



Swala Energy Limited

(ASX: SWE)

Unlocking Frontier Basins in the East African Rift

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Good Oil Conference Presentation

www.swala-energy.com



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Persons compiling information about hydrocarbons: In accordance with ASX Listing Rules, any geological or hydrocarbon reserves information in this presentation 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

Overview: Who we are

- Private BVI company in 2010;
- Pursued opportunities in EARS, which is the focus area for Swala. In 2012, Swala was awarded 12B, Pangani and Kilosa-Kilombero licences;
- Listed on Australian Securities Exchange (ASX) on 18th April 2013;
- Raised \$11MM in a tough and difficult market;
- 13,370km² (net) in East African Rift System (EARS), where there have already been 2 billion-4 billion barrels of oil discovered;
- High quality partners in Tullow Oil plc and Otto Energy Limited;
- Company has a Management team with proven track record of value realisation in East African oil and gas;
- Active work programmes in three licences;
- Significant regional activity planned around our assets in 2014 and beyond;
- Local content model led to listing of SOGTP on Dar es Salaam stock exchange (DSE) on 11th August 2014.

Swala's Current Portfolio

12B (EARS) Kenya

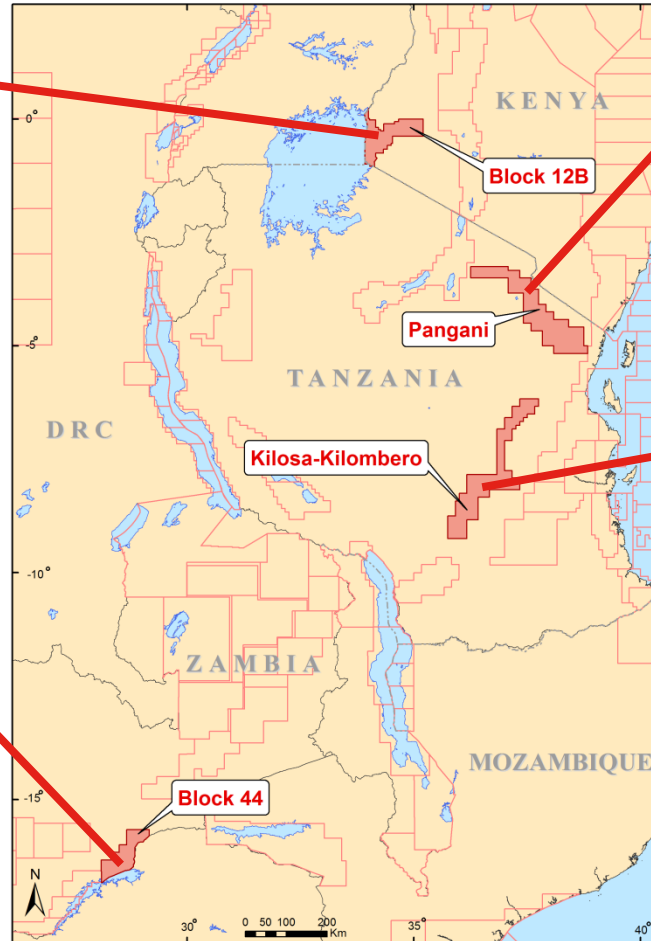
Operator: Tullow
Swala interest: 25% net
Gross acreage: 6,200 km²
 In the 3rd Contract Year

*as of 31 August 2014

Block 44 (Karoo Rift) Zambia

Operator: Swala Zambia
Swala interest: 100% net ^
Gross acreage: 6,000 km²
 Pending ministerial award.

^ The net participating interest to Swala Energy Limited (ASX: SWE) is 93%.



Pangani (EARS) Tanzania

Operator: Swala Tanzania
Swala interest: 50% net*
Gross acreage: 17,156 km²
 In the 3rd Contract Year

Kilosa-Kilombero (EARS) Tanzania

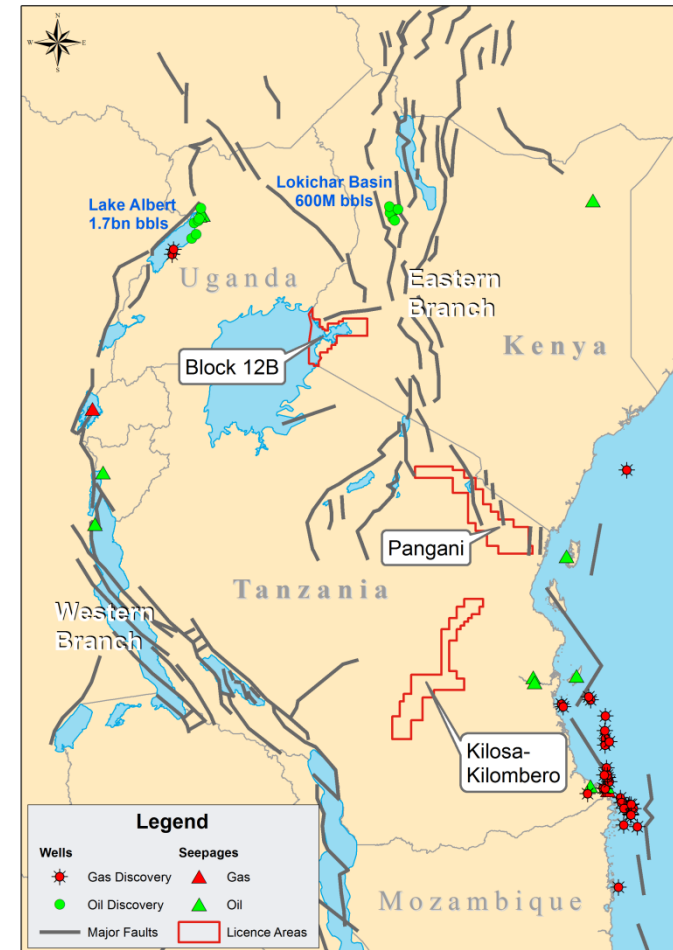
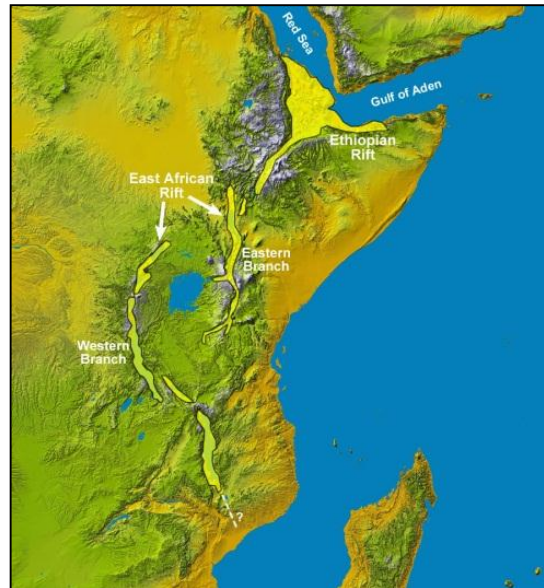
Operator: Swala Tanzania
Swala interest: 50% net*
Gross acreage: 17,675 km²
 In the 3rd Contract Year

