

# PRESS RELEASE

(DSE:SWALA)

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## SWALA RESPONSE TO TPDC'S RECENT PRESS STATEMENTS

Swala Oil & Gas (Tanzania) ("Swala" or "the Company") notes the recent press statements made by Tanzania Petroleum Development Corporation ("TPDC") concerning the transaction between Swala and Orca Exploration Group Inc ("Orca") and under which Swala became a shareholder of PAE PanAfrican Energy Corporation ("PAEM") (the "Transaction").

The Transaction was completed on the 29th December 2017. Repeatedly between the 2nd January 2018 and the 2nd February 2018, Swala sought to organise a meeting with TPDC to clarify the Transaction. Swala has received no response to any of its communications with TPDC and rejects TPDC's contention that it has not been informed of the Transaction. Swala remains open to clarifying the transaction directly but it will not make any further public statements on this matter.

In the meantime, Swala has engaged with the Capital Markets and Securities Authority, the Tanzanian Revenue Authority and the Fair Competition Commission to clarify the Transaction and continues engaged with all interested stakeholders as it progresses its planned \$50 million bond issue on the DSE. The bond has already awakened significant interest from institutions in Tanzania and elsewhere in the EAC, encouraging other companies to also seek to access Tanzanian investors and a DSE listing. TPDC's comments create potential and unwelcome uncertainty amongst local investors, with whom Swala is in constant engagement.

The Transaction is fully compliant with all applicable laws. Through this transaction Swala has extended indirect local ownership in the national and international energy sector, providing an alternative template for Tanzanian participation in the natural resources sector. Foreign investment into Swala, including investment from elsewhere in the EAC, show international confidence in the Government's industrialisation agenda, of which reliable energy supply is a cornerstone. Swala's financing structure, designed to encourage the participation of Tanzanian institutions, includes the first-ever oil industry bond on a local East African exchange and the potential repatriation of currency payments through the payment of interest to bondholders.

Mr. Abdullah Mwinyi (Swala Chairman) said: "Swala has, through this transaction, sought to contribute to the Government's vision of Tanzania's development in a number of innovative ways. It is in line with our corporate philosophy of contributing to the development of local capabilities and the growth of Tanzania's economy."

Dr. David Mestres Ridge (Swala CEO) said: "Swala has engaged with all interested stakeholders to ensure that the transaction is understood by all and is working with those stakeholders as our second, mezzanine bond, is progressed. We consider TPDC's public comments to be unhelpful to the development of local investment and participation in international projects and to our efforts to help in the development of the local bond and equity markets. Whilst we continue to try to clarify the transaction with TPDC, we won't engage in further discussion in the press on this matter."

For further information please contact:

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**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 km<sup>2</sup> as well as a 7.93% interest in PAE PanAfrican Energy Corporation. 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.