

PRESS RELEASE (DSE:SWALA)

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PROCESS TO SELL CLASS 1 SENIOR NOTES LISTED ON THE CSX

Swala Oil & Gas (Tanzania) plc (“Swala” or “the Company”) has been advised that the current holders of the 25,000,000 Class 1 Senior Notes (“the Notes”) issued by Swala’s subsidiary, Swala (PAEM) Limited, have engaged in a process to sell the Notes with a number of parties, amongst them Orca Energy Group Inc. (“Orca”). The Notes are listed on the Cayman Islands Stock Exchange and bids are expected by the 29th of January 2021.

Swala (PAEM) Limited holds a 7.93% interest in Panafrican Energy Corporation (“PAEC”), which in turn holds a 100% interest in Panafrican Energy Tanzania Limited (“PAET”), the operator of the Songo Songo gas field in Tanzania.

The decision follows a period of two years in which PAEC has failed to generate any distributable income to its shareholders, with revenues from the Songo Songo field being spent on capital investments, repayment of profit gas entitlements of the Tanzanian Petroleum Development Corporation and PAET tax obligations.

Dr. David Mestres Ridge (Swala CEO) said: “The current holders of the Notes have been very constructive investors and the Company wants to take the opportunity to thank them for their support. On conclusion of a successful bidding round the Notes could be held by other financial investors or by Orca. In the latter case Orca could seek, subject to the approval of the Tanzanian Fair Competition Commission, to re-acquire the 7.93% of PAEC held by Swala (PAEM) Limited.”

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 km² 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.