*Following DSE listing, net participating interest to Swala Energy Limited (ASX: SWE) is 29.09% for the Pangani and Kilosa-Kilombero licenses.

Geological Setting of the EARS

Why the hype?

- Extensive 3,500km-long Tertiary rift system: Ethiopia through to south of Lake Nyasa/Malawi
- Proven lacustrine hydrocarbon system
- A total 24 discoveries made in the EARS, consisting of both oil and gas.
- 1.7BBO discovered in Uganda
- 600MMBO in Lokichar Basin, Kenya
- Tullow plan to drill 15 wells in Kenya by end of 2015

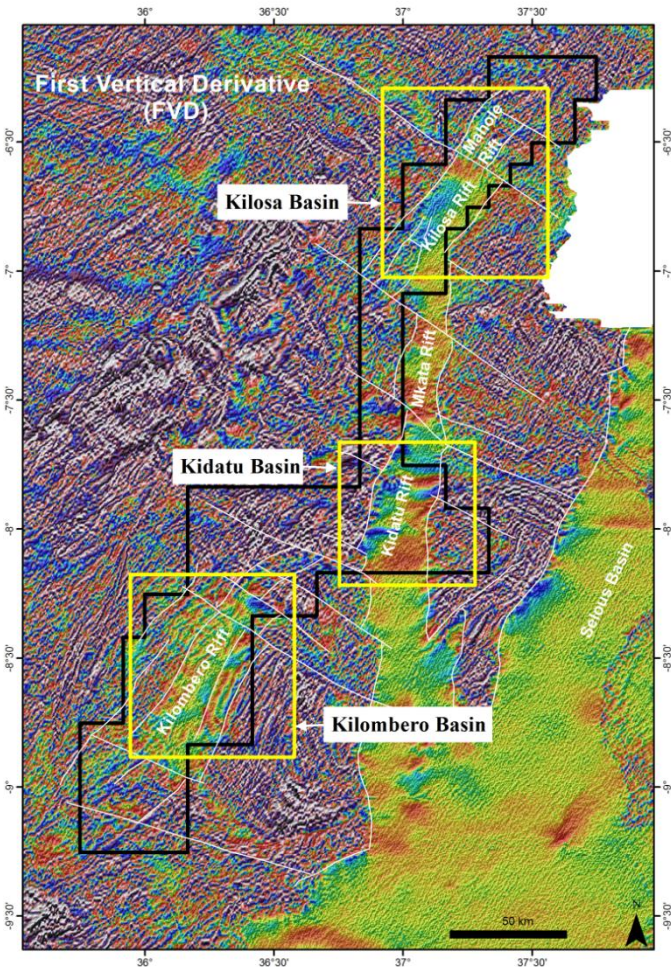


Initial Challenges for Swala



- 1) Where are the sedimentary basins in the EARS?
- 2) Ranked Frontier
 - Lack of previous data (low-res Magnetic data only)
 - Unknown sub-surface depth-to-basement information
 - Unknown geological age and content
- 3) Size of the basins versus cost of exploring
 - Licence areas are greater than 17,000km²
- 4) Corporate strategy for mitigating the risk of a company the size of Swala taking on a frontier exploration programme
 - Early exit points achieved

