



SWALA ENERGY LIMITED
ACN 161 989 546

ASX Release (ASX: SWE)

29th October 2014

Kilombero Seismic Showing Evidence of Multiple Structures

Swala Energy Limited ("Swala" or "the Company") is pleased to announce that the seismic survey being carried out in the Kilombero Basin by Swala Oil and Gas (Tanzania) Plc ("Swala Tanzania") has provided the first evidence of multiple structures - a 'string of pearls'- along the western basin boundary fault. Swala has a 29.2% net interest in the Kilosa-Kilombero licence in central Tanzania. Otto Energy Limited (ASX: OEL) has a 50% participating interest in the Kilosa-Kilombero licence.

The seismic survey was planned after the 2013 seismic survey suggested structural similarities between the Kilombero Basin and the Lokichar Basin in Kenya, where Tullow Oil (LSE:TLW) and Africa Oil (AOI:TX) have made a significant number of discoveries. The 2013 seismic survey also identified the Kito Prospect. As per the Company's ASX release of the 11th December 2013, the Kito Prospect could contain P50 Best Estimate contingent resources of 60.4mmbbls net to Swala Tanzania (35.3mmbbls net to Swala).

The first line of the current seismic survey acquired in the Kilombero Basin, Line 101, extends along the strike of the main bounding fault. Initial interpretation of the data suggests the presence of four new structures, each being 5-10km long. At the northern end of Line 101, just beyond the Kito Prospect, the data show that one of the identified reservoir horizons is rising, potentially indicating the presence of another structural closure (See Figure 1).

The data supports the initial views on the similarities between the Kilombero and Lokichar Basins (see Figure 2). The Kilombero structures are interpreted as roll-over anticlines against the major north-south fault on the western side of the basin (and lying behind the section shown). These anticlines are of similar structural style to those in the Lokichar Basin, many of which are now discoveries, such as Ngamia-1 and Twiga South-1.

The seismic survey will now acquire a series of infill dip seismic lines across the structures to test the extent to which they extend into the basin. The survey will extend to the eastern and northern sides of the basin to determine any further structural leads and this will be followed by further dip lines over any leads. Swala expects the survey will be completed by the end of the year after which the results will be interpreted in order to select one or more targets for a 2015 drilling programme.

Dr. David Mestres Ridge, Swala's CEO said "These early results of the Kilombero seismic survey are particularly exciting and the similarities with the Lokichar Basin are extremely encouraging given the enormous success that has been achieved there to date. The seismic survey has so far identified five possible structures in addition to the Kito Prospect and we believe further dip lines will cement these into firm drilling candidates and that the extension of Line 101 further north will result in more structures being identified."

Swala Energy Limited

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Figure 1: Seismic composite Strike line (101-001) along the Kilombero main bounding fault.

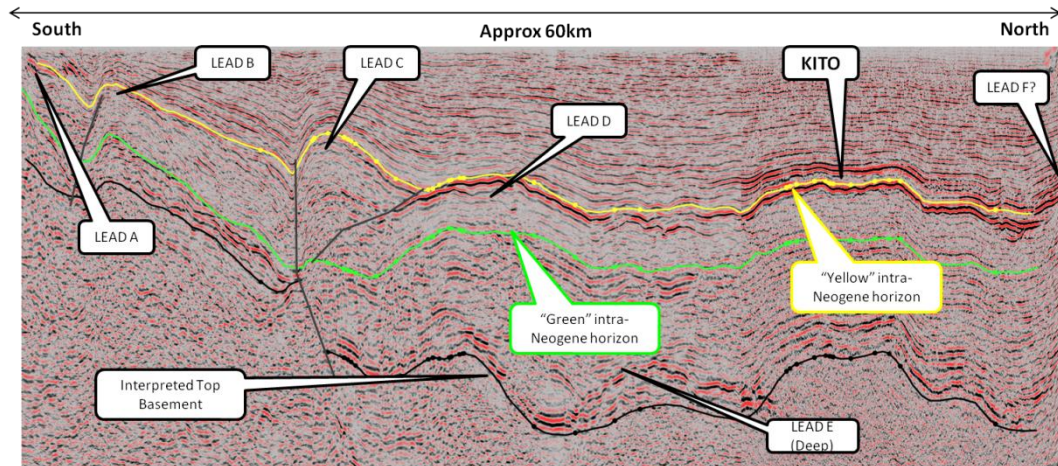
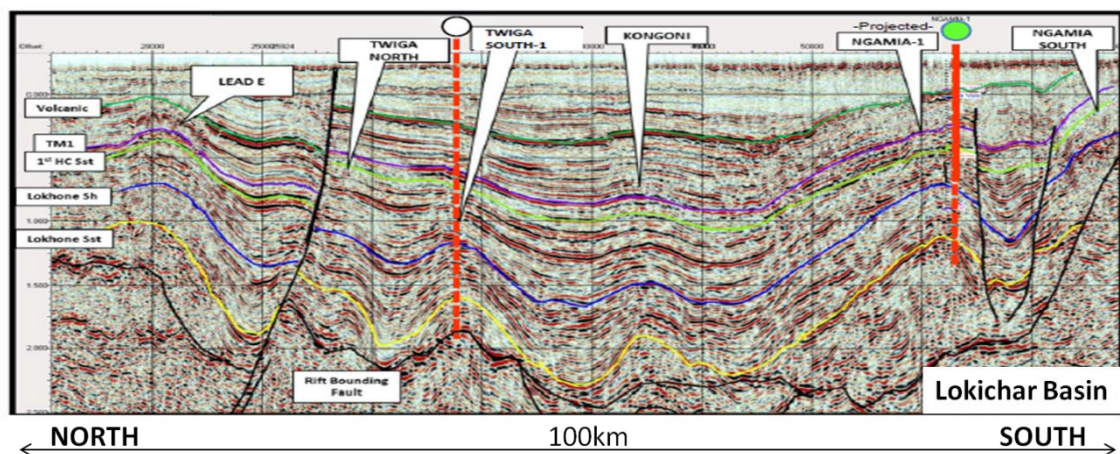


Figure 2: Cross section across the Lokichar Basin, showing the structural similarity between this basin and the Kilombero Basin. Discoveries, leads and prospects are highlighted. (source Africa Oil Presentation, Africa Oil Week 2013). (The vertical scales is similar to Figure 1)



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**About Swala:**

Swala Energy Limited is an Australian oil and gas company listed on the Australian Securities Exchange ("ASX") under the ticker code "SWE". Swala's holdings are predominantly in the world-class East African Rift System with a total net land package in excess of 18,000km² in Kenya, Tanzania and Zambia. 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 into the eastern arm of the rift system. Swala has an active operational and business development programme to continue to grow its presence in the promising hydrocarbon provinces of Africa.

Joint Venture: Participants in the Kilosa-Kilombero and Pangani Licences	Participating Interest %
Swala Oil and Gas (Tanzania) PLC (Operator)	50%
Otto Energy (Tanzania) Pty Ltd (Wholly owned subsidiary of Otto Energy Ltd (ASX: OEL))	50%

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