement are references to the currency of the United States of America unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Dar es Salaam, Tanzania.

VOTING EXCLUSION STATEMENTS

Certain voting restrictions apply to the Resolutions as detailed beneath the applicable Resolutions in the Notice.

EXPLANATION OF THE RESOLUTIONS

RESOLUTION 1 – APPOINTMENT OF NEW AUDITORS OF THE COMPANY.

Resolution 1 seeks to appoint new auditors to the Company, replacing BDO East Africa who acted as auditors to the Company through to the completion of the audited accounts dated 31st December 2016.

The Board is currently engaging with audit firms and shall present its conclusions to the shareholders at the Annual General Meeting.

Each of the Directors recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 2 - APPOINTMENT OF HAROLD TEMU AS A DIRECTOR

Mr. Temu was appointed to the Board on the 1st June 2017.

Eng. Harold Temu holds a Bachelor of Science in Electrical Engineering from the University of Nairobi (1975) and is a founder and Managing Director of Electriplan (T) Ltd, a company involved in consulting in Electrical and Mechanical Engineering. His previous experience includes Senior Development Engineer and Technical Instructor with Air Tanzania Corporation, Planning Engineer at Air Tanzania Corporation, Aircraft Maintenance Engineer with Mozambique Airline Maputo and Assistant Aircraft Maintenance Engineer. He is the Chairman of TOL Gases Limited.

Each of the Directors, with the exclusion of Mr. Harold Temu, recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 3 - APPOINTMENT OF SALEM BALLEITH AS A DIRECTOR

Mr. Balleith was appointed to the Board on the 1st June 2017.

Mr. Balleith is a Chartered Certified Accountant (FCCA-UK) and Certified Public Accountant (CPA-TZ). He trained and qualified with Ernst & Young in Saudi Arabia and the UK, and recently became a Certified Director with the Institute of Directors Tanzania. Mr. Balleith is a Tanzanian expatriate with over 30 years of experience working abroad who has recently returned home to help in nation building and to give back to the country and its institutions the experiences he gained over the years spent abroad. He brings extensive international experience in investments, financial institutions, industry, accounting, auditing and taxation, including strategy formulation and implementation and hands-on business management at both board and senior executive management levels. He has served on the boards of international investment funds representing his Saudi investing principals, is an Independent Non-Executive Director of Amana Bank and is Chairman of its Audit, Risk and Compliance Committee.

Each of the Directors, with the exclusion of Mr. Salem Balleith, recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 4 - APPOINTMENT OF SCOTT GILBERT AS A DIRECTOR

Mr. Gilbert was appointed to the Board on the 7th July 2017.

Mr Gilbert started his career as an Engineer in the Oil & Gas industry working for major companies, such as Halliburton and National Oilwell Varco, before progressing into leadership roles where he led Weatherford in Tanzania, Mozambique and Angola (2012-2015). Following a 12-year career in the oilfield sector, Mr Gilbert founded Group de Clermont - a UK based private investment and holding company with interests in Energy, Manufacturing and Information, Communication & Technology sectors across Sub-Saharan Africa, Latin America and Europe. Mr Gilbert holds a degree in Electronics & Electrical Engineering, as well as executive education studies in Private Equity from London Business School. Mr Gilbert represents the interests of Group de Clermont on the board.

Each of the Directors, with the exclusion of Mr. Scott Gilbert, recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 5 - APPOINTMENT OF JUSTIN MASSAWE AS A DIRECTOR

Mr. Massawe was appointed to the Board on the 1st June 2017.

Mr. Massawe holds a B.A (Hons) Finance degree from University of Central England, Birmingham UK, and PGD. (Finance) from the University of Strathclyde, Glasgow, UK. He is also a certified treasury dealer holding a ACI Dealing Certificate. Mr. Massawe was a Treasury Dealer in Foreign Exchange and Money Market Instruments at the National Bank of Commerce (NBC) before joining Tanzania Securities in 2007. Justin has significant corporate finance and banking sector experience in Tanzania. He is Chairman of TSL Investment Management, and a director of Mzalendo Credit Limited, TOL Gases Limited, Tanzania Securities Limited and Erncon Holdings Limited.