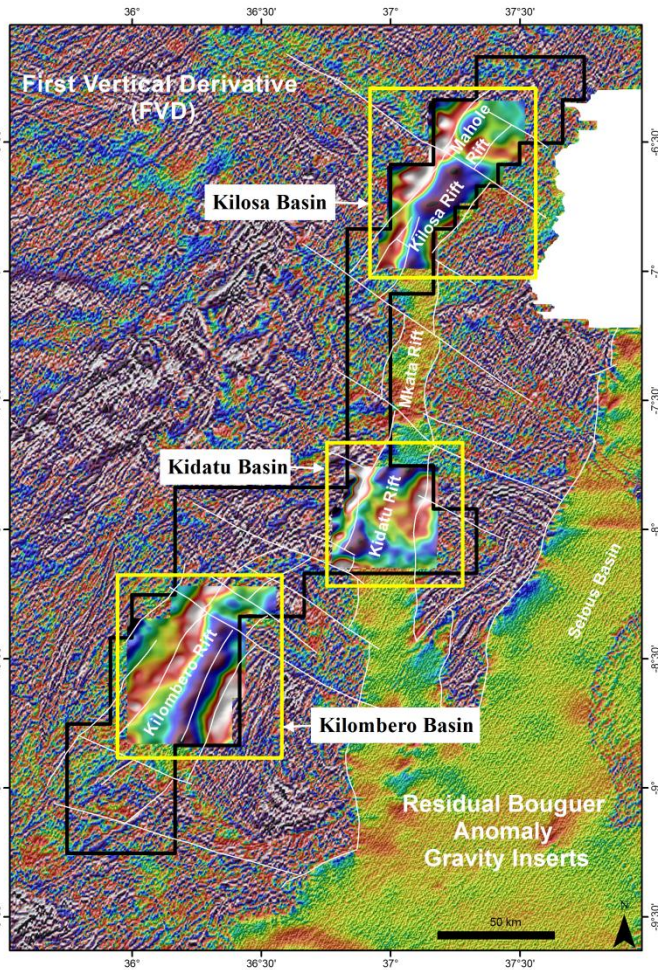
Phase I: Evaluating Vintage Data



1970s Getech Magnetic data

- Reprocessed by Southern Geoscience Consultants
- Regional interpretation to define the sedimentary basins
- Focus for planned magnetic & gravity (2012) surveys over deepest rifts within the licence areas

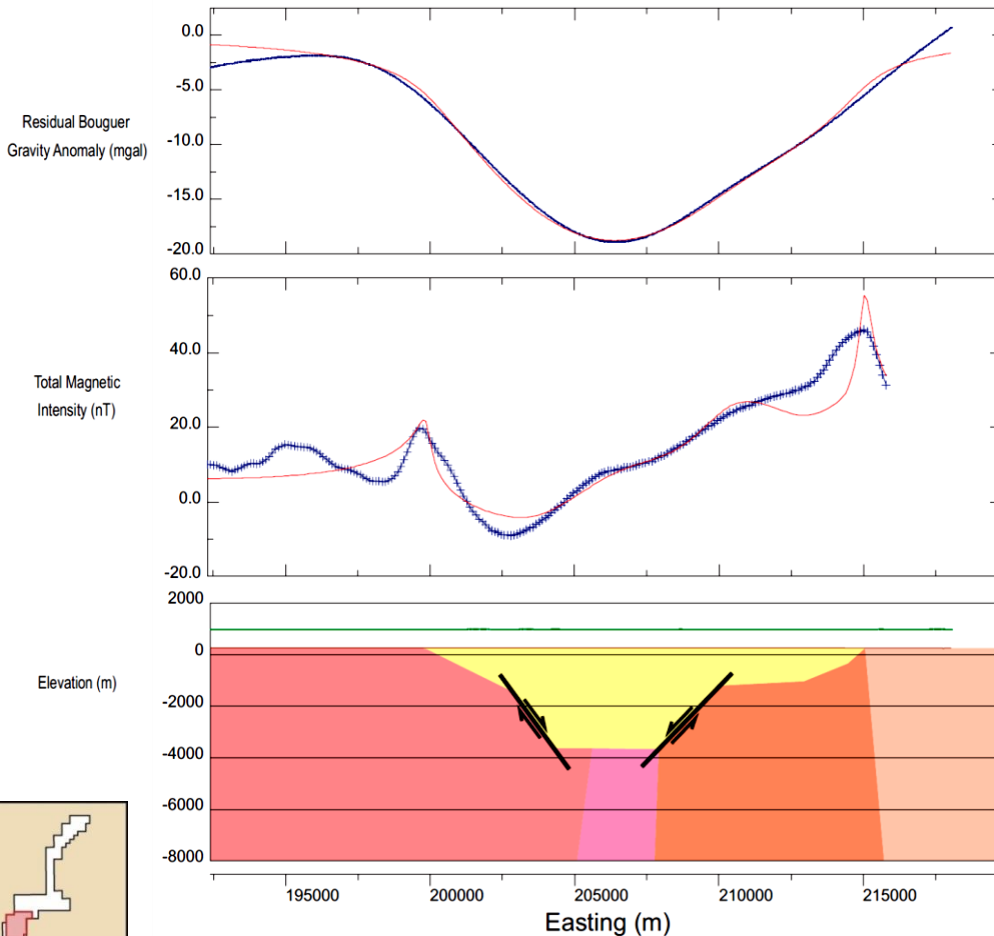
Phase II: Remote Sensing



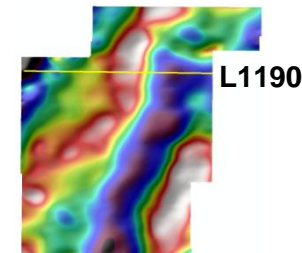
Airborne Magnetic and Gravity survey was acquired in 2012

- Geological interpretation using geological maps, topographical maps, photogeology & DEM
- Forward modelling using the mag-grav data
- Naudy modelling depth estimates produced from the magnetic data
- Use of mainly gravity data in Pangani due to near surface volcanics

