



SWALA OIL & GAS (TANZANIA) plc

Company Number 84838

Press Release

21st February 2014

SWALA COMMITS TO FURTHER EXPLORATION IN TANZANIA

Swala Oil & Gas (Tanzania) plc (“Swala” or “the Company”) advises that it has informed the Tanzanian Petroleum Development Corporation (“TPDC”) that it has committed to entering the second 2-Year exploration phase of the Initial Exploration Term in both its Pangani and Kilosa-Kilombero Production Sharing Agreement (“PSA”) licence areas, together with its Joint Venture partner Otto Energy (Tanzania) Ltd, a wholly-owned subsidiary of Otto Energy Ltd (ASX:OEL).

Under the terms of the PSA Swala could have withdrawn after both the First and Second Years of the Initial Exploration Term should exploration results have proved disappointing.

Swala’s decision to proceed into years 3 and 4 in both licence areas was supported by the encouraging results observed following interpretation of Swala’s 2012 airborne gravity and magnetic survey that was followed by the highly successful 2D seismic campaign undertaken during 2013, where 5 significant prospective hydrocarbon basins were investigated by the acquisition of 563km of data.

The work commitment in this next period includes additional seismic acquisition and the drilling of 1 exploration well in each of the two areas to be completed before the end of February 2016.

Swala is excited about the prospectivity of both areas with the seismic data proving 2 significant Neogene basins, similar in age to those basins being successfully explored in Kenya and Uganda by Tullow Oil. In the Kilombero basin Swala has been further encouraged by the early identification of the Kito prospect which, pursuant to the ASX announcement made by the Company on 11 December 2013, the prospective resource assessment of this structure, prepared by the independent consultancy RISC, indicated a net prospective unrisked resource of between 12.5 million barrels and 110.5 million barrels net to Swala. This is also encouraging for the similar aged Moshi basin in the Pangani PSA where further seismic surveys can help identify similar structures.

Throughout the first 2 years of the Initial Exploration Term Swala has carried out operations safely, on budget and completed all its work commitments in a timely manner, much to the satisfaction of the regulatory body TPDC.

Dr. David Mestres Ridge (CEO) said “The results of Swala’s exploration efforts in our Pangani and Kilosa-Kilombero PSA licence areas over the last 2 years has unveiled 2 exciting Neogene basins and a prospect of significant size in one of them and further prospects being investigated by our geological teams.”

“We are very excited about the discovery of the basins and this initial prospect that all bodes well for the joint venture’s exploration plans for the next 2 years.”

“During these last 2 years we have enjoyed an excellent working relationship with the TPDC and are looking forward to this continued positive and constructive relationship which is steadily enhancing the prospect for onshore oil discovery in Tanzania.”

Swala Oil and Gas (Tanzania) plc

3rd Floor Regent Business Park, 172 Chwaku Street, P.O Box 105266,
Dar es Salaam, TANZANIA



For further information please contact:

Swala Oil and Gas (Tanzania) plc
David Mestres Ridge (CEO)
T: +61 8 6270 4700
david.mestres@swala-energy.com
www.swala-energy.co.tz

Frontline Porter Novelli
Irene Kiwia (MD)
T: +255 787 611 213
irene@frontline.co.tz

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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