Each of the Directors, with the exclusion of Mr. Justin Massawe, recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 6 - RATIFICATION OF THE ISSUE OF 6,247,154 SHARES TO SURESTREAM PETROLEUM LIMITED

On the 26th September 2016 the Company entered into an agreement with Surestream Petroleum Limited ("Surestream") under the terms of which the Company acquired Surestream Petroleum (Burundi) Limited in

exchange for consideration of 6,247,154 shares in the Company. Surestream Petroleum (Burundi) Limited (later renamed to “Swala Energy (Burundi) Limited”) owns a 100% interest in Block D, a hydrocarbon exploration licence in the Republic of Burundi that is currently in Force Majeure.

Each of the Directors recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 7 - RATIFICATION OF THE TRANSACTION WITH ORCA EXPLORATION GROUP INC. (“ORCA”)

On the 2nd January 2018 the Company announced that it had entered into an agreement under the terms of which the Company’s wholly-owned subsidiary, Swala (PAEM) Limited (“Swala PAEM”) would acquire up to 40% of PAE PanAfrican Energy Corporation (“PAEM”), from Orca for up to \$130 million (“the Transaction”). This transaction is a Material Transaction for the purposes of the Capital Markets and Securities Authority and the Dar es Salaam Stock Exchange.

Under the terms of the Transaction, Swala PAEM shall acquire up to 40% of PAEM in three tranches, designed to maximise the likelihood of Tanzanian and East African participation, such that:

- \$20 million (or a pro-rata amount to the total equity acquired) would be settled through the issuance to Orca Exploration Group Inc. of Preferred Shares the subject of Resolution 9;
- \$24 million (or a pro-rata amount to the total equity acquired) would be settled by Swala PAEM assuming a pro-rata obligation of the outstanding loan between the IFC and Orca Exploration Group Inc and certain of its subsidiaries; and
- \$86 million (or a pro-rata amount to the total equity acquired) would be settled in cash. This cash would be raised through the issuance of Senior Notes the subject of Resolution 8 and the subsequent issuance of an East African/Tanzanian Mezzanine Bond to be listed on the Dar es Salaam Stock Exchange and the subject of Resolution 10.

PAEM, through its Jersey-registered subsidiary, PanAfrican Energy Tanzania Limited, operates the Songo Songo gas field in Tanzania as well as associated infrastructure. Further details of PanAfrican Energy Tanzania can be found on its website, www.panafricanenergy.com.

Each of the Directors recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 8 – RATIFICATION OF THE ISSUANCE OF ‘SENIOR NOTES’

The Transaction contemplates that up to \$25 million will be raised from international cornerstone investors through the issuance of a Senior Note by Swala (PAEM) Limited on the following terms:

Issuer	Swala (PAEM) Limited (“SPL”)
Issuing Venue	United Kingdom
Listed?	Subject to 144A of the Securities Act 1933 (United States). SPL shall undertake to the Senior Note Investors to use all reasonable endeavours to obtain a listing of the Senior Notes on the Cayman Islands Stock Exchange (or any other stock exchange approved by one or more of the Senior Note Investors representing, in aggregate, at least 66.67% of the entire amount of the Senior Notes then outstanding) within 6 months of the Senior Note Initial Issue Date.
Maturity	5 years.
Status of Notes:	The Senior Notes will constitute direct, secured and unconditional obligations of SPL, which will rank junior to all obligations of SPL as may be preferred by

provisions of law that are both mandatory and of general application.