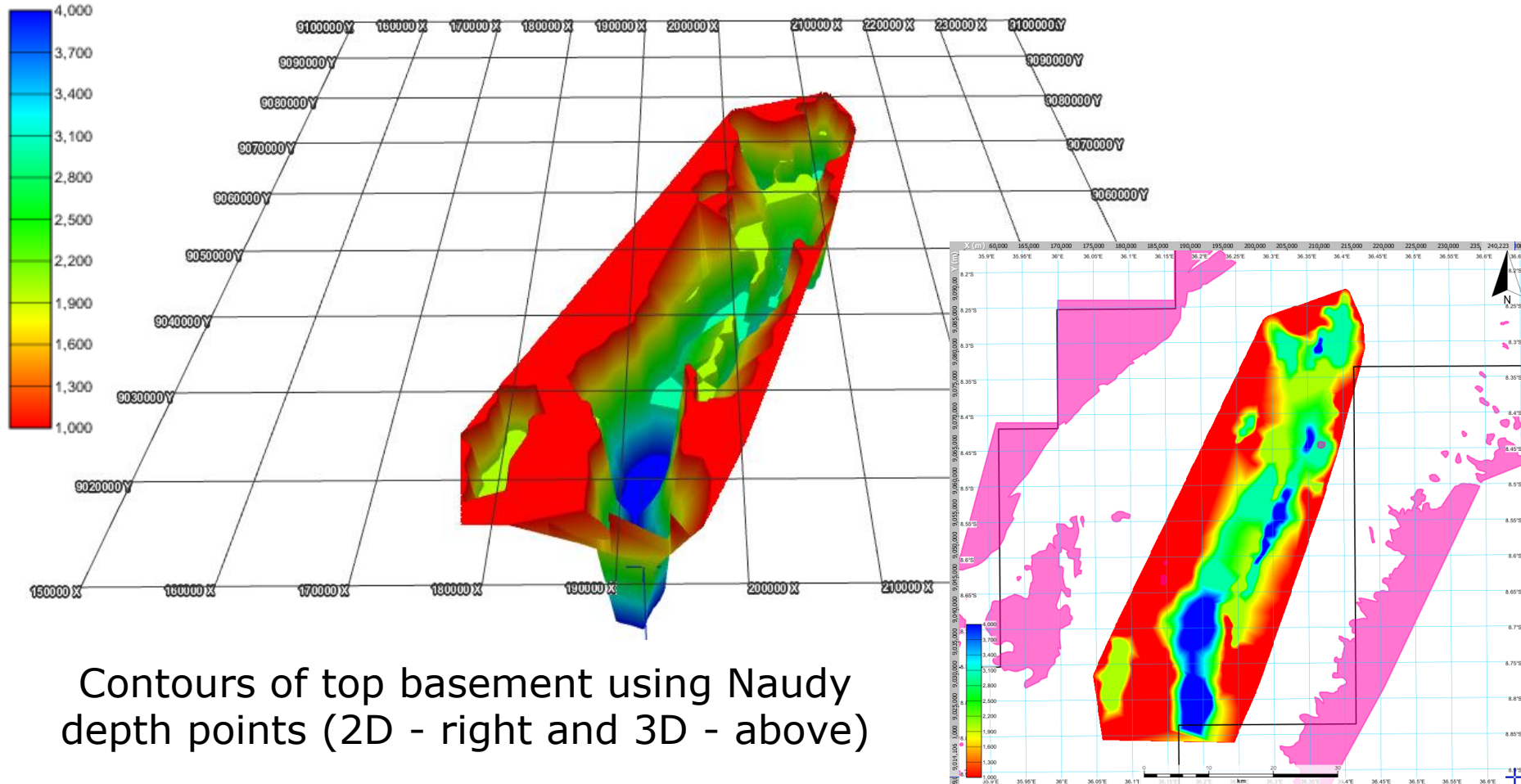
Forward Modelling & Naudy Methodology



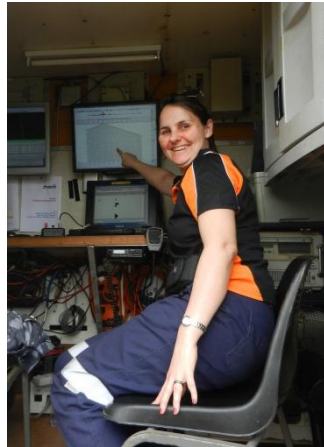
- Estimated depth to basement using forward and Naudy modelling methods
- Worked with multiple density estimates for Kilosa-Kilombero basins and Pangani basins as fill relatively unknown
- Built basin profiles for seismic programme parameters



