

PanAfrican Energy Tanzania Limited

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FOR IMMEDIATE RELEASE

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PanAfrican Energy Tanzania provides operational update

DAR ES SALAAM, Tanzania 29th July 2019: PanAfrican Energy Tanzania ("PAET" or the "Company") is pleased to provide the following operational update on its current activities in Tanzania.

In early July 2019, Pan African Energy Tanzania Limited ("PAET") completed the installation of a refrigeration package within the Songas facilities. The unit is now operational, which has enabled PAET to increase the volumes that can be processed and transported to Dar es Salaam through the Songas facilities to 90 million standard cubic feet per day (MMscfd). Production potential will be optimised in the coming months and is expected to increase ultimate capacity to 100 MMscfd. Through the side letter agreement between PAET, the Tanzania Petroleum Development Corporation ("TPDC") and TANESCO, signed in December 2018, and under the terms of the Gas Sales Agreement, signed with the TPDC in May 2019, PAET has continued to sell volumes over and above the Songas facilities throughput of up to 20 MMscfd through the National Natural Gas Infrastructure ("NNGI").

The on-site work to install the refrigeration system was undertaken during the annual rainy season, when the Tanzania's hydroelectricity plants operate at capacity and demand for electricity from the gas fired plants tends to be lower. The timing of this work ensured that any necessary interruptions to gas supplies during installation had minimal impact on national power generation. However, despite the increased power generation from hydroelectricity plants during this period, PAET still experienced a significant increase in demand for Additional Gas; approximately 23MMscfd more for the second quarter of 2019 compared to demand recorded in the same period during 2018. PAET anticipates a further increases in demand for gas once the new 185-Megawatt ("MW") gas fired generation facility has been commissioned at Kinyerezi in Dar es Salaam in the second half of 2019. The Company is prepared to meet this demand by delivering additional volumes through the NNGI.

During the second Quarter of 2019, PAET also commenced a low-cost work programme to optimise the configuration of the flow lines that feed gas from the wells to the Songas processing plant on Songo Songo Island and/or the NNGI. This work is expected to increase overall production capacity by approximately 10 MMscfd. In addition, PAET progressed front end engineering and design work for compressors that are expected to be installed on the Songas facilities mid-2021. Together these initiatives will help sustain production.

PAET's Managing Director, Andy Hanna, stated 'these are exciting times for Tanzania which is seeing a marked increase in its power generation capacity, alongside industrial growth. PAET is poised to meet early increases in demand for gas to feed new generation facilities and is ready to work with our partners towards meeting long term demand in the future'.

Financial reports and other corporate information concerning PAET and its group parent company, Orca Exploration Group Inc. ("Orca") may be found on the Company's website at

<u>www.panafricanenergy.com</u> and <u>www.orcaexploration.com</u> or Orca's profile on SEDAR at www.sedar.com.

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