Gross-Up:	In the event that SPL is required by law to make any deduction or withholding for or on account of tax from payments of principal and interest in respect of any of the Senior Notes, SPL shall gross-up such payments. SPL shall also use reasonable endeavours to remedy such situation (including substituting itself with another entity). Each Senior Note Investor shall agree, in consultation with SPL, to take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable by SPL as a result of such gross-up provisions.
Coupon:	The Senior Notes will bear interest on their outstanding principal amount at a rate of 14.5% in Years 1-3; 16-0% in Year 4; and 17.5% in Year 5.
Amortisation schedule:	Bullet to maturity.
Condition subsequent to the issuance of the Senior Notes:	On, or before, the date falling 8 weeks after the Senior Note Initial Issue Date Swala shall issue Mezzanine Notes of an amount equal to at least 40 per cent of the outstanding Senior Notes.
Use of Proceeds:	The net proceeds of the Senior Notes will be used to finance amounts payable by the SPL in connection with the acquisition including but not limited to: (a) financing the Transaction by way of cash advances; (b) financing charges relating to the Senior Notes and third party advisers; and (c) funding of the Debt Service Reserve Account (the sum of the interest payments for the following 12 months in respect of the Senior Notes).
Mandatory Redemption of the Senior Notes/ Mandatory Prepayment:	Mandatory redemption provisions to reflect that SPL will be required to redeem an appropriate proportion of the Senior Notes in the event that it receives specified and significant capital receipts or insurance proceeds.
Early Redemption of the Senior Notes:	SPL will have the option to redeem the Senior Notes early in whole or in part.
SPL Priority of Payments:	<p>Pre-Enforcement Priority of Payments: Prior to the delivery of an enforcement notice, SPL may withdraw amounts from the transaction account on each payment date if they are applied (without double counting) with pre-established restrictions.</p> <p>Post-Enforcement Priority of Payments: All amounts from time to time received or recovered by the security trustee pursuant to the terms of any finance document in connection with the realisation or enforcement of all or any part of the Security shall be held by the security trustee on trust to apply them at any time as the security trustee (in its discretion) sees fit, to the extent permitted by applicable law, with pre-established restrictions.</p>
Intercreditor Agreement:	There shall be an intercreditor agreement, to be entered into by SPL and the Senior Note Investors, which will govern the relationship between the parties and the voting and decision making mechanics.
Security:	SPL will grant: (a) a fixed charge over the investment assets; (b) security over its rights under the Inter-Company Facility Agreement and in relation to any

Shareholder Loans by way of assignment; and (c) a floating charge over all of its other assets not otherwise charged under paragraphs (a) or (b) above.

In addition, Swala shall (a) enter into a share pledge agreement in relation to its shareholding in the Senior Issuer; and (b) grant security over its rights under the Inter-Company Facility Agreement and in respect of its rights under any other loan agreements to which the Senior Issuer is party, by way of assignment.

Conditions Precedent:	Satisfaction (in form and substance satisfactory to the Senior Note Investors) of appropriate conditions precedent in customary form for transactions of this nature.
Restriction on SPL dividends and subordinated payments:	Restrictions on payment of SPL in customary form for transactions of this nature.
Representations and Warranties	Repeating and non-repeating representations and warranties will be given by SPL and in some circumstances by Swala), in customary form for transactions of this nature.
Positive and Negative Undertakings:	SPL and Swala shall be subject to positive and negative undertakings in customary form for transactions of this nature.
Events of Default:	Subject to event of default in customary form for transactions of this nature.
Choice of law:	The law of England and Wales.

Each of the Directors recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 9 – RATIFICATION OF THE ISSUANCE OF ‘PREFERRED SHARES’

The Transaction contemplates that up to \$20 million be paid to Orca in the form of Preferred Shares on the following terms:

Issuer	Swala Oil & Gas (Tanzania) plc
Issuing Venue	Tanzania
Listed?	No
Amount	US\$50,000,000 (amount created by the Board, the issuance of which is subject to shareholder approval).
Maturity	9 years
Currency	United States Dollars
Coupon	10% fixed rate
Ranking	The Preferred Shares would be entitled to priority over the ordinary shares of Swala and all other shares of Swala ranking junior to the Preferred Shares with respect to the payment of cash distributions. To the extent allowed under applicable law, Swala shall not create or issue any securities ranking higher in priority than the Preferred Shares without the consent of a majority (by holding) of the Holders, such consent not to be unreasonably delayed or withheld.

