

PRESS RELEASE

(DSE:SWALA)

2nd Floor Oyster Plaza, Plot No.1196
Oysterbay, Haile Selassie Road,
P.O. Box 105266, DSM, Tanzania

TEL +255 (0) 755 687 785
EML info@swala-energy.com

3RD October 2016.

KITO EXPLORATION WELL UPDATE

Swala Oil & Gas (Tanzania) plc ("Swala" or "the Company") advises that it will not be drilling the Kito-1 exploration well in the Kilosa-Kilombero licence during 2016 as originally envisaged.

Planning for the well proceeded within time and within budget through to the end of July 2016. However, in part because of the delays imposed by the timing of the necessary permits, the Joint Venture has missed the weather window that would have allowed it to drill safely in 2016.

The Company will seek a licence extension to allow drilling in 2017.

Dr. David Mestres Ridge (Swala CEO) said: "We are disappointed that events caused us to miss the weather window within which we could have drilled the Kito-1 well but all parties agreed that health and safety considerations were paramount in deciding to postpone the well to 2017. We look forward to securing the licence extension that will allow Swala to test this promising prospect."

For further information please contact:

Swala Oil & Gas (Tanzania) plc

David Mestres Ridge (CEO)

david.mestres@swalaoilandgas.com

www.swala-energy.co.tz

About Swala:

Swala is the first oil and gas company listed on an East African Stock Exchange with a significant local ownership. Swala holds assets in the world-class East African Rift System with a total net land package in excess of 8,500 km². New discoveries have been announced by industry participants in a number of licences along this trend that extend the multi-billion barrel Albert Graben play so successfully developed by Tullow Oil 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 East Africa and globally.