

PRESS RELEASE

(DSE:SWALA)

2nd Floor Oyster Plaza, Plot No.1196
Oysterbay, Haile Selassie Road,
P.O. Box 105266, DSM, Tanzania

TEL +255 (0) 755 687 785
EML info@swala-energy.com

14th August 2017

SWALA CONFIRMS INVESTMENT DISCUSSIONS WITH ORCA EXPLORATION GROUP INC.

Swala Oil and Gas (Tanzania) Plc (“Swala” or “the Company”) notes market speculation and confirms it is in discussions with Orca Exploration Group Inc. (TSX:ORC.B) (“Orca”) regarding an investment of up to US\$130 million in PanAfrican Energy (“PAE”), a Mauritius-registered company that is a wholly-owned subsidiary of Orca.

The investment is envisaged as being structured in several tranches and the Company's ability to complete such an investment will depend on securing the necessary finance in each tranche. Tranche 1 has committed funding from internationally recognized global institutional investors subject to the completion of legal due diligence that is currently ongoing. The second tranche has been designed to encourage the participation of Tanzanian corporate bond investors in a manner that aims to maximize their participation alongside that of sophisticated international institutions, in line with the Company's demonstrated commitment to local involvement in the natural resources sector. The commencement of the roadshow associated with this second tranche was advised to the market on the 10th August 2017.

Dr. David Mestres Ridge, Swala CEO, said: “Orca and Swala have been discussing an investment by Swala for some time, and both were determined to structure the investment to encourage the participation of Tanzanian bond investors who are normally not able to participate in these transactions. Our intention is to construct an approach that could lead to a significant interest in the investment being indirectly held by Tanzanian investors through their ownership in Swala, an efficient alternative to stock exchange listings that we believe creates a win-win situation for the Government of Tanzania and local and foreign investors alike.”

For further information please contact:

Swala Oil & Gas (Tanzania) plc.

Dr. David Mestres Ridge (CEO)
david.mestres@swalaoilandgas.com
www.swala-energy.co.tz

Arch Financial and Advisory Company Limited

Mr. Iyen Nsemwa (Director)
iyennsemwa@gmail.com

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. 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.

PRESS RELEASE

(DSE:SWALA)

2nd Floor Oyster Plaza, Plot No.1196
Oysterbay, Haile Selassie Road,
P.O. Box 105266, DSM, Tanzania

TEL +255 (0) 755 687 785
EML info@swala-energy.com

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.