Voting Rights	Except as otherwise provided in the Companies Act 2002 (Tanzania), the Holders would not be entitled to receive notice of or to attend or vote at any meeting of the shareholders of Swala.
Coupon Frequency	Quarterly on the last day of March, June, September and December. Distributions (less any tax required to be withheld by Swala) on the Preferred Shares is to be paid to the holders of Preferred Shares by electronic funds transfer on the 15th day following the quarter ends noted above.
Coupon Payments	Cash. If any distributions are not paid in full when due ("Unpaid Distributions"), then such distributions, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the Board of Directors of Swala on which Swala has sufficient monies properly applicable to the payment of cash distributions and in priority to distributions on the ordinary shares of Swala and all other shares of Swala ranking junior to the Preferred Shares with respect to the payment of distributions.
Redemption	<p>Voluntary redemption: Swala may redeem any Preferred Share at any time by paying the Holder of that Preferred Share the face value of the Preferred Share plus any interest accrued and unpaid as of the date of the redemption.</p> <p>Redemption Schedule: By the 31st December of each of 2018, 2019 and 2020, Swala shall inform the holders of the Preferred Shares ("the Holders") of the amount of money it reasonably and in its sole opinion expects it could employ to redeem the Preference Shares for cash (the "Primary Redemptions"). The Holders will have the right to require that those funds to be used for a redemption of Preferred Shares at the face value of each Preferred Share (the "Redemption Price").</p> <p>From and after the 31st December 2021, Swala will be obliged to redeem for cash, each 31st of December, at least 20% of the outstanding Preferred Shares (or if the outstanding amount is less than 20% of the original amount of \$20 million, the entire amount) held by Holders as at the 31st December 2021 at the Redemption Price (the "Secondary Redemptions").</p> <p>In addition to the Primary Redemptions and the Secondary Redemptions, at any time that Swala issues equity in either Swala or Swala (PAEM) Limited, Swala shall make 50% of the proceeds of such offering available to redeem any of the Preferred Shares.</p> <p>Following 31 December 2021 onwards: (a) if Swala is unable to redeem any part of the required number of Preferred Shares pursuant to a Secondary Redemption, the Holders may request, and Swala shall be obligated, to redeem Preferred Shares by way of transferring and/or returning (as the case may be) a number of Investment Shares which aggregate value equals to the amount of outstanding redemption amount which cannot be paid in cash by Swala; and/or (b) to the extent that there are any Unpaid Distributions, the Holders may request, and Swala shall be obligated, to satisfy such Unpaid Distributions by transferring and/or returning (as the case may be) a number of Investment Shares which aggregate value equals to the amount of Unpaid Distributions.</p>
Conversion by Swala	On the sixth (6th) anniversary of the date the Preferred Shares are issued, Swala may elect to convert any outstanding Preferred Shares into fully paid ordinary shares of Swala (the "Ordinary Shares"). The number of Ordinary Shares to be issued on such conversion would be equal to the quotient obtained by dividing (i) the face value of the outstanding Preferred Shares to be converted by (ii) the weighted average closing price of Ordinary Shares for 30-Days prior to conversion expressed in US dollar terms (the "Conversion Price") (subject to adjustment). The Conversion Price would be subject to customary adjustments. All accrued and unpaid distributions on the Preferred Shares to be converted would be paid in US dollars on the date of conversion.

Conversion by the Holders	At any time after one year following the First Closing and from time to time thereafter, a Holder may elect to convert any outstanding Preferred Shares into Ordinary Shares. The number of Ordinary Shares to be issued on such conversion would be equal to the quotient obtained by dividing (i) the face value of the outstanding Preferred Shares to be converted by (ii) the then Conversion Price. All accrued and unpaid distributions on the Preferred Shares to be converted would be paid in US dollars on the date of conversion.
Transfers	Preferred Shares may not be transferred without the prior written consent of Swala, such consent not to be unreasonably withheld. Should a Holder wish to transfer some or all of its Preferred Shares, it would do so by first seeking to transfer them to Tanzanian nationals or Tanzanian registered institutions, next seeking to transfer them to nationals of, or institutions registered in, the remaining countries of the East African Community (being Kenya, Uganda, Rwanda, Burundi and South Sudan) ("Tanzania and EAC Preference"), and finally seeking to transfer them to nationals of, or institutions registered in, any other country, provided however that a Holder shall not be encumbered or economically prejudiced by the Tanzanian and EAC Preference.

