



SWALA ENERGY LIMITED  
ACN 161 989 546

ASX Release (ASX: SWE)

8<sup>th</sup> November 2013

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## FURTHER POSITIVE RESULTS FROM SEISMIC PROGRAMME

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### Highlights

- **Seismic programme over the third of the Kilosa-Kilombero licence area basins completed**
- **Sediment in potential Neogene-age basin appears similar to proven oil basins along the same rift system**
- **Large structural trap identified**
- **Observation of possible Direct Hydrocarbon Indicators**

Swala Energy Limited ("Swala" or "Company") is pleased to announce that the 2D Seismic Programme underway on the Kilosa-Kilombero licence ("License") in Tanzania has produced further positive results. Swala has an indirect 32.5% interest in the license.

The programme over the Kilombero basin has been completed and the preliminary geological interpretation of the results is positive. These follow those seen from the seismic programme undertaken in the Kidatu and Kilosa basins to the north where the results, announced by Swala on 18<sup>th</sup> September and 14<sup>th</sup> October 2013 respectively, were also positive.

The Kilombero Basin is approximately 80 kms long. Swala has acquired 2D seismic over a 20km long section and the results show a large structural high adjacent to the basin bounding fault that extends over a distance of 9 km and is about 4km wide (See Figure 1).

Initial results also suggest the presence of a thick, Neogene-age basin with a maximum depth to basement in excess of 3,000m. The age of the sediments recorded (based on low seismic velocities) appears to be similar to that of sediments observed in the now proven oil basins of Lokichar (Kenya), and Lake Albert (Uganda), where Africa Oil (TSX.V:AOI) and Tullow Oil (LSE: TLE) have had significant success.

Dip lines across the basin suggest the presence of both structural traps and traps against the main basin-bounding fault with possible Direct Hydrocarbon Indicators (DHIs or 'Flat Spots') observed at several levels at the crest (see Figure 2).

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The seismic acquisition team will now move to the Pangani Licence where the final stage of the seismic programme is expected to take a further 6 weeks to complete.

Dr. David Mestres Ridge (CEO) said, "The seismic work programme has touched less than 20km in a potentially hydrocarbon-bearing basin and though more work is required to process and interpret the data we are very happy with the initial findings. The combination of sediment age, structure, and trapping geometries that are similar to those seen in the working basins in Uganda and Kenya, along with a number of possible flat spots, all go to make the Kilombero basin an exciting prospect, and these continued positive results coming from the seismic programme underscore our strong faith in the region. The joint venture is now reviewing how best to continue to determine the full potential of the area. Polaris, our seismic contractors have done a sterling job operating in an area with difficult terrain and will now move to the Pangani Licence to cover the two remaining Tanzanian basins identified in 2012."

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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 15,000km<sup>2</sup>. 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".

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.

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Figure 1: Example Dip Line Across the Kilombero Basin with Possible DHIs

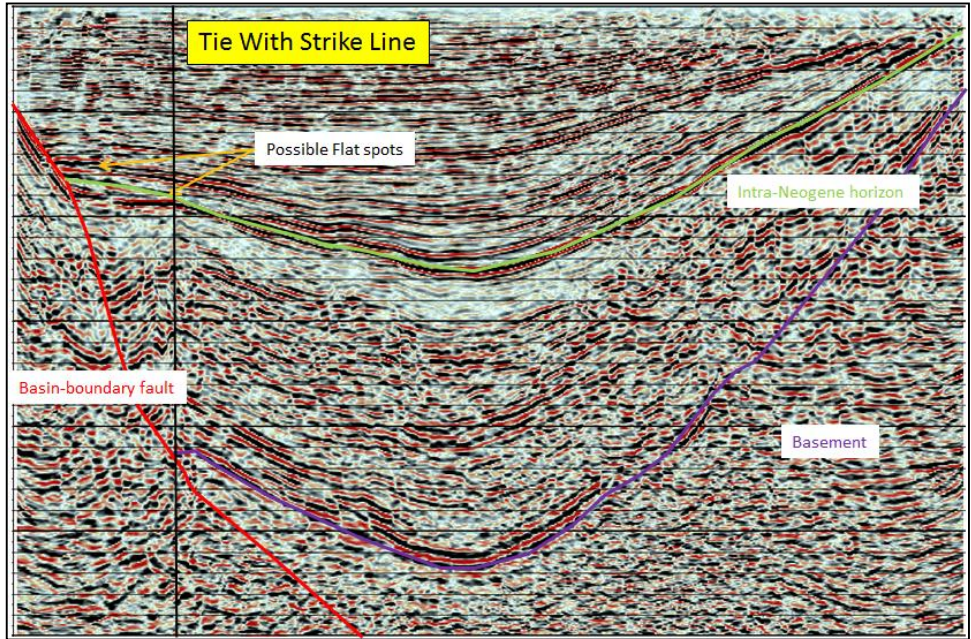
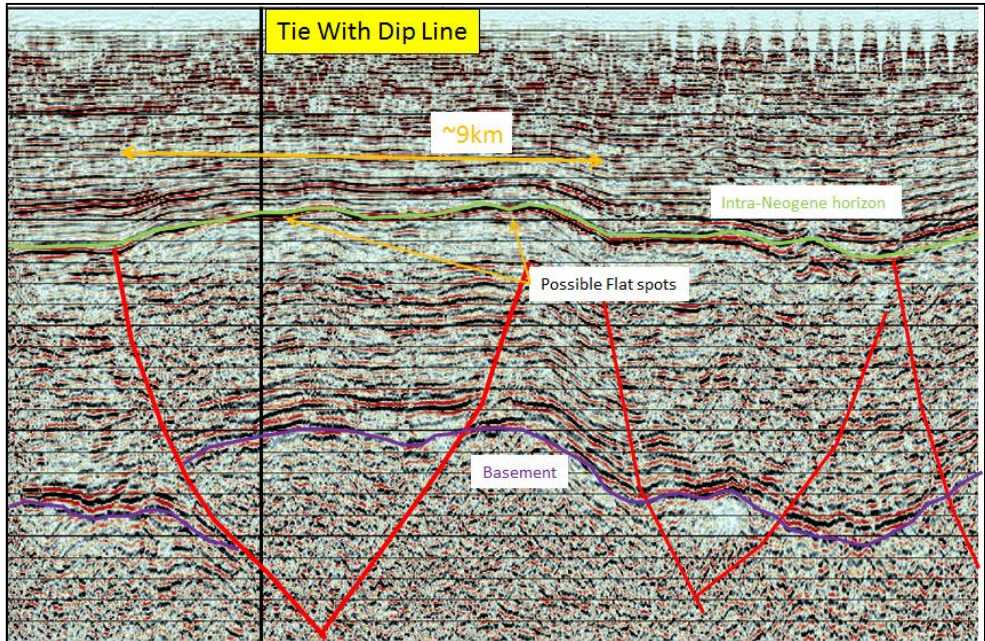


Figure 2: Strike line along the main basin-boundary fault with possible DHIs



<b>Participants in the Kilosa-Kilombero Licence</b>	<b>Participating Interest %</b>
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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