

PRESS RELEASE

(DSE:SWALA)

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REVISED PROPOSAL FOR ORCA EXPLORATION GROUP INC. (“ORCA”)

Swala Oil & Gas (Tanzania) plc (“Swala”), a company registered in the United Republic of Tanzania with registration number 84838 and listed on the Dar es Salaam Stock Exchange (DSE:SWALA) notes the announcement made by Orca Exploration Group Inc. (“Orca”) on the 26th July 2019 and provides the following update to its announcement of the 3rd June 2019.

Swala presented a revised proposal (the “Revised Proposal”) to the board of directors of Orca Exploration Group Inc. (“Orca”) on the 15th June 2019. The Revised Proposal provided for Swala to acquire all the issued and outstanding share capital of Orca (the “Transaction”) for, either:

- (a) CDN\$8.25 per Class A Voting Common Share and CDN\$8.25 per Class B Subordinate Voting Share (together the “Orca Shares”), less any dividends, distributions or extraordinary payments made by Orca from the 15th June 2019 until closing; or
- (b) CDN\$7.75 per Orca Share, less any dividends, distributions or extraordinary payments made by Orca from the 15th June 2019 until closing, and one common share of Swala for each Orca Share, which if shareholders could elect for 100% of this alternative, would equate to approximately 30% of the equity of Swala post Transaction.

The Orca shareholders would be able to elect to receive consideration under either option (a) or option (b), subject to the proviso that 50% of the Orca Shares acquired will receive consideration under option (a) and the remainder will receive consideration under option (b). In the event that the Orca shareholders elect, in aggregate, for more than 50% of the Orca Shares acquired to receive consideration under a particular option, then the consideration for such Orca Shares shall be pro-rated between option (a) and option (b).

The Transaction therefore contemplates (i) 50% of the Orca Shares being paid for in cash pursuant to option (a), and (ii) 50% of the Orca Shares being paid for by way of a combination of cash and common shares of Swala, with Orca shareholders electing option (b) holding in aggregate approximately 15% of Swala on closing. Swala is exploring a number of options as part of the Revised Proposal which would provide Orca’s shareholders with liquidity in respect of the Swala shares issuable pursuant to the Revised Proposal.

The Transaction is subject to customary approvals, two of which have now been secured. Swala has had initial positive discussions with the Tanzanian regulators and sees no significant impediments to securing the remaining consents in a reasonable timeframe in respect of the Transaction. The International Finance Corporation (“IFC”) currently has a loan to Panafrican Energy Tanzania Limited which is fully guaranteed by Orca. The IFC has the right to require repayment on a defined change of control and can restrict the transfer of Orca Shares by Shaymar Limited while the loan is outstanding, other than with IFC consent. Swala has engaged with the IFC with a view to securing its consent to the final agreed transaction.

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Dr. David Mestres Ridge (Swala CEO) stated “We believe that the Revised Proposal is a compelling alternative for the shareholders of Orca and one that provides them with both a liquidity event on their current investment at a significant premium and the ability, if they choose, to participate in the future value created by the combined entity through the Transaction.”

The Revised Proposal was made following extensive discussions with a number of major shareholders of Orca owning in aggregate over 50% of the outstanding Class B Subordinated Voting Shares. Swala welcomes Orca’s statement that it intends to engage meaningfully with Swala in a manner that reflects the views of those shareholders owning the majority of Orca’s issued shares.

This announcement is made under Rule 15 of the Substantial Acquisitions, Take-Overs and Mergers Regulations 2006 (“the Regulations”). It is not an announcement of a firm intention to make an offer under the Regulations or otherwise. There can be no certainty that any offer will be made, nor as to the terms on which an offer may be made. Readers are cautioned that Swala may determine not to proceed with the Possible Offer. This could occur if, among other reasons, Swala identifies material adverse information concerning the business, affairs, prospects or assets of Orca not previously disclosed by Orca or if Orca implements or attempts to implement defensive tactics in relation to the Proposal.

Forward-Looking Statements

This news release includes “forward-looking statements” and “forward looking information” (collectively “forward looking statements”) within the meaning of applicable securities laws, including in respect of the commencement of the Revised Proposal, the terms thereof and the successful completion of the transaction contemplated thereby. These statements are based on management’s current expectations, beliefs, assumptions and estimates and are not guarantees of timing, future results or performance. Forward-looking statements involve certain risks and uncertainties and other factors that could cause actual results to differ materially from those indicated in such forward-looking statements and accordingly, readers are cautioned not to place undue reliance on any of the forward-looking statements. These risks and uncertainties include but are not limited to, the ability to enter into definitive agreements in respect of the transaction on terms acceptable to Swala and in a timely manner, the ability to obtain all requisite regulatory and shareholder approvals and consents at all or in a timely manner, and the completion by Swala of the financing with the investor at all or in a timely manner and in a sufficient amount necessary to fund the Revised Proposal.

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.