

# PRESS RELEASE

(DSE:SWALA)

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26th September 2016

## SWALA TAKES FIRST STEPS TO BECOMING A REGIONAL OIL AND GAS COMPANY

Swala Oil and Gas (Tanzania) plc (“Swala” or “the Company”) is pleased to advise that it has entered into an agreement with Surestream Petroleum Limited (“Surestream”) to acquire Surestream’s wholly-owned subsidiary, Surestream Petroleum (Burundi) Limited (“Sure stream Burundi”).

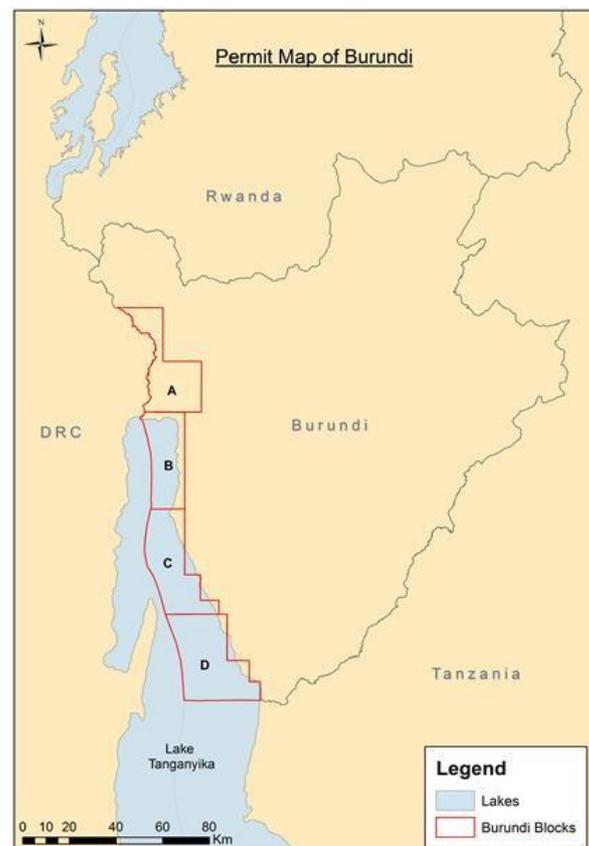
Surestream Burundi has a 100% working interest in Block D in the Republic of Burundi (see Figure 1). The block is partly onshore and partly offshore, and covers portions of the northern end of Lake Tanganyika, an area where oil seeps, slicks and tar balls have been reported

Figure 1. Map showing the licence areas in Burundi.

In consideration for the equity in Surestream Burundi, Swala shall issue Surestream 6,247,154 fully paid ordinary shares in Swala, representing 6.25% of Swala’s post-acquisition issued share Capital. On completion of the transaction Swala shall have 106,201,618 shares in issue.

### Block D

Block D is located along Burundi’s western border with the Democratic Republic of Congo at the northern end of Lake Tanganyika. The license primarily encompasses the offshore part of the lake, with minor acreage onshore. This region is of particular interest as it lies on the same trend as the multi-billion barrel Lake Albert oil discoveries along the western branch of the East African Rift System.



The northern end of Lake Tanganyika consists of four half grabens (see Figure 2), each with Neogene-aged rift sediments in excess of 4000m, significantly thicker than the analogous oil-bearing Albertine Basin. High geothermal gradients are likely to lead to maturity at shallower depths and thus open up the potential of shallow trapping in addition to deeper targets.

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The area is well-known for its oil seeps, slicks and tar balls, which indicate an active hydrocarbon system with possible up-dip migration from kitchens located on the western side of Lake Tanganyika (see Figure 3). Analysis of the tar balls suggests a similar origin to that of the oil discovered in Uganda’s Lake Albert but with a more terrestrial component.

Figure 2. Schematic play cross section of Block D.

