



SWALA OIL AND GAS (TANZANIA) plc

Company Number 84838

Press Release

14th February 2014

Termination of Eyasi Negotiations

Swala Energy Limited ("Swala" or the "Company") advises that the Tanzanian Petroleum Development Corporation ("TPDC") has terminated the negotiations for the Eyasi licence with the Company's 65.13%-owned subsidiary, Swala Oil & Gas (Tanzania) plc ("SOGTP").

SOGTP originally bid for the Eyasi licence on a 50:50 basis with a joint bidding partner. The joint bidding agreement allowed either party to withdraw at any stage, with the remaining party assuming the withdrawing party's interests in the licence. The joint bidding partner withdrew from the process and TPDC deemed this to be a breach of the tender guidelines that governed the process. SOGTP disagrees with TPDC's interpretation and has advised TPDC that it will seek advice on challenging this decision.

Dr. David Mestres Ridge (CEO) said "We are disappointed that TPDC has reached such a questionable decision, especially considering SOGTP's track record in Tanzania over the past two years. The company has invested significantly in the negotiation for Eyasi and TPDC's decision raises questions not only in respect of the transparency of the process that will be followed in the current licencing process but also in respect of TPDC's commitment to local content and Tanzanian participation. We remain committed to Tanzania and shall advise the market further once the outcome of our challenge has been determined."

For further information please contact:

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About Swala:

Swala is an affiliated company to Swala Energy Limited, a company in turn listed on the Australian Stock Exchange (ASX) with ticker “SWE”. Swala holds assets in the world-class East African Rift System with a total net land package in excess of 17,500km². New discoveries have been announced by industry participants in a number of licences along this trend, including Ngamia and Twigga, which 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.

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