

PRESS RELEASE (DSE:SWALA)

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Independent review increases resources and identifies new leads

Swala Oil & Gas (Tanzania) plc (“Swala” or “the Company”) is pleased to announce that Gaffney, Cline & Associates (“GCA”), an independent petroleum advisory firm, have completed their review of the resource potential of the Kilombero Basin, located within the Kilosa-Kilombero licence of southern Tanzania. Swala has a direct 25% interest in the Kilosa-Kilombero licence.

Highlights

- **Increase in gross P50 Kito Prospective Resources from 151mmstb to 184mmstb (36.8mmstb net to Swala)*.**
- **Drilling at Kito on track for 3Q 2016.**
- **Four new leads identified in Kilombero with a further P50 Prospective Resources 148.9mmstb gross prospective resources (29.8mmstb net to Swala)*.**

* Gross Prospective Resources at multiple reservoir levels aggregated by Swala, net of Government back-in rights.

GCA has re-assessed the magnitude of the Kito prospect in the Kilombero Basin, as well as estimated the prospective resources of a further four leads in the same basin that were identified during the 2014 seismic campaign.

The analysis was based on newer seismic data and increases the best estimate gross Kito prospective resources to 97 mmstb (19.4mmstb net to Swala on a working interest basis) in the Basal Sandstone and 87 mmstb (17.4 mmstb net to Swala on a working interest basis) in the Sequence 1 sandstone - see Table 1. GCA’s estimates of gross prospective resources in the additional leads are shown in Table 2.

Swala has completed the tender process of the long lead items for the Kito-1 well and has issued invitations to tender to a number of regionally-based drilling contractors for submissions during March 2016.

The technical review of the Pangani licence showed no structures of commercial interest and the Joint Venture has confirmed its desire to relinquish the licence to the Tanzania Petroleum Development Corporation.

Dr. David Mestres Ridge (CEO) said, “The GCA assessment shows that, even at this early stage, the potential of Kilombero remains significant. We are very excited by the increased potential of the Kilombero basin and of the Kito prospect in particular. Swala’s operations team continue preparations to drill one of the few onshore oil wells being drilled in East Africa this year and estimate that the Kito-1 well is on track for drilling in 3Q 2016.

We look forward to updating the market further on the progress of the drill campaign.”

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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 8708 km². 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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Table 1: Oil prospective resource estimates for the Kito prospect, Kilombero Basin.

Kito Basal Sandstone	Low estimate (P90)	Best estimate (P50)	High estimate (P10)	Chance of Success
Gross prospective unrisks oil resources ⁽¹⁾	31 mmstb	97 mmstb	293 mmstb	11%
Net of Government back-in rights ⁽²⁾	24.8 mmstb	77.6 mmstb	234.4 mmstb	
Swala (25%)	6.2 mmstb	19.4 mmstb	58.6 mmstb	

Kito Sequence 1 Sandstone	Low estimate (P90)	Best estimate (P50)	High estimate (P10)	Chance of Success
Gross prospective unrisks oil resources ⁽¹⁾	24.2 mmstb	87 mmstb	254 mmstb	12%
Net of Government back-in rights ⁽²⁾	19.4 mmstb	69.6 mmstb	203.2 mmstb	
Swala (25%)	4.8 mmstb	17.4 mmstb	50.8 mmstb	

⁽¹⁾Gross prospective resources estimated by GCA. ⁽²⁾ TPDC retains a 20% back-in right to any successful development in the Kilosa-Kilombero licence

Table 2: Gross oil prospective resource estimates for additional leads, Kilombero Basin, from GCA.

Leads - Gross	Low estimate (P90)	Best estimate (P50)	High estimate (P10)	Chance of success
Gross prospective unrisks oil resources ⁽¹⁾				
Kito Shallow	11.2 mmstb	48.8 mmstb	169 mmstb	7%
Lead A	3 mmstb	7 mmstb	10 mmstb	7%
Lead B	6 mmstb	14 mmstb	20 mmstb	7%
Lead D	19.5 mmstb	45.5 mmstb	65 mmstb	7%
Lead F	14.4 mmstb	33.6 mmstb	48 mmstb	8%

⁽¹⁾Gross prospective resources estimated by GCA.

Leads – Net to Swala	Low estimate (P90)	Best estimate (P50)	High estimate (P10)	Chance of success
Net prospective unrisks oil resources				
Kito Shallow	2.24 mmstb	9.8 mmstb	34 mmstb	7%
Lead A	0.6 mmstb	1.4 mmstb	2 mmstb	7%
Lead B	1.2 mmstb	2.8 mmstb	4 mmstb	7%
Lead D	3.9 mmstb	9.1 mmstb	13 mmstb	7%
Lead F	2.9 mmstb	6.7 mmstb	9.6 mmstb	8%

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Notes:

1. Prospective resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The quoted estimates of prospective resources are unrisks. An additional chance of development would apply in the event of success.
2. The leads and prospects detailed above were identified on the evaluation date 02 March 2016 on the basis of the Kilombero Basin seismic survey that was completed on the 5th January 2015. Based on the limited amount of regional seismic data it has not been possible at this stage to define any additional prospects and therefore there are at present no additional prospective, contingent resources or reserves outside of the volumes reported above.
3. Information on the Reserves and Resources in this release are based on an independent audit conducted by Gaffney, Cline & Associates (“GCA”), a leading independent petroleum advisory firm. The audit was carried out by Dr Stephen Wright and managed by Rebecca Jones of GCA in accordance with the SPE-PRMS guidelines. Dr Stephen Wright is the Technical Director of Geosciences at GCA, whose qualifications include a D.Phil. in Geology from the University of Oxford, a BSc in Geology from King’s College, London. Dr Wright is a Fellow of the Geological Society of London and a member of Petroleum Exploration Society of Great Britain and has more than 30 years’ experience in the petroleum industry. Rebecca Jones has an M.Sc. in Petroleum Geology from Imperial College, London a B.Sc. in Geology & Zoology from Bristol University and over 25 years international Operated experience in the petroleum industry. Rebecca is a Fellow of the Geological Society of London and a member of the Petroleum Exploration Society of Great Britain. GCA has consented to the inclusion of the prospective resource data provided in this document in the manner and context in which it is conveyed above.
4. Any geological or hydrocarbon resources or reserves information in this release has been reviewed by Swala’s Exploration Manager, Mr Neil Taylor, who has over 30 years’ experience in the sector. He consents to that information in the form and context in which it appears.
5. A copy of the Gaffney, Cline & Associates Report on Swala Assets Onshore United Republic of Tanzania is available on Swala’s website at www.swala-energy.co.tz

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