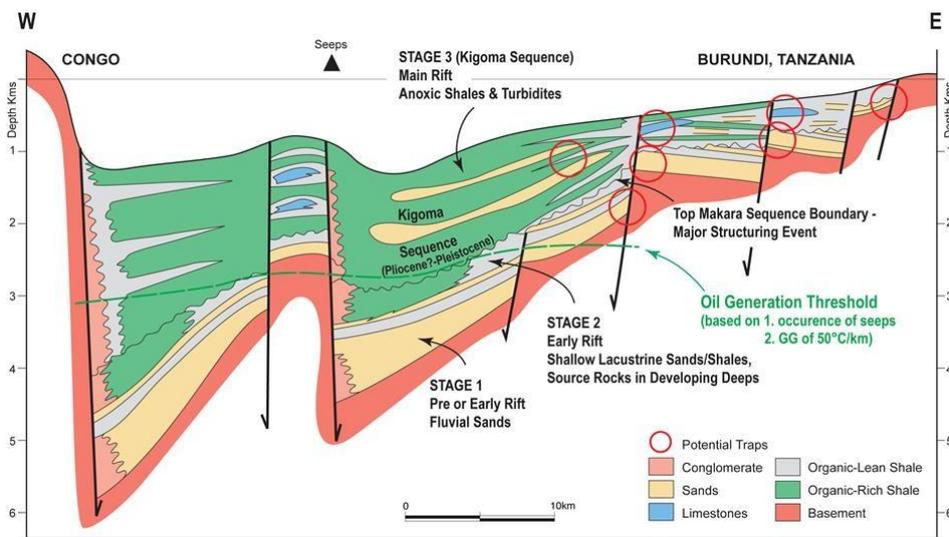
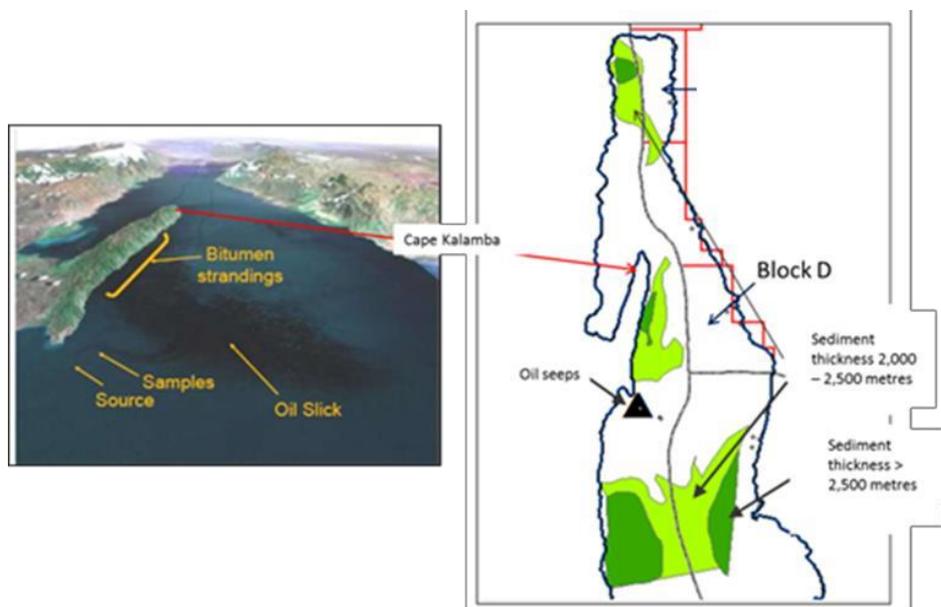


Figure 3: Major oil slick, believed to be naturally-occurring, observed on the eastern side of Cape Kalamba, Democratic Republic of Congo.



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Dr. David Mestres Ridge (Swala's CEO) said: "With this acquisition the Company becomes not only the first local Tanzanian oil and gas company listed on an East African stock exchange but also the first one to commence building an international portfolio from that listing. We previously advised shareholders of our aim to grow outside of Tanzania and this is our first step in that direction. The Burundi licence is a very prospective licence and its development will be helped by the nearby route of the proposed Uganda-Tanzania oil pipeline. We look forward to deepening our relationship with Surestream, who today become one of our principal investors."

For further information please contact:

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### About Swala:

Swala is the first oil and gas company listed on an East African Stock Exchange with a significant local ownership. Swala holds assets in the world-class East African Rift System with a total net land package in excess of 8,500 km<sup>2</sup>. New discoveries have been announced by industry participants in a number of licences along this trend that 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 and globally.