Each of the Directors recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 10 – TO APPROVE THE ISSUANCE OF ‘MEZZANINE NOTES’

The Transaction contemplates that up to \$50 million (with greenshoe rights) will be raised from EAC and Tanzanian sophisticated investors through the issuance of Mezzanine Notes by Swala on the following terms:

Issuer	Swala Oil & Gas (Tanzania) plc
Issuing Venue	Dar Es Salaam
Listed?	Yes, on the Dar es Salaam Stock Exchange.
Amount	US\$50,000,000 (subject to shareholder approval and Greenshoe rights).
Maturity	7 years
Currency	Shilling-denominated but United States Dollars-linked
Coupon	14.5% fixed rate
Ranking	The Notes when issued and outstanding shall rank pari passu, equally and rateably, without discrimination or preference among themselves and as unsecured obligations of the Company.
Voting Rights	Except as otherwise provided in the Companies Act 2002 (Tanzania), the Holders would be entitled to attend but not vote at any meeting of the shareholders of Swala.
Coupon Frequency	Until the Notes are repaid in accordance with their Conditions, interest on the principal amount of the Notes outstanding from time to time shall accrue at a rate of 14.5% (fourteen decimal five percent) per annum, payable semi-annually, on 01 January and 01 July in each year, from and including 01 July 2018
Coupon Payments	The Company shall pay accrued interest in cash, in arrears to the persons who were registered as Noteholders at the close of business on the relevant scheduled payment date. The Company may elect to comply with interest payment obligations under the Notes by issuing new, fully paid-up Shares in the Company (Swala Election). In the event

of a Swala Election, the relevant Shares will be issued at a price determined by discounting the volume-weighted average Share price during the period that is 20 Business Days prior to the relevant Scheduled Payment Date by 12.5 per cent.

Redemption The Company shall have the option of redeeming the Notes early in whole or in part as the Company elects.

Each of the Directors recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 11 – TO APPROVE THE PARTICIPATION OF SWALA MEMBERS AND ULTIMATE BENEFICIAL OWNERS IN THE SUBSCRIPTION OF NEW SECURITIES

Subject to the approval of Resolutions 7-10 inclusive, the Company proposes that all members and ultimate beneficial owners of the Company be entitled to subscribe for any of the types of securities identified in Resolutions 9-10 inclusive.

The Listing Rules of the Dar es Salaam Stock Exchange (“DSE”) require listed companies to offer pre-emption rights over new securities to existing shareholders. The Company believes that pure pre-emption rights would have endangered the transaction described in Resolution 7 but committed itself to enabling existing shareholders to subscribe for any of the types of securities issued, regardless of whether those securities were issued by the Company or by Swala (PAEM) Limited. Shareholders wanting to participate should be entitled to subscribe for any or all of the securities the subjects of Resolutions 9-10, provided that they do so

- (i) by no later than the 21st February 2018; and
- (ii) in aggregate and in addition to the amounts already raised through the issuance of those securities the subject of Resolutions 8-10 inclusive, not exceeding \$130 million.

Each of the Directors recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 12 – TO APPROVE THE COMPANY’S DUAL LISTING ON AN OECD EXCHANGE

The Company remains committed to its listing on the Dar es Salaam Stock Exchange and to its role in the development of Tanzania’s capital markets.

As these develop, the shareholders of the Company would benefit from the increased liquidity, analyst coverage and access to deeper capital pools that a dual-listing on an OECD exchange would provide. This is particularly important as the Company evolves into production and development.

