

PRESS RELEASE (DSE:SWALA)

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6 May 2019

SWALA DECLARES FORCE MAJEURE UNDER THE KILOSA KILOMBERO PSA

Swala Oil & Gas (Tanzania) plc (“Swala” or “the Company”) advises that the Kilosa-Kilombero Joint Venture has declared Force Majeure under the Kilosa-Kilombero Production Sharing Agreement (“PSA”).

In 2018 the Joint Venture resolved the issues of permitting that had prevented access to, and drilling operations in, the Kilosa-Kilombero area. In late 2018 the Joint Venture commenced the tendering process to select drilling contractors and teams. In January 2019 it selected a drilling team and started planning the 2019 drilling campaign. On the 30th January 2019 it was advised by the Ministry of Energy (MOE) that all matters relating to the licence extension would be notified to the Operator once the government had concluded a review of existing PSAs.

Licence extensions are now automatic under the 2015 Petroleum Act (“the Act”) and do not require separate confirmation. The process of reviewing the existing PSAs, which are themselves grandfathered under the Act, is unclear. Until that process has been concluded, the Joint Venture does not have the basis to ascertain what impact – if any – it may have on the timing and approach to not only the exploration drilling but to any subsequent development that may follow a successful exploration campaign.

Dr. David Mestres Ridge (Swala CEO) said: “Whilst we do not expect any significant or material changes to the PSA as a result of this review, the overall impact is to delay investments until the process is resolved. Until such time, the PSA will remain in Force Majeure whilst the Joint Venture maintains a readiness to re-commence its drilling commitments once all issues are resolved.”

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.