



SWALA ENERGY LIMITED
ACN 161 989 546

ASX Release (ASX: SWE)

15 October 2014

SHARE PURCHASE PLAN

Swala Energy Limited (ASX: SWE) (“Company” or “Swala”) is pleased to announce a Share Purchase Plan (“SPP”) to raise up to A\$5.0 million to fund additional near-term work on the Company’s Tanzanian and Kenyan licences, as well as for business development and general administrative purposes. The SPP is to be offered to all eligible shareholders.

Under the SPP eligible shareholders are provided the opportunity to participate in the Company’s SPP by subscribing for up to A\$15,000 of new fully paid ordinary shares (“New Shares”) in Swala without incurring brokerage. The SPP issue price will be the lower of A\$0.20 (20 cents) being a 4.8% discount to the volume-weighted average price (“VWAP”) of shares traded on the ASX over the 5 trading days up to and including 2 October 2014, or the VWAP of Swala shares traded on the ASX over the 5 trading days up to and including the day upon which the SPP Offer is scheduled to close, 10 November 2014. Therefore, the maximum price that eligible shareholders will pay is A\$0.20 (20 cents) per New Share.

Eligible shareholders are shareholders who were registered shareholders of the Company as at 4:00pm (Perth time) on the record date of Tuesday, 14 October 2014, and whose registered address is in Australia or New Zealand.

The SPP Offer will open on Tuesday, 21 October 2014 and will remain open for subscription until 5.00pm (Perth time) on Monday, 10 November 2014.

If applications for New Shares under the SPP Offer exceed A\$5.0 million, Swala may, in its absolute discretion, allocate less than the number of New Shares applied for (“Scale Back”) and determine to apply the Scale Back to the extent and in the manner that it sees fit.

The SPP Offer is not underwritten. Any New Shares not subscribed for by eligible shareholders under the SPP will comprise the shortfall and may be offered to investors to whom disclosure is not required to be made under section 708 of the Corporations Act 2001 (for example, sophisticated, professional and institutional investors) as a separate placement at the discretion of the Directors.

All New Shares issued under the SPP Offer will rank equally with existing Swala Shares from the date of issue, and carry the same voting rights, dividend rights and other entitlements as existing Swala Shares.

Dr. David Mestres Ridge, Swala’s CEO said “Swala aims to raise up to A\$5 million to ensure funding is in place for the Company’s activities to the end of the first quarter of 2015. The Company always expected to raise funds to carry it through its proposed three-well 2015 drilling campaign but has decided to now undertake a Share Purchase Plan to allow current eligible shareholders to participate. Part of the preparation for this larger raise of equity was the interpretation of the results of the seismic data acquisition programmes over Block 12B in Kenya and the Pangani licence in Tanzania. In the Kilombero licence in Tanzania the current additional 2D seismic survey is underway. These interpretations are currently ongoing and, in the case of the Kilosa-Kilombero basin, the interpretations will commence later

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in 2014. In view of the Company's current share price and the significant potential that its 2014 seismic survey is starting to reveal, the Board has felt strongly that the opportunity to participate in this earlier equity raise should be offered first to our existing eligible shareholders through a Share Purchase Plan, with the Directors retaining the right to place any shares not taken up by the existing eligible shareholders as they consider appropriate."

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 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.

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