Each of the Directors recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 13 – TO DISAPPLY THE PRE-EMPTION RIGHTS ASSOCIATED WITH THE ISSUANCE OF NEW SECURITIES

The Listing Rules of the Dar es Salaam Stock Exchange (“DSE”) require listed companies to offer pre-emption rights over new securities to existing shareholders.

These pre-emption rights work by (i) offering each existing shareholder the right to participate in the issue of new securities in proportion to that shareholder’s current equity ownership; (ii) if any new securities are not fully subscribed for after the first offer, by offering those unsubscribed securities to those shareholders that expressed an interest in participating in that first offer; and (iii) if any new securities are not fully subscribed for after the first and the second offers, by offering any unsubscribed securities to new investors.

This mechanism has the potential to add a delay of several months, and significant costs, to the issue of new securities. This adds significant risks to the Company, which may be unable to respond rapidly to the need for

funding. The Company will seek to involve existing shareholders in the issue of new securities whenever practicable, but believes it needs the ability to react rapidly should it be necessary.

Each of the Directors recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 14 – TO APPROVE CERTAIN AMENDMENTS TO THE COMPANY’S CONSTITUTION

The Company has made certain changes to its Constitution to reflect regulatory developments, most notably to confirm the shareholders’ pre-emption rights. Copies of the amended constitution can be reviewed on the Company’s website (www.swalaoilandgas.com) or are available for inspection at the Company’s registered office.

RESOLUTION 15: TO APPROVE THE ISSUANCE OF WARRANTS BY SWALA (PAEM) LIMITED

The Transaction contemplates that, in conjunction with the issuance of Senior Notes as contemplated in Resolution 8, international cornerstone investors shall be issued with Warrants by Swala (PAEM) Limited entitling the holders of the Warrants to shares Swala:

Issuer	Swala (PAEM) Limited (“SPL”)
Issuing Venue	United Kingdom
Maturity	5 years.
Status of Warrants:	The Warrants constitute direct, unconditional, unsubordinated and secured obligations of the Issuer ranking pari passu and rateably, without any preference among themselves, and equally with all other existing and future secured and unsubordinated obligations of the Issuer but, in the event of a winding up, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.
Mandatory Redemption of the Warrants at maturity	Unless previously redeemed, or purchased and cancelled, each Warrant will be redeemed at its Principal Amount Outstanding on 29 th December 2022.
Early Redemption of the Warrants:	SPL will have the option to redeem the Warrants early in whole or in part.
Intercreditor Agreement:	There shall be an intercreditor agreement, to be entered into by SPL and the Purchasers, which will govern the relationship between the parties and the voting and decision making mechanics.
Security:	Under the Security Documents the Issuer will secure its obligations under the Senior Finance Documents, to the STID Security Trustee for itself and on behalf of the Senior Secured Creditors (including the Senior Noteholders) and secures such obligations upon the whole of its property, undertaking, rights and assets.
Conditions Precedent:	Satisfaction (in form and substance satisfactory to the Senior Note Investors) of appropriate conditions precedent in customary form for transactions of this nature.
Representations and Warranties	Repeating and non-repeating representations and warranties will be given by SPL and in some circumstances by Swala, in customary form for transactions of this nature.

Events of Default: Subject to event of default in customary form for transactions of this nature.

Choice of law: The law of England and Wales.

Each of the Directors recommends that Shareholders vote in favour of this Resolution

FORM OF PROXY

I/We (full name in BLOCK capitals) of (address) being a member/members of Swala Oil & Gas (Tanzania) plc (“Swala” or “the Company”) hereby appoint the chairman of the meeting or (see note 1) as my/our proxy to vote for me/us on my/our behalf at the 2017 Annual General Meeting of the Company on the following resolutions, as indicated by an ‘X’ in the appropriate box.

