

SWALA ENERGY LIMITED

ACN 161 989 546

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2017



Directors' Report

The Directors present their Report, together with the financial statements for the Company for the half year ended 30 June 2017 and on the consolidated entity ("consolidated entity") consisting of Swala Energy Limited ("Company") and the entities it controlled ("Swala Energy", "Swala" or "Group") for the half year ended 30 June 2017.

DIRECTORS

The following persons were Directors of the Company during or since the year end and up to the date of this Report:

Mr Stephen Hewitt-Dutton	Non-Executive Director	Appointed 27 April 2017
Mr Sean McCormick	Non-Executive Director	Appointed 27 April 2017
Mr John Gilfillan	Non-Executive Director	Appointed 27 April 2017
<i>Former directors</i>		
Mr Kenneth (Ken) Russell	Non-Executive Chairman	Appointed 17 January 2013 Resigned 26 June 2017
Mr Mohammed Ishtiaq	Non-Executive Director	Appointed 8 August 2014 Removed 26 June 2017
Mr Peter Grant	Non-Executive Director	Appointed 6 June 2013 Resigned 27 April 2017
Mr Frank Moxon	Non-Executive Director	Appointed 22 June 2015 Resigned 27 April 2017

PRINCIPAL ACTIVITIES

During the half year, the Company progressed its recapitalisation and the acquisition of Symbol Mining Corporation Pty Ltd following being placed into administration on 24 June 2016.

INCOMPLETE RECORDS

On 24 June 2016 the Board resolved to place the Company into Voluntary Administration and appointed James Thackray of HQ Advisory as Administrator of the Company.

Following appointment of the administrator, the powers of the Company's officers (including directors) were suspended and the administrator assumed control of the Company's business, property and affairs.

The financial report for the half year ended 30 June 2017 has been prepared by the Directors who were appointed on 27 April 2017. The Directors did not have control of the Company until control was transferred to them on the effectuation of the Deed of Company Arrangement (DOCA) on 26 June 2017.

Prior to 26 June 2017, the current directors did not have oversight or control over the Company's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. Mr Ken Russell was a Non-Executive Chairman and did not have oversight or control over the group's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. Mr Mohammed Ishtiaq was a Non-Executive Director of the Company. The Administrator and former directors made numerous attempts to contact Mr Ishtiaq and received no response. In addition, as the Administrator was only appointed to Swala Energy Limited the Directors have not been able to

source detailed financial records for subsidiary companies. Accordingly the consolidated financial report has been prepared based on limited financial information only which was available to the Directors through the Administrator, or in the case of Swala Oil and Gas (Tanzania) PLC, from public records.

To prepare the financial report, the Directors have reconstructed the financial records of the Group for the period 1 January 2017 to 26 June 2017 using data extracted from the accounting system and information provided by the Administrator. However, there may be information that the current Directors have not been able to obtain, the impact of which may or may not be material on the financial performance for the half year ended 30 June 2017 and the financial position and financial performance for the comparative period.

These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the administration process and/or the change in directorships and key management personnel.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state that this financial report gives a true and fair view of the Company's financial position as at 30 June 2017 and its performance for the period then ended.

It should be noted that the matters referred to above were also relevant for the year ended 31 December 2016 which are presented as comparative figures in this report.

OPERATING RESULTS

Net operating profit after tax for the half year ended 30 June 2017 was \$515 789 (2016: net loss \$1,589,577).

REVIEW OF OPERATIONS

On 24 June 2016 the Directors placed the Company in Voluntary Administration, appointing Mr James Thackray of HQ Advisory Administrator of the Company.

On 18 October 2016 at the second meeting of creditors a resolution was passed approving the Company entering into a Deed of Company Arrangement ("DOCA") to facilitate the recapitalisation of the Company. The DOCA was executed by the Company on 21 October 2016. The principal features of the recapitalisation under the terms of the DOCA were:

Recapitalisation

- Capital Consolidation - The Company's securities being consolidated on a 1:120 basis;
- Issue of Securities under the Proponent Placement - The issue of 750,000 fully paid ordinary shares (post consolidation) for \$0.02 per share, together with 9 free attaching options for each share issued to participants in the proponent raising, exercisable at \$0.04 and expiring 4 years from the date of their issue;
- Conversion of Convertible Notes - The issue of 37,500,000 (post consolidation) new shares arising on the conversion of the convertible notes;
- Payments to the Deed Administrator – In accordance with the DOCA, transfer of the Company's assets and the amount of \$500,000 from the capital raisings to the Deed Administrators to be applied to the trust fund; and

- Forgiveness of Claims - The release of all existing claims against the Company with creditors' claims to be satisfied from the Creditors' trust fund in accordance with the terms of the DOCA and the Creditors Trust Deed.

