

# PRESS RELEASE

(DSE:SWALA)

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## TANZANIA'S APPROVAL OF NEW NATURAL RESOURCES BILLS

Swala Oil & Gas (Tanzania) PLC ("Swala" or the "Company") notes the approval by the Tanzanian Parliament of three bills particularly relating to mining companies in Tanzania.

The three bills (the Natural Wealth and Resources (Permanent Sovereignty) Bill 2017, the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Bill 2017, and the Written Laws (Miscellaneous Amendments) Act 2017) primarily seek to address "Unconscionable Terms" in existing agreements in the Natural Resources Sector and predominantly in the mining sector. These "Unconscionable Terms" are those that are considered contrary to good conscience or whose implementation would unreasonably disadvantage the interests of the People and the United Republic of Tanzania. They relate primarily to historical contracts entered before the implementation of the current fiscal regime or where incentives were granted to encourage that activity. The bills also include matters, such as local content investment, integrity pledges and anti-pollution measures, that oil and gas companies are already subject to by operation of the Petroleum Act 2015.

Swala operates the Kilosa-Kilombero licence in Tanzania, a licence awarded under the 2008 Model PSA. None of Swala's current or planned asset or corporate operations involve agreements outside the scope of the fiscal framework or any that might constitute "Unconscionable Terms". The Board therefore sees little direct risk to its operations because of this legislation at this time.

Dr. David Mestres Ridge (Swala CEO) said: "Whilst we understand that the process primarily affects the mining sector, some of the provisions of the legislation extend to the oil and gas sector, a sector that is crucial to the country's stated desire to become a middle-income country and to the success of the 2016/17-2020/21 National Five-Year Development Plan. In passing these bills, Parliament and the Government of Tanzania have expressed a desire to review the terms of mining contracts that may have been necessary at the time but which now may strike observers as 'unconscionable', a review that we trust shall be balanced by the need to provide contractual and investment stability to the rest of the natural resources sector."

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>. 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.