



PanAfrican Energy Tanzania Limited
Oyster Plaza Building, 5th Floor
Haile Selassie Road
P.O Box 80139
Dar es Salaam, Tanzania

Tel: +255 22 292 3307
Fax: +255 22 292 3312

Ref No.: PAT/108/15

FOR IMMEDIATE RELEASE

23 March 2015

PanAfrican Energy Tanzania Limited declares it has paid all due Municipal Levies and categorically denies allegations to the contrary

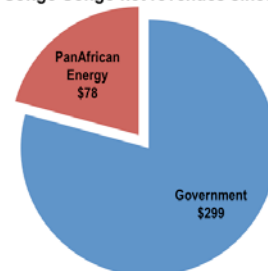
DAR ES SALAAM, Tanzania 20 March 2015: On 18th March, 2015, questions were raised in the Tanzania Parliament about the Municipal Levies paid by PanAfrican Energy Tanzania Limited ("PanAfrican Energy") on its gas revenue. Some media coverage of the questions raised, and answers given in response, suggested that PanAfrican Energy has not paid Municipal Levy to Kilwa District since 2011.

PanAfrican Energy wishes to state for the record that it is fully current in its payments of Municipal Levy. As stated in Parliament by the Deputy Minister for Energy and Minerals, up to March 2012 PanAfrican Energy paid the due Municipal Levy in full to Ilala Municipal Council, where the Company is registered, in accordance with *The Local Government Finances Act, 1982*. On 26th March 2012 the Minister for Energy and Minerals issued a directive to PanAfrican Energy (under Reference No. CBD.88/267/03/F/53) to cease making payments of Municipal Levy to Ilala Municipal Council, and to instead pay the levy to the Kilwa District Council. PanAfrican Energy complied with this Government directive and made its first payment to Kilwa District Council on 10th April 2012. It has since paid a total of **TZS 1,370,520,762** to the District Council and is fully up to date with its payments.

PanAfrican Energy takes its obligations with regard to the payment of taxes and levies very seriously, and works closely with Government stakeholders to ensure that it is compliant in all respects. In recognizing this commitment, the Tanzania Revenue Authority (TRA) granted PanAfrican Energy the award for the Largest Taxpayer in the Oil and Gas Sector in 2013, and the Most Compliant Taxpayer in the Energy Sector in 2014. Both awards were at the National Level. PanAfrican Energy considers payment of the Municipal Levy, which brings considerable benefit to the areas in which it operates, to be as important as any other tax. PanAfrican Energy shall continue to meet its obligations in line with the existing laws of Tanzania.

80%

Government of Tanzania US\$299 million share of Songo Songo net revenues since 2004.



Source: PanAfrican Energy Tanzania Limited (US\$ millions)

For the past 20 years, PanAfrican Energy has played a critical role in Tanzania's ongoing shift from costly imported fuel oil to clean domestic natural gas, as well as an important role in the development of Tanzania's industry. Apart from producing natural gas from the Songo Songo field which is sold by TPDC to Songas Limited (referred to as "Protected Gas"), PanAfrican Energy develops, produces and

processes "Additional Gas" and has it transported through the Songas pipeline to Dar es Salaam where it is sold to TANESCO for power generation and to industrial customers. The net revenues from the sale of Additional Gas are shared between PanAfrican Energy and the Tanzania Petroleum Development Corporation ("TPDC") under a gas Production Sharing Agreement.

In 2014 Pan African Energy marked the 10th Anniversary of the commencement of Songo Songo gas production. As Tanzania's largest producer of natural gas at present, PanAfrican Energy supplies the gas that generates over 50% of the electricity provided by the national grid and fuels some 38 industrial businesses in the Dar es Salaam area. Over the first 10 years of gas production, the Government's share of gas revenues (earned by way of taxes, levies and TPDC's production share) amounted to approximately 80% of the total net revenues generated.

Financial reports and other corporate information concerning PanAfrican Energy and its group parent company, Orca Exploration Group Inc. ("Orca") may be found on the Company's website at www.panafricanenergy.com and www.orcaexploration.com or Orca's profile on SEDAR at www.sedar.com.

For further information please contact:

Jacqueline Kawishe

Corporate Affairs Officer

+255 782 238 581

jkawishe@panafricanenergy.com

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.



20 years of investing in natural gas for Tanzania

Working in partnership with TPDC and the community for over 20 years, PanAfrican Energy is Tanzania's largest natural gas producer, investing and developing natural gas which is used to supply over 60% of the country's electricity generation and fuel over 38 industrial businesses in Dar es Salaam. In 2014, PanAfrican marked its 10th Anniversary of Songo Songo gas production. www.panafricanenergy.com