



SWALA OIL AND GAS (TANZANIA) LIMITED  
Company Number 84838

**20 February 2012**

### **SWALA AWARDED EXPLORATION LICENCES IN TANZANIA**

Swala Oil & Gas (Tanzania) Limited ("Swala") is pleased to announce that it has been awarded 100% equity interests in two Production Sharing Agreements ("PSAs") by the Government of the United Republic of Tanzania. These PSAs cover the Kilosa-Kilombero and Pangani licences, with a total gross surface area of ca. 35,000 km<sup>2</sup>.

Under the terms of a Mutual Interest Agreement signed in January 2011 between Swala and Otto Energy Limited (ASX:OEL), Swala will immediately assign a 50% working interest in both licences to Otto's subsidiary, Otto Energy (Tanzania) Pty Ltd, subject to the consent of the Tanzanian Government. Swala Energy will remain operator of both licences.

The Pangani licence covers an area of 17,165 km<sup>2</sup> to the North of Tanzania, along the border with Kenya. It is believed to be a continuation of the Eastern Branch of the East African Rift System. The Kilosa-Kilombero PSA covers an area of 17,675 km<sup>2</sup> to the South of Tanzania and holds Mesozoic and Cenozoic basins that may contain several thousand metres of prospective sediment fill in a lacustrine setting, similar to that of the Albertine graben.

The initial stage of exploration in both blocks will involve the acquisition of airborne gravity and magnetic information together with associated field work to confirm the presence of a significant sedimentary basin, as suggested by existing regional gravity data. Positive results from the initial data acquisition can allow the partnership to acquire seismic data prior to committing to a well in each of the licences. Such a phased approach to exploration allows commitment of funds to be closely aligned with emerging prospectivity.

For further information please contact:

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