	RESOLUTIONS	FOR	AGAINST	ABSTAIN
1.	To appoint new auditors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	To appoint Mr. Harold Temu as director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	To appoint Mr. Salem Balleith as director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	To appoint Mr. Scott Gilbert as director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	To appoint Mr. Justin Massawe as director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	To ratify the transaction with Surestream Petroleum Limited as referred to in the notice of annual general meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	To ratify the transaction with Orca Exploration Group Inc. as referred to in the notice of annual general meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	To ratify the issuance of Senior Notes as referred to in the notice of annual general meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	To ratify the issuance of Preferred Shares as referred to in the notice of annual general meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	To approve the issuance of Mezzanine Notes as referred to in the notice of annual general meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	To approve the participation of the Company’s members and ultimate beneficial owners in the subscription of the securities proposed in resolutions 9-10 (inclusive).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	To approve the Company’s dual listing on an OECD stock exchange.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	To disapply pre-emption rights as referred to in the notice of annual general meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.	To approve certain amendments to the Company’s Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	To approve the issuance of warrants as referred to in the notice of annual general meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature

Date

Please return to: Company Secretary, Swala Oil & Gas (Tanzania) plc, 2nd Floor, Oyster Plaza, Haile Selassie Road, Dar es Salaam, Tanzania.

Notes to the form of proxy:

1. A member may if he wishes strike out the words “chairman of the meeting” and insert the name of some other person to act as his proxy, exercise all or any of his rights to attend, speak and vote instead of him at the meeting in the space provided. If a member lodges the form with no name inserted in the space the Chairman of the Meeting will be deemed to be his proxy. Where someone other than the Chairman is appointed as a proxy the member appointing him is responsible for ensuring that they attend the meeting and are aware of his voting intentions. If a member wishes his proxy to speak on his behalf at the Annual General Meeting, he will need to appoint someone other than the Chairman and give his instructions directly to them.
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy or proxies to exercise all or any of his rights to attend, speak and to vote at the Annual General Meeting instead of him. A proxy can only be appointed by following the procedure set out in these notes.
3. A proxy need not be a member of the Company but must attend the Annual General Meeting in person. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting or any adjournment thereof in person. If a proxy is appointed and the member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
4. To be valid this form of proxy must be completed and lodged with the Company Secretary, Swala Oil & Gas (Tanzania) plc, 2nd Floor, Oyster Plaza, Haile Selassie Road, Dar es Salaam, Tanzania by 17:00 (EAST) on Friday, 26th January 2018 together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarial certified or office copy of such power or authority. In the case of a member, which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
5. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy. In the event that more than one of the joint holders purports to appoint a proxy, the appointment submitted by the first named on the Register of Members of the Company will be accepted to the exclusion of the other joint holder.
6. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please sign and date the form of proxy and attach a schedule listing the names and addresses (in block letters) of all of your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, simply write “the Chairman of the Meeting”. When two or more valid but differing proxies are delivered in respect of the same share for use at the meeting, the one which is last validly delivered (regardless of its date, its date of sending or the date of its execution) shall be treated as replacing and revoking the other(s) as regards that share and, if the Company is unable to determine which of any such two or more valid but differing appointments of proxy was so delivered in time, none of them shall be treated as valid in respect of that share.
7. If a member submits more than one valid proxy appointment the appointment received last before the latest time for the receipt of proxies will take precedence.
8. To abstain from voting on a resolution, tick the box in the column headed “Abstain”. An “Abstain” is not a vote in law which means that the vote will not be counted in the calculation of votes “for” and “against” the resolution. Failing to tick any box against a resolution will mean your proxy can vote as he or she wishes or can decide not to vote at all. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
9. In the case of a poll vote taken otherwise than at or on the same day as the meeting or adjourned meeting, the form of proxy must be completed and deposited as specified in note 4 above not less than 24 hours before the time appointed for the taking of the poll.
10. In order to revoke a proxy instruction, a member will need to send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to the Company Secretary, Swala Oil & Gas (Tanzania) plc, 2nd Floor, Oyster Plaza, Haile Selassie Road, Dar es Salaam, Tanzania., together with the power of attorney or other authority (if any) under which it is signed, or a notarial certified copy of such power of attorney or authority, not less than one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.