



SWALA ENERGY LIMITED
ACN 161 989 546

ASX Release (ASX: SWE)

18th December 2013

Swala Confirms Positive Results from Pangani Seismic

Swala Energy Limited ("Swala" or "the Company") is pleased to announce the completion of the 2D seismic programme over the Pangani licence in Tanzania. Swala has an indirect 32.5% interest in the Pangani license.

The 2D seismic acquisition commenced in mid-November 2013 and is scheduled to terminate on the 20th December 2013. During this time the Company has acquired 200km of 2D seismic over the Mvungwe and Moshi basins.

The results from the survey show that the Moshi basin, to the north of the licence area, appears to be a deep basin with sedimentary fill of probable Neogene age. Further evidence from the seismic survey suggests that the basin is fault-bounded, some 25km wide, and with basin fill to between 2,000 and 3,000m depth.

The Mvungwe basin, to the south of the licence area, is still being processed but initial results suggest that the basin is shallower, at less than 1,000m deep, and contains sediments of probable Neogene age. Shallow basins may be quite productive with the right heat flows (the Pakwach basin in Uganda's Lake Albert, where six discoveries have been made to date, has a depth of some 900m) and the Company will now continue with its planned basin modelling programme to determine whether the regional high heat flows would allow hydrocarbon generation in Mvungwe at these relatively shallow depths of burial.

Completion of the Pangani survey marks the end of Swala's 2013 seismic programme in Tanzania, during which over 500km of seismic has been shot over five basins within its two licenses. The results of the Pangani survey follow the positive results received from the survey over the Kilosa-Kilombero license as has been previously announced.

Dr. David Mestres Ridge (CEO) said, "The results from the 2D acquisition over Pangani are highly encouraging, especially in the northern Moshi basin where we appear to have defined another Neogene basin. This also marks the completion of our 2013 seismic programme in Tanzania, during which we shot over 500km of seismic over five basins. We now aim to consolidate our understanding of the two licences by completing the seismic interpretation over Pangani; the basin modelling over Mvungwe and the analysis of geochemical samples collected from our basins as part of our seismic survey."

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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 Australian Securities Exchange ("ASX") under the symbol "SWE".

In accordance with ASX Listing Rules, any geological or hydrocarbon resources or 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 Pangani 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%