Forward Modelling & Naudy Methodology



Phase III: 2D Seismic Surveys Testing the Models

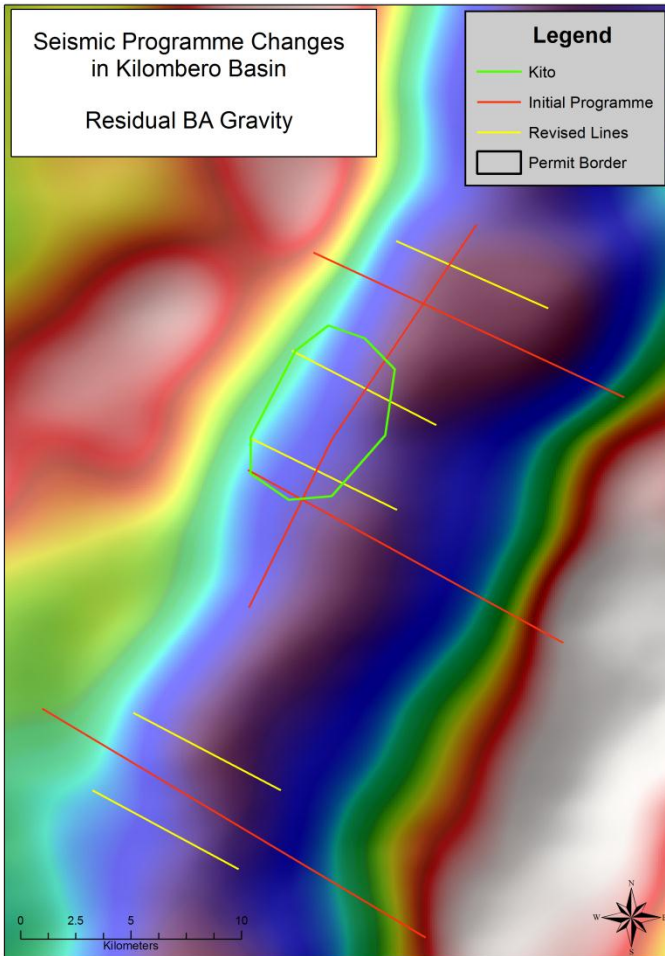


- Focus on semi-regional evaluation for each basin
- Combination weight-drop and dynamite programme
- Seismic programme using existing tracks where possible for low environmental impact
- Proactive community liaison reduced community disruption
- More challenges in Kilombero Basin with wide rivers and weather window. Highly flexible contractor, Polaris, assisted in completing the survey with limited down time



On time and under budget

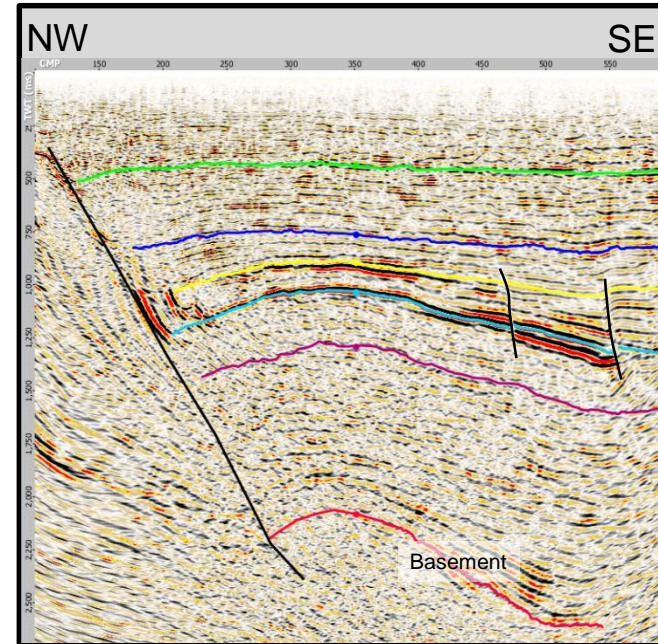
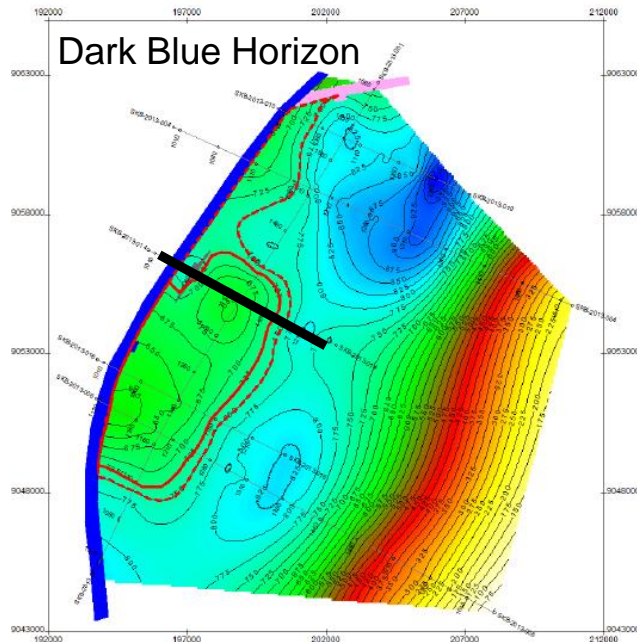
Kilombero Basin: Basin-wide to Prospect in one go!



Kilombero Basin

- First dip line identified a 4-way dip closure. The strike line confirmed it.
- The key was the flexibility to modify the programme while the survey was underway
- Rapid in-field processing of the data allowed alteration of the seismic programme in Kilombero
- The Kito Prospect was successfully mapped on four lines

Kito Prospect: Our first jewel



Kito Prospect – Gross Prospective Unrisked Oil Resources (MMstb) (Source: RISC Report)

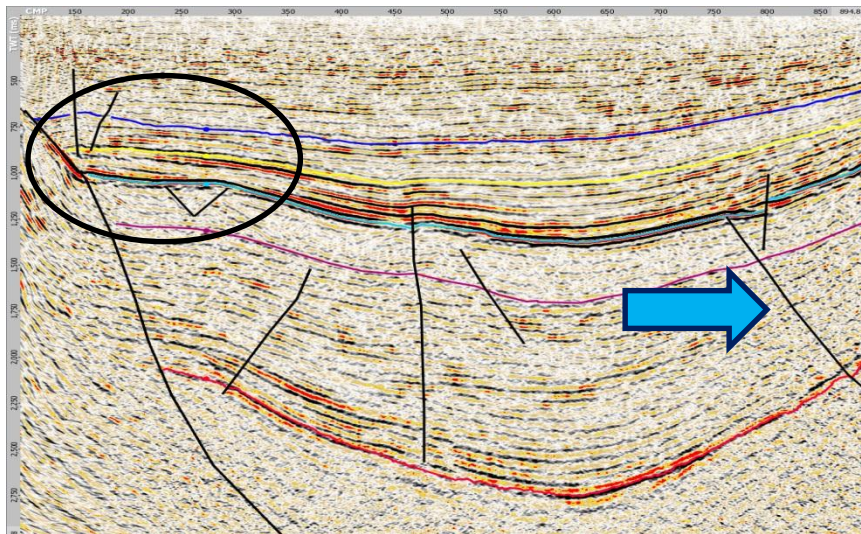
	Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)
Dark Blue Horizon	42	112	269
Light Blue Horizon	6	39	155
Total (arithmetic)	48	151	424

Analogue to EARS success story?

