

SWALA OIL AND GAS (TANZANIA) LIMITED

Company Number 84838

Press Release

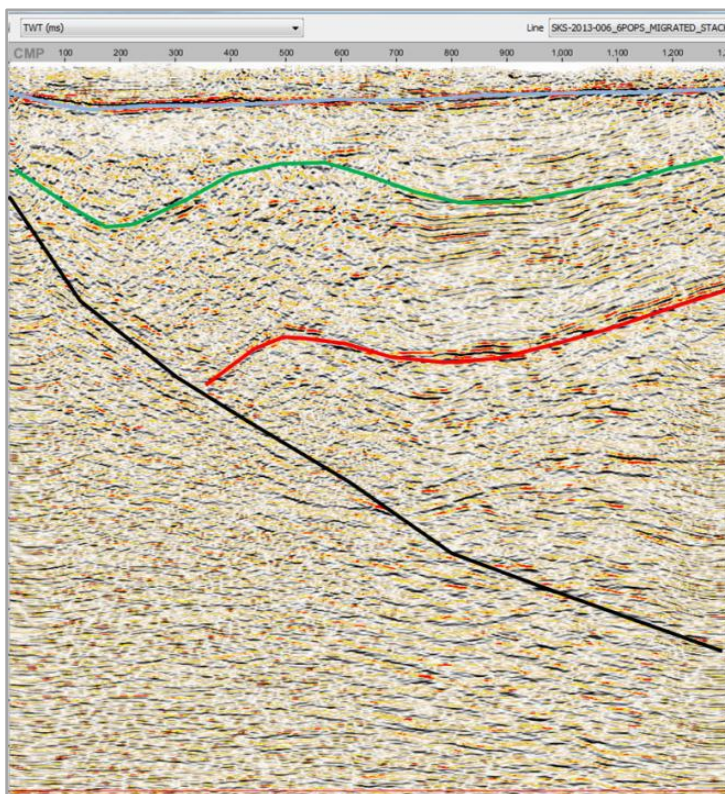
18th September 2013

Positive Initial Results from Kilosa Seismic and start of Kidatu Seismic Programme

Swala Oil & Gas (Tanzania) Limited ("Swala") is pleased to provide an update on the 2D Seismic Programme (Programme") underway on the Kilosa-Kilombero licence in Tanzania. Swala has an indirect 32.5% interest in the license.

The Programme in the Kilosa Basin has recently been completed. 130km of seismic was acquired and the initial results based on preliminary processed data indicate the possible presence of large-scale structures along the edges of the basin (see Figure 1) and rotated fault blocks in the middle of the basin. Such structures have the potential to act as hydrocarbon traps and their extent and prospectivity shall be determined during the ongoing seismic processing and subsequent interpretation.

Figure 1: Seismic line 004, Kilosa basin



Swala Oil and Gas (Tanzania) Limited

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



Swala also announces that the seismic team recently moved to the adjacent Kidatu basin. The programme at Kidatu is expected to take a further three weeks after which the team will mobilise to Kilombero, the third of the basins identified within the Kilosa-Kilombero licence.

Dr. David Mestres Ridge (CEO) said, “The results from the Kilosa survey, and the initial observations from the Kidatu survey, indicate that these two basins have the potential to contain significant structures. Whilst additional processing and interpretation is still needed to confirm prospectivity, the results to date add confidence to our continued exploration of the Kilosa-Kilombero Licence.”

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.

For further information please contact:

Swala Oil & Gas (Tanzania) Limited
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

<u>Participants in the Kilosa-Kilombero Licence</u>	<u>Participating Interest %</u>
Swala Oil and Gas (Tanzania) Limited (Operator) (Swala Energy owns 65.13% equity interest in SOGTL)	50%
Otto Energy (Tanzania) Pty Ltd (Wholly owned subsidiary of Otto Energy Ltd (ASX: OEL))	50%

Swala Oil and Gas (Tanzania) Limited

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