Acquisition

- Issue of 203,124,999 (post consolidation) shares as consideration for the acquisition of Symbol Mining Corporation Pty Ltd and the issue of 25,000,000 shares (post consolidation) to the Symbol Noteholders;
- Issue of Shares under Prospectus - The issue of up to 190,000,000 fully paid ordinary shares (post consolidation) by means of a public offer at four cents per share to raise up to \$7,600,000, with a minimum subscription requirement to raise \$5,600,000, under a prospectus.
- Issue of 11,500,000 (post consolidation) Shares to Trident Capital for services in relation to the recapitalisation and Symbol transaction;
- Issue of 20,000,000 Promoter Options to Argonaut for services in relation to the recapitalisation and Symbol transaction, exercisable at \$0.06 and expiring on 31 December 2018;
- Issue of 50,000,000 shares (post consolidation) to Noble Resources under the Debt Repayment Agreement between it and Symbol Mining;
- Appointment of Directors - Appointment of new Directors and Company Secretary;
- Right for Directors to apply for Shares - The right of the directors to participate in the public issue;
- A change to the nature and scale of activities of the Company in accordance with ASX Listing Rule 11.1.2;

On 22 June 2017 the Shareholders voted in favour of the Recapitalisation and Acquisition. On 26 June 2017 the conditions precedent were satisfied and the DOCA was effectuated. On effectuation of the DOCA control of the Company reverted to the officers of the Company. Following the successful recapitalisation of the Company Mr Ken Russell resigned from his position as non-executive Chairman of the Company. Prior to effectuation of the DOCA, the administrator, Mr Thackray, removed Mr Mohammed Ishtiaq as a Director of the Company.

The Company lodged a prospectus on 5 July 2017 in relation to the capital raising, and other security issues, associated with the Acquisition. On 29 September 2017 the Company lodged a Supplementary Prospectus to:

- Extend the period for admission to quotation of the Shares under the Prospectus by 3 months;
- Extend the period for the minimum Subscription to be satisfied by 4 months;

In addition the Supplementary Prospectus was prepared to reflect the following changes to the transaction:

- Completion of the Offer is subject to Shareholders approving resolutions 1 and 2 at the general meeting of Shareholders to be held on or about 6 November 2017
- At completion of the Offer, the US\$1,000,000 in debt owing by Symbol Mining Corporation Pty Ltd (Symbol Mining) to Noble Resources International Pte Ltd (Creditor) will be converted into 31,250,000 Shares at a conversion price of \$0.04 per Share, and the Company will no longer be required to repay this amount in cash;
- Symbol Mining grants to the Creditor a first right of refusal to market 30% of any products extracted from the Projects;
- With additional cash reserves from the conversion of debt payable to the Creditor, the Minimum Subscription is reduced from \$5,600,000 to \$4,300,000;
- Applicants under the Public Offer will receive 3 free attaching Class B Options for every 25 Shares applied for and issued;

- The expiry date for Class B Options is extended from 31 December 2018 to 31 December 2020;
- The number of Class B Options to be issued to Argonaut is reduced from 20,000,000 to 7,100,000; and
- Subject to Shareholder Approval, the Class A Notes will convert into Shares regardless of whether or not completion of the Public Offer occurs.

At the date of signing this financial report, the Company capital raising was still to be finalised.

Significant changes in the state of affairs

On 24 June 2016 the Directors placed the Company in Voluntary Administration, appointing Mr James Thackray of HQ Advisory Administrator of the Company. On 26 June 2017 following effectuation of the DOCA control of the Company was returned to the officers of the Company.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters Subsequent to the End of the Half Year

Please refer to the matters detailed in the Review of Operations in relation to the Symbol Mining Corporation Pty Ltd acquisition.

Other than as disclosed above in the Review of Operations, there are no other matters subsequent to the end of the half year.