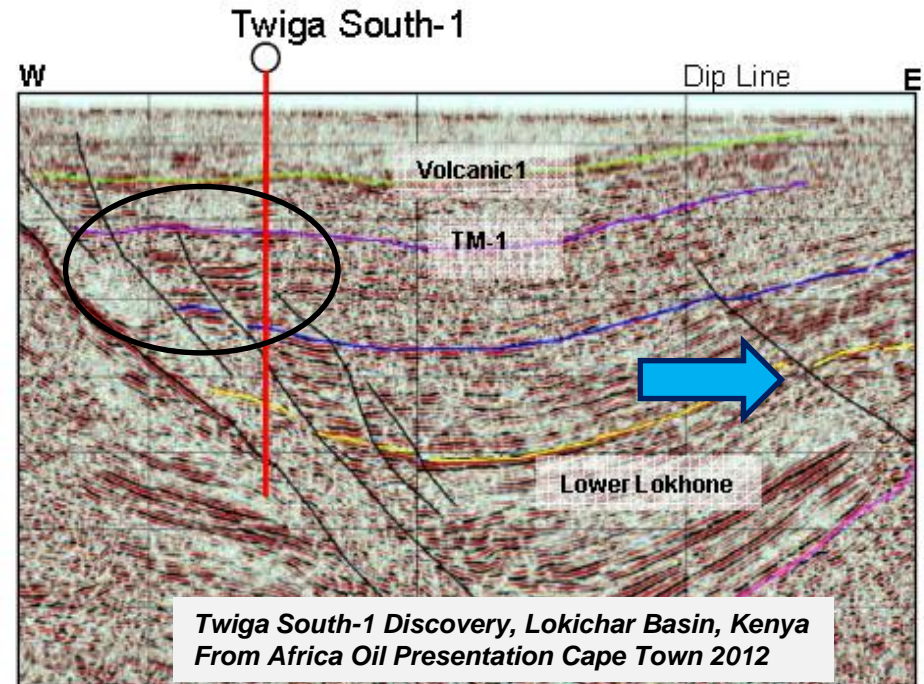


The Kilombero rift is potentially analogous to Lokichar Basin, Kenya
Kito already mapped as possible look-a-like hanging-wall roll-over structure identified (and drilled) in the Lokichar basin

Age of sediment fill unknown in Kilombero basin. Low seismic stacking velocities suggest a young (Neogene to Recent) sedimentary fill, similar in age to the Lokichar basin and Lake Albert in Uganda



Seismic Line over Kito Prospect

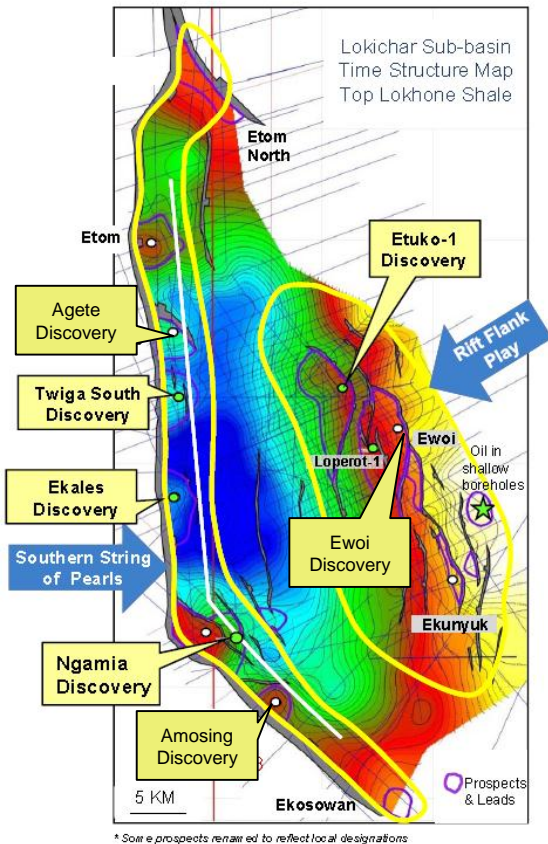


Twiga South-1 Discovery, Lokichar Basin, Kenya
From Africa Oil Presentation Cape Town 2012

Kilombero: Swala's "String of Pearls"?



