

PRESS RELEASE (DSE:SWALA)

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1st August 2016

Swala unable to approve Otto's farm-down of Kilosa-Kilombero

Swala Oil & Gas (Tanzania) plc ("Swala" or "the Company") advises that it has been unable to approve the proposed farm-down of Otto Energy plc's equity in the Kilosa-Kilombero Licence to MV Upstream Tanzania Ltd. The equity interests in the licence as of the 1st of August 2016 remain

Swala	25% (Operator)
Tata Petrodyne Limited	25%
Otto Energy (Tanzania) Limited	50%

Dr. David Mestres Ridge (Swala CEO) said: "The lack of certain relevant information in the farm-down documents meant that we could not approve the proposed farm-down to MV Upstream Tanzania Ltd. We look forward to working with the parties to ensure that a new farm-down application can proceed smoothly and in line with the relevant agreements ahead of the proposed drilling of the Kito-1 exploration well later this year. "

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