Likely developments and expected results

The Company is currently finalising its acquisition of Symbol Mining. Once completed, the Company will seek reinstatement to the Official List of the ASX.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 5. This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

On behalf of the Directors



Mr Sean McCormick
Non-Executive Director

Dated this 12th day of October 2017

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF SWALA ENERGY LIMITED

As lead auditor for the review of Swala Energy Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Swala Energy Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 12 October 2017

Financial Statements**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 30 June 2017**

	Notes	2017 \$	2016 \$
REVENUE			
Other income	3	302,487	664
EXPENSES			
Other expenses		(62,250)	(128,611)
Administrator's costs		(22,727)	-
Consulting fees		(30,000)	-
Acquisition costs		(43,448)	-
Exploration and evaluation expense		-	(232,583)
Depreciation and amortisation expense	6	-	(2,167)
Share based payment		-	(175,349)
Employee benefits expense		-	(241,259)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		(144,062)	(779,305)
Income tax expense		-	-
PROFIT/(LOSS) AFTER INCOME TAX EXPENSE FOR THE PERIOD		144,062	(779,305)
Profit/(loss) from discontinued operations (attributable to equity holders of the Company)	17	371,727	(810,271)
PROFIT/(LOSS) FOR THE PERIOD		515,789	(1,589,577)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss			
Other comprehensive income arising from discontinued operations		4,261	
Exchange differences on translation of foreign operations		-	(5,101)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		520,050	(1,594,678)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Owners of Swala Energy Limited		515,789	(1,322,571)
Non-controlling interests		-	(267,006)
		515,789	(1,589,577)
TOTAL COMPREHENSIVE PROFIT/(LOSS) IS ATTRIBUTABLE TO:			
Owners of Swala Energy Limited		515,789	(1,285,510)
Non-controlling interests		4,261	(309,168)
		520,050	(1,594,678)
EARNINGS/(LOSS) PER SHARE FROM CONTINUED OPERATIONS:		Cents	Cents
Basic profit/(loss) per share		10.47	(57.49)
Diluted profit/(loss) per share		0.37	(57.49)
EARNINGS/(LOSS) PER SHARE:		Cents	Cents
Basic profit/(loss) per share		37.92	(117.26)
Diluted profit/(loss) per share		1.34	(117.26)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position
as at 30 June 2017**

	Notes	30 June 2017 \$	31 December 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	70,963	412,361
Trade and other receivables	5	150,470	735,984
TOTAL CURRENT ASSETS		221,433	1,148,345
NON-CURRENT ASSETS			
Property, plant and equipment	6	-	72,673
TOTAL NON-CURRENT ASSETS		-	72,673
TOTAL ASSETS		221,433	1,221,018
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	183,861	1,216,724
Income tax		-	4,299
Other liabilities	8	-	967,071
TOTAL CURRENT LIABILITIES		183,861	2,188,094
TOTAL LIABILITIES		183,861	2,188,094
NET ASSETS/(NET ASSET DEFICIENCY)		37,572	(967,076)
EQUITY			
Issued capital	9	28,164,098	28,164,098
Other Equity	10	750,000	-
Reserves	11	1,457,350	4,311,140
Non-controlling interests		-	(2,592,649)
Accumulated losses		(30,333,876)	(30,849,665)
TOTAL EQUITY/(DEFICIENCY) IN EQUITY		37,572	(967,076)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
for the half year ended 30 June 2017**