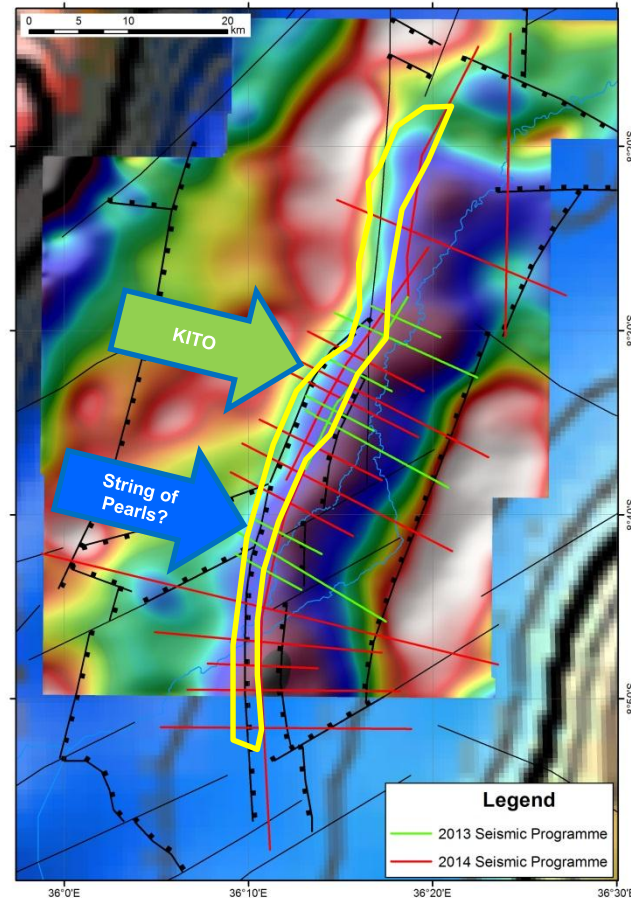
Lokichar



Lokichar Basin, Kenya

Source: Africa Oil Presentation Cape Town 2012

Kilombero

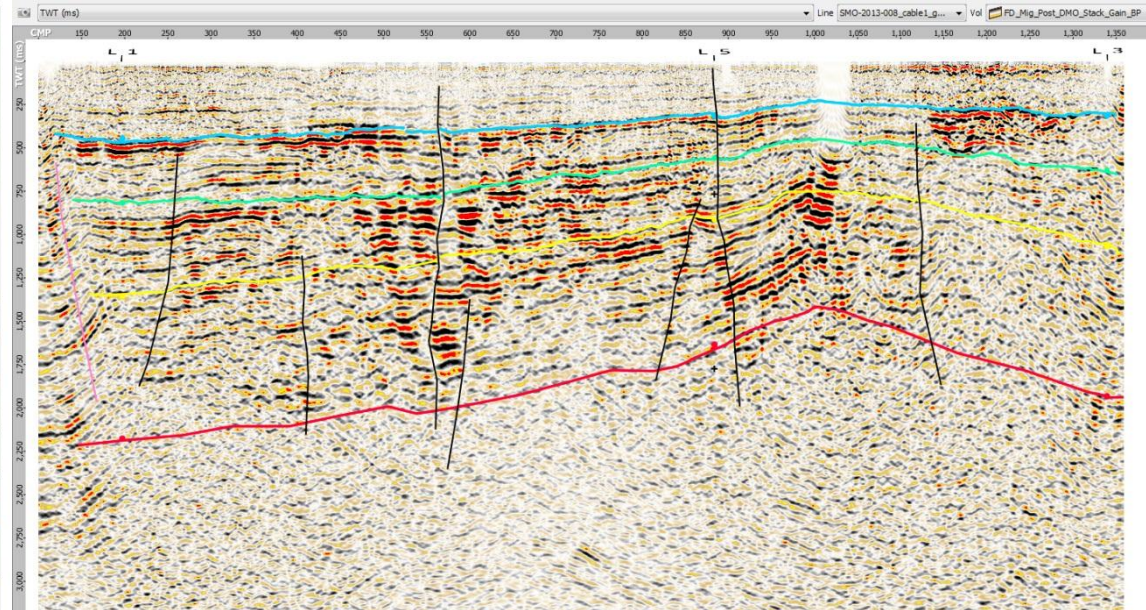
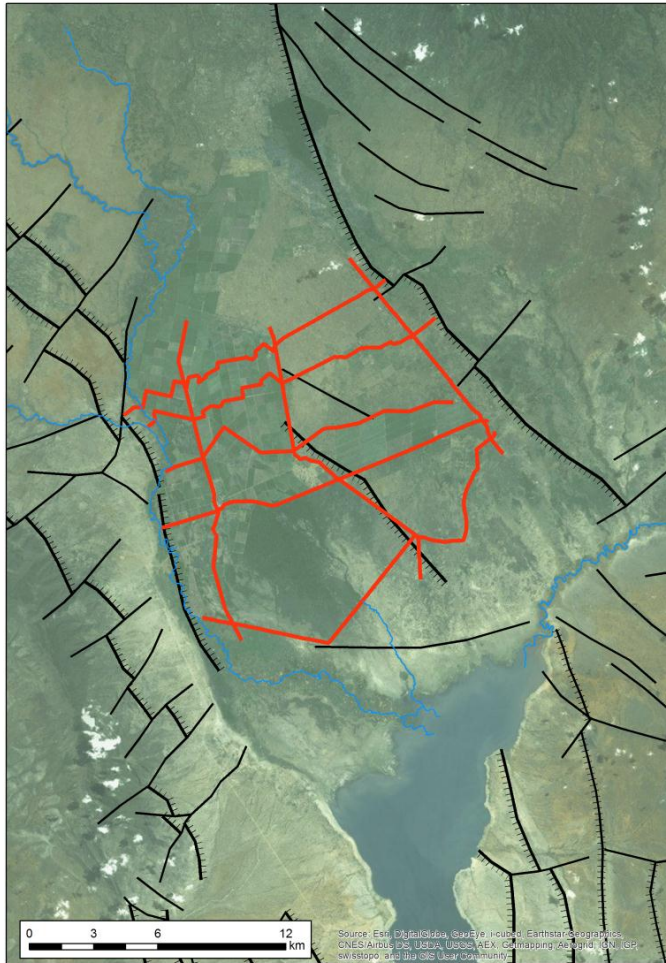


