



SWALA ENERGY LIMITED
ACN 161 989 546

ASX Release (ASX: SWE)

23rd June 2014

Completion of the Farm-out of Block 12B in Kenya

Swala Energy Limited ("Swala" or "the Company") (ASX: SWE) is pleased to announce the completion of the farm-out agreement for a 25% working interest in Block 12B (Kenya) to CEPSA Kenya Limited, an affiliate of Compañía Española de Petróleos, S.A.U. ("CEPSA"), a blue chip international integrated oil and gas company.

As previously announced by the Company on 10th March 2014 the farm-out agreement was subject to certain conditions that included the consent of the Kenyan Government and the Competition Authority of Kenya. These consents have now been received and the farm-out agreement has been finalised and is unconditional.

CEPSA is a Spanish integrated energy company operating at every stage of the oil value chain. CEPSA is 100% owned by IPIC (International Petroleum Investment Company), a sovereign fund of Abu Dhabi, and is Spain's fourth largest industrial group.

Swala will retain a 25% net working interest in Block 12B, CEPSA will own a 25% net working interest and Tullow Oil (LSE: TLW) will hold the remaining 50% net working interest and continue to act as the joint venture Operator. As part of the farm-out agreement Swala will have its past costs repaid and be free carried through the first two exploration wells if CEPSA decides to participate, up to a maximum of \$7.5 million for each one. As previously announced the 2D seismic program over parts of Block 12B began on 23rd April 2014.

Dr. David Mestres Ridge (CEO) said, "I would like to again welcome CEPSA, a company of sound financial and technical standing to the Kenya Block 12B joint venture. Completion of this farm-in agreement will now allow the Company to focus its resources on existing operated assets and the continued growth of the Company's portfolio".

For further information please contact:

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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 symbol "SWE". Swala's holdings are predominantly in the world-class East African Rift System with a total net land package in excess of 18,800km² 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.

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