

PRESS RELEASE

(DSE:SWALA)

2nd Floor Oyster Plaza, Plot No.1196
Oysterbay, Haile Selassie Road,
P.O. Box 105266, DSM, Tanzania

TEL +255 (0) 755 687 785
EML info@swala-energy.com

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SUCCESSFUL COMPLETION OF FARM-OUT OF KILOSA-KILOMBERO AND PANGANI LICENCE INTERESTS TO TPL

Swala Oil and Gas (Tanzania) Plc ("Swala" or "the Company") is pleased to advise that it has finalised the outstanding terms of its farm-out agreement for the Kilosa-Kilombero and Pangani licences with Tata Petrodyne Limited ("TPL"). The parties shall now proceed to payment of the reimbursable past costs of US\$5.7 million, due within five working days from Completion, and to the transfer of licence working interest to TPL.

Upon completion of the transaction, the equity in the licences shall be:

Joint Venture Participants	Pangani Licence Working Interest %	Kilosa-Kilombero Licence Working Interest %
Swala Oil and Gas (Tanzania) Plc (Operator)	25%	25%
Tata Petrodyne Limited	25%	25%
Otto Energy (Tanzania) Pty Ltd (Subsidiary company of Otto Energy Ltd (ASX: OEL))	50%	50%

Dr. David Mestres Ridge, Swala CEO, said: "We are grateful to the authorities and regulators for their assistance and prompt handling of the approval process for our farm-in application, which allows TPL to join us on these two licences. Knowing that reimbursement of the past costs incurred by the Company is being made and having an international exploration company such as TPL as a participant in an exciting location in the East Africa Rift system allows us to now focus on preparations for the 2016 drilling campaign".

For further information please contact:

Swala Energy Limited
David Mestres Ridge (CEO)
david.mestres@swala-energy.com
www.swala-energy.co.tz

Frontline Porter Novelli
Irene Kiwia
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 14,000km². 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.