Both basins are approximately 80km long and 20-30km wide

2014 seismic to target the basin margins along length of basin to hopefully discover our own "String of Pearls"

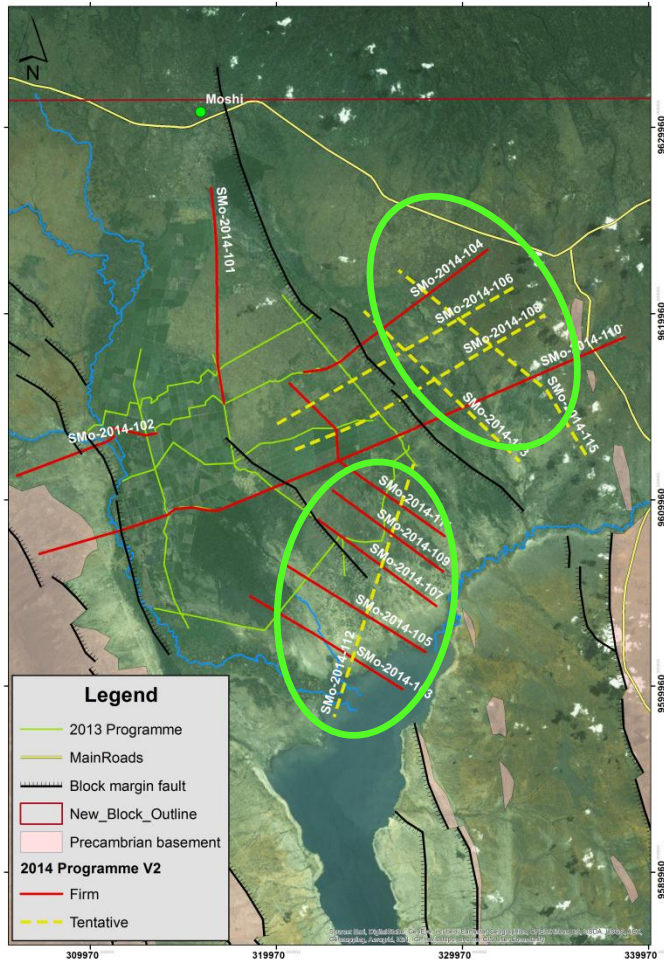
The 2013 seismic barely covered 1/5th of the length of Kilombero Basin

Moshi Basin: Probable Neogene Age



- Low seismic stacking velocities – probable Neogene or younger sediment fill
- Basement probably 2–3km deep
- Three one-line leads in the basin

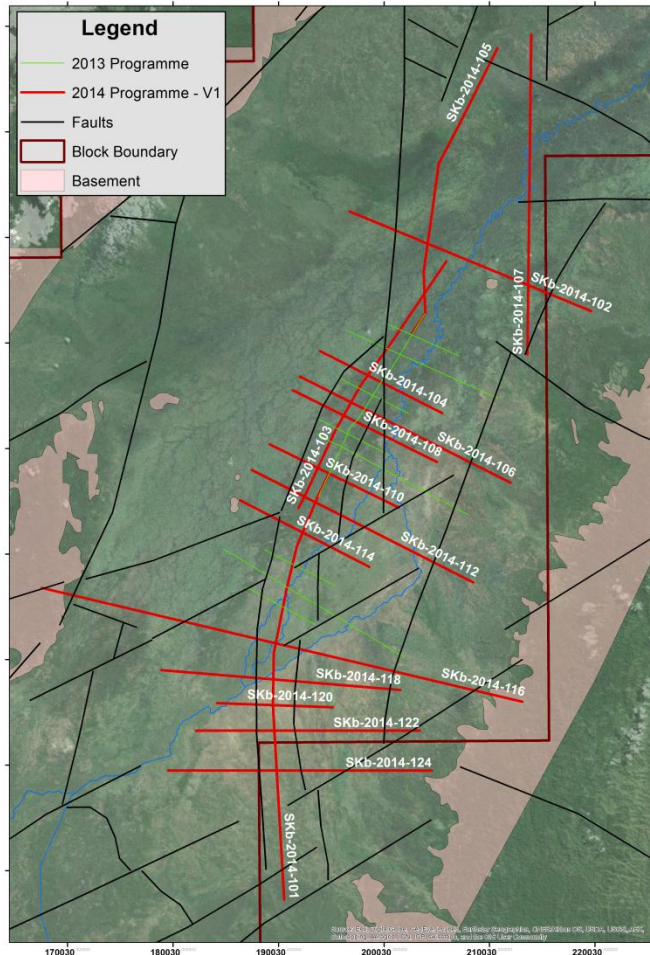
Phase IV: 2014 Seismic Survey Building the Lead Inventory



Moshi Basin (Pangani)



- 200km commitment started 25th August 2014
- Targeting fault-related structural highs along the basin edges
- Flexibility: base programme with infill as results come in
- Additional kilometres have been reserved for potential leads: 180km planned with 20km yet to be decided

Phase IV: 2014 Seismic Survey Discovering a String of Pearls



- Focus on the more promising basin in Kilosa-Kilombero Licence
 - Kilombero Basin
- 440km commitment to start late September.
- Targeting fault-related structural highs along the basin edges
- Additional kilometres have been reserved for potential leads: 380km planned with 60km yet to be decided.

Successfully Unlocking Basins

	2012	2013	2014	2015
Minimum Commitment	9,000 line km airborne data	500km 2D seismic data	640km 2D seismic data	Drill 2 wells 
Completed	14,393 line km airborne data	560km 2D seismic data  Kito Prospect Multiple leads On time and under budget	Underway 