

SWALA OIL & GAS (TANZANIA) LIMITED
Company Number 84838

Press Release

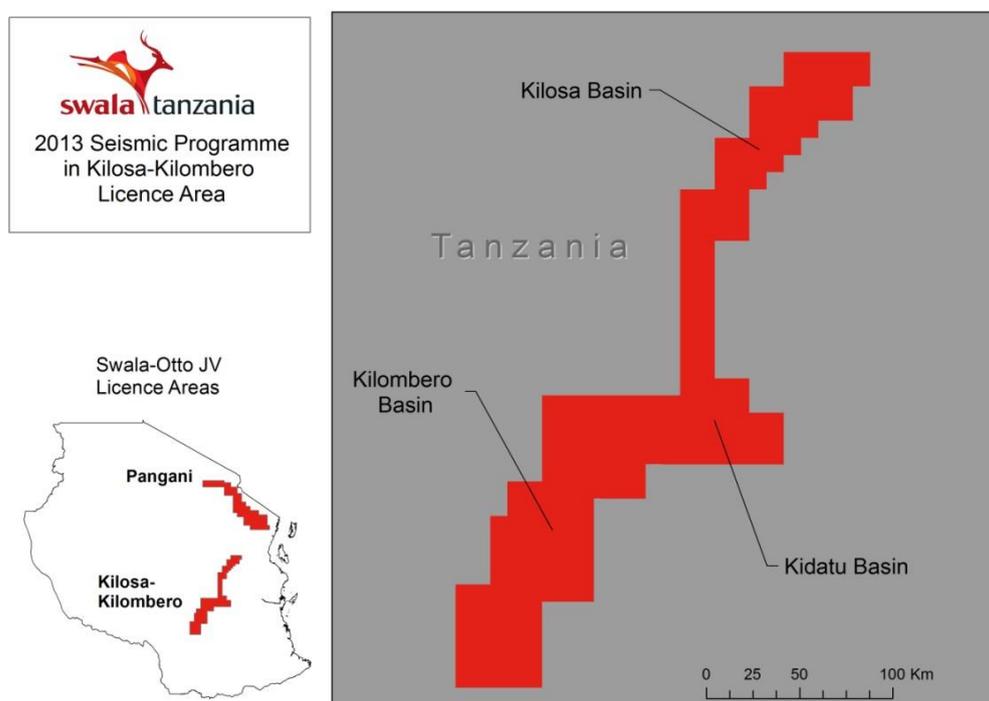
9 August 2013

COMMENCEMENT OF 2D SEISMIC ACQUISITION PROGRAMME IN TANZANIA

Swala Oil & Gas (Tanzania) Limited ("**Swala**") is pleased to announce the commencement of the 2D seismic acquisition programme ("programme") over the Kilosa Basin in the Kilosa-Kilombero licence in Southern Tanzania (Figure 1). The work will be carried out by Polaris International.

Swala's 65%-owned subsidiary Swala Energy Limited and its Joint Venture partner Otto Energy (**ASX:OEL**) will acquire approximately 100km of 2D seismic over the coming weeks and the data will be processed as the survey progresses. The programme is designed to identify the main structural lineation in the basins and has the potential to identify structural leads for follow-up infill seismic and/or possible drilling.

Figure 1. Map of planned 2D Seismic Areas.



The Kilosa basin area has been identified from interpretation of airborne gravity-magnetic data acquired in 2012 as part of the Year 1 work programme. Basin thickness in Kilosa is estimated at up to 7,000m and this estimate, together with outcrop geology, suggests that the underlying geology

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comprises both Karoo (Permo-Triassic) and Neogene sediments, the latter representing the oil play system in the East African Rift System where Tullow has had major success in Lake Albert in Uganda and in northern Kenya.

Upon completion of the programme the Polaris team will mobilise to the Kidatu Basin due south of the Kilosa Basin for the second of five seismic programmes in the Kilosa-Kilombero and Pangani licences that will be completed in the next 3 to 4 months and will satisfy the Exploration Work Programme commitment for the Second Contract Year.

Dr. David Mestres Ridge, Swala's CEO said "the commencement of our seismic programme underlines Swala's commitment and capability to move ahead with the exploration programme within the timeline previously indicated to the market. We look forward to seeing the results of the seismic programme and are excited at the prospect of what it may bring."

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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