

# PRESS RELEASE

(DSE:SWALA)

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12<sup>th</sup> May 2017

## SWALA UPDATE ON FINANCING OF MATERIAL TRANSACTION

Swala Oil & Gas (Tanzania) PLC (“Swala” or the “Company”) is pleased to announce that it has entered into a letter of intent with a global institutional investor for the placement of junior secured 5-year corporate bonds covering the first investment tranche in a material transaction announced on the 12th October 2016.

The Company engaged Exotix Partners LLP (“Exotix”), a London-based boutique investment bank specializing in frontier markets, to raise approximately US\$130 million in debt financing to fund this material transaction. The transaction shall be partly funded through the issuance of preference shares in the Company, partly through the assumption of pre-existing corporate debt obligations and partly in cash.

In agreement with the counter-party, the transaction will complete in independent tranches, the final one of which shall be preferentially placed with Tanzanian institutions through a Tanzanian shilling-denominated, US dollar-linked, 5-year corporate bond issuance. The Company is already in discussions with these institutions and shall update the market on their completion.

Dr. David Mestres Ridge, Swala CEO, said: “We are delighted at the show of confidence by sophisticated institutional investors in both the Company and in the Tanzanian energy sector. Swala will be working hard over the next weeks to close the first tranche of this material transaction. For our shareholders, owners of the 106 million shares that we have on issue, we are seeking to create continuous value growth over the next decade or more and allow the Company to continue to expand both inside Tanzania, in Africa and overseas. We aim to create further value for local institutions through our second corporate bond tranche, in line with our commitment to help in the development of the Tanzanian capital markets.”

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.

### About Exotix

Exotix, a leading boutique investment bank for frontier markets, was recently awarded Africa Investor’s Best Performing Broker in Africa award for 2016, Global Finance Magazine’s Best Boutique Investment Bank in Africa for 2016 and EMEA Finance’s Best Broker in Nigeria & Best Broker in Tanzania, also for 2016. The firm specializes in natural resource capital raises with a particular focus on Africa. See [www.exotix.com](http://www.exotix.com) for further background.

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## **Disclaimer: Forward-Looking Information**

Certain information in this news release constitutes forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. In particular, forward-looking statements in this news release include statements relating to a proposed material transaction. Swala has provided the forward-looking information in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the necessary government, regulatory, board, shareholder and other third party approvals. There can be no assurance that the proposed transaction will proceed on the basis set out above or at all.