

SWALA ENERGY LIMITED
ACN 161 989 546

ASX Release (ASX: SWE)

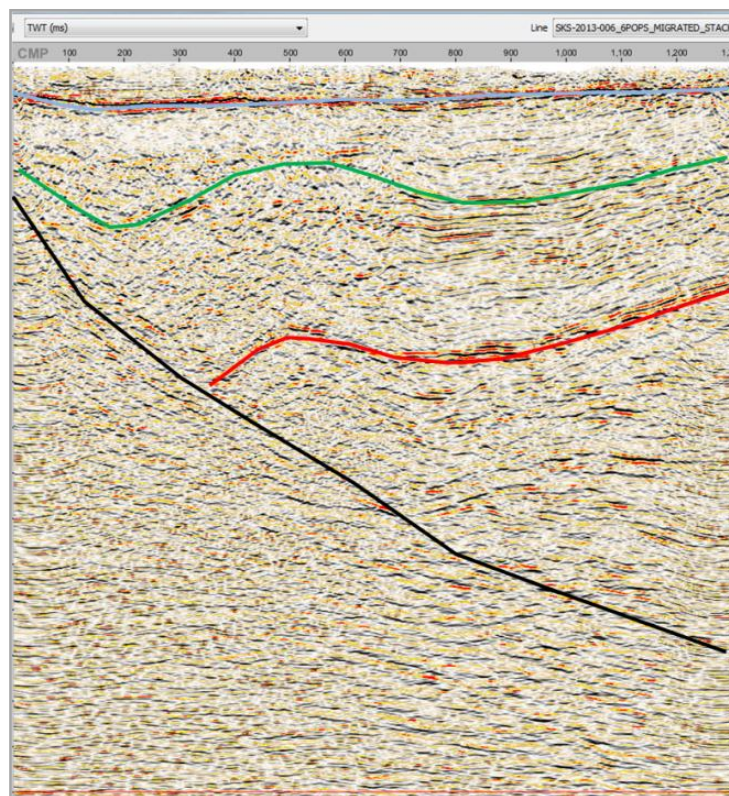
18th September 2013

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

Swala Energy 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



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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."

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About Swala:

Swala Energy is an Australian oil and gas company with assets in Kenya and Tanzania. Swala's holdings are in the world-class East African Rift System with a total net land package in excess of 15,000km². New discoveries have been announced in a number of licences along this trend, including Ngamia, Twiga and Etuko, which extend the multi-billion barrel Albert Graben play successfully developed by Tullow Oil plc 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 sub-Saharan Africa. The company is listed on the ASX under the symbol "SWE".

Note: In accordance with ASX Listing Rules, any geological or hydrocarbon reserves information in this release has been reviewed by Swala's Exploration Director, 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.

<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%

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