

# PRESS RELEASE

(DSE:SWALA)

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## SWALA REQUIRES TATA PETRODYNE LIMITED TO WITHDRAW FROM LICENCE

Swala Oil & Gas (Tanzania) plc (“Swala” or “the Company”) advises that it has exercised its option under the Kilosa-Kilombero Joint Operating Agreement (“JOA”) to require Tata Petrodyne Limited (“TPL”) to withdraw from the JOA and the Kilosa-Kilombero Production Sharing Agreement (the “PSA”).

Swala’s Participating Interest increases from 75% to 100%, subject to the 20% back-in rights of the Tanzania Petroleum Development Corporation (“TPDC”).

In accordance with the provisions of the JOA and of the Farm-Out Agreement (the “FOA”), TPL remains liable for the costs of transferring its Participating Interest, for its Participating Interest share of the remaining 2019 approved budget and for its remaining obligations under the FOA. The Company has issued TPL with a closing invoice of \$2.6 million and a Notice of Dispute in accordance with the provisions of the JOA, the first step in the resolution of which is a meeting between senior management.

Based on the independent report prepared by Gaffney, Clyne & Associates, which the company reported to the market on the 14<sup>th</sup> March 2016, Swala’s share of the unrisks prospective resources in the Kilosa-Kilombero licence area following the changes to the Participating Interest is:

Kilombero Basin.

Prospect/ Lead	Low	Best	High
Kito Basal Sandstone	24.8 mmbbls	77.6 mmbbls	234.4 mmbbls
Kito Sequence 1 Sandstone	19.36 mmbbls	69.6 mmbbls	203.2 mmbbls
Kito Shallow	8.96 mmbbls	39.04 mmbbls	135.2 mmbbls
Lead A	2.4 mmbbls	5.6 mmbbls	8 mmbbls
Lead B	4.8 mmbbls	11.2 mmbbls	16 mmbbls
Lead D	15.6 mmbbls	36.4 mmbbls	52 mmbbls
Lead F	11.52 mmbbls	26.88 mmbbls	38.4 mmbbls
<b>Total*</b>	<b>80.17 mmbbls</b>	<b>266.32 mmbbls</b>	<b>687.20 mmbbls</b>

Kidatu Basin.

Prospect/ Lead	Low	Best	High
Angaza Lead	9.6 bcf	34.4 bcf	118.4 bcf
Kidatu A Lead	13.6 bcf	46.4 bcf	157.6 bcf
<b>Total*</b>	<b>23.2 bcf</b>	<b>80.8 bcf</b>	<b>276 bcf</b>

\* Gross Prospective Resources at multiple reservoir levels aggregated by Swala, net of Government rights to back in for a 20% Participating Interest in any successful development in the Kilosa-Kilombero licence.

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The Kito well, when drilled, will target best contingent resources of 147.2 mmbbls net to Swala in the Kito Basal Sandstone and the Kito Sequence 1 Sandstone horizons. The Kilosa-Kilombero licence currently remains in Force Majeure.

Dr. David Mestres Ridge (Swala CEO) said: "This step is a regrettable one, but one forced upon us by TPL's failure to comply with its obligations under the JOA. TPL has been a co-venturer in the Kilosa-Kilombero licence since 2015, shortly before the Kito-1 well was originally due to be drilled and has been keen to drill throughout. We are confident that the outstanding matters under the JOA can be addressed promptly and professionally and wish TPL success in its international operations."

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.