	Notes	Share Capital \$	Other Equity \$	Reserves \$	Accumulated Losses \$	Sub-Total \$	Non- Controlling Interests \$	Total Equity \$
Balance 1 January 2016		27,988,749	-	4,274,079	(28,689,150)	3,573,678	(2,283,481)	1,290,197
Loss for the period		-	-	-	(1,322,571)	(1,322,571)	(267,006)	(1,589,577)
Other comprehensive income		-	-	37,061	-	37,061	(42,162)	(5,101)
Total comprehensive loss for the year		-	-	37,061	(1,322,571)	(1,285,510)	(309,168)	(1,594,678)
Transactions with owners in their capacity as owners:								
Transaction with non-controlling interests		-	-	-	-	-	-	-
Issue of share capital	9	175,349	-	-	-	175,349	-	175,349
Share issue costs	9	-	-	-	-	-	-	-
Reserves	11	-	-	-	-	-	-	-
Balance 30 June 2016		28,164,098	-	4,311,140	(30,011,721)	2,463,517	(2,592,649)	(129,132)
Balance 1 January 2017		28,164,098	-	4,311,140	(30,849,665)	1,625,573	(2,592,649)	(967,076)
Profit for the period		-	-	-	515,789	515,789	-	515,789
Other comprehensive income		-	-	-	-	-	4,261	4,261
Total comprehensive loss for the year		-	-	-	515,789	515,789	4,261	520,050
Transactions with owners in their capacity as owners:								
De-recognition of subsidiary companies	17	-	-	(2,853,790)	-	(2,853,790)	2,58,388	(265,402)
Issue of share capital	9	-	-	-	-	-	-	-
Other equity	10	-	750,000	-	-	750,000	-	750,000
Share issue costs	9	-	-	-	-	-	-	-
Reserves	11	-	-	-	-	-	-	-
Balance 30 June 2017		28,164,098	750,000	1,457,350	(30,333,876)	37,572	-	37,572

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows**for the half year ended 30 June 2017**

	Notes	30 June 2017 \$	30 June 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(99,687)	(1,074,937)
Payments for exploration and evaluation		-	(796,530)
Reimbursement of past exploration and evaluation costs		-	564,340
Interest received		263	648
Net cash (used)/provided in operating activities	13	(99,424)	(1,306,479)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash disposed of on deconsolidation of subsidiary companies		(351,803)	-
Net cash provided by/(used in) investing activities		(351,803)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing of shares		-	-
Payment of capital raising costs		(92,046)	-
Proceeds from issue of convertible notes		720,000	-
Payment to Administrator under DOCA		(500,000)	-
Net cash (used in)/provided by financing activities		127,954	-
Net increase/(decrease) in cash held		(323,273)	(1,306,479)
Cash at beginning of financial year		412,361	1,714,831
Foreign exchange movement in opening cash balance		(18,125)	-
Cash and cash equivalents at end of financial year	4	70,963	408,352

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of historical financial information

The historical financial information has been prepared in accordance with the recognition and measurement of the Australian equivalents to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

This report should be read in conjunction with any public announcements made by Swala Energy Limited during the entire reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The financial statements are consolidated financial statements up until 26 June 2017, the date of effectuation of the DOCA. At effectuation of the DOCA all assets of the Company including its interests in subsidiary companies was transferred to the Creditors' Trust. The consolidated financial statements comprise the financial statements of Swala Energy Limited and its subsidiaries. Subsidiaries are all those entities over which the Group has both the power and the rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

b) Incomplete records

On 24 June 2016 the Board resolved to place the Company into Voluntary Administration and appointed James Thackray of HQ Advisory as Administrator of the Company.

Following appointment of the administrator, the powers of the Company's officers (including directors) were suspended and the administrator assumed control of the Company's business, property and affairs.

The financial report for the half year ended 30 June 2017 has been prepared by the Directors who were appointed on 27 April 2017. The Directors did not have control of the Company until control was transferred to them on the effectuation of the Deed of Company Arrangement (DOCA) on 26 June 2017.

Prior to 26 June 2017, the current directors did not have oversight or control over the Company's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. Mr Ken Russell was a Non-Executive Chairman and did not have oversight or control over the group's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. Mr Mohammed Ishtiaq is a Non-Executive Director of the Company. The Administrator and former directors have made numerous attempts to contact Mr Ishtiaq and received no response. In addition, as the Administrator was only appointed to Swala Energy Limited the Directors have not been able to source detailed financial records for subsidiary companies. Accordingly the consolidated financial report has been prepared based on limited financial information only which was available to the Directors through the Administrator, or in the case of Swala Oil and Gas (Tanzania) PLC, from public records.

To prepare the financial report, the Directors have reconstructed the financial records of the Group for the period 1 January 2017 to 26 June 2017 using data extracted from the accounting system and information provided by the Administrator. However, there may be information that the current Directors have not been able to obtain, the impact of which may or may not be material on the financial performance for the half year ended 30 June 2017 and the financial position and financial performance for the comparative period.

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017

These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the administration process and/or the change in directorships and key management personnel.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state that this financial report gives a true and fair view of the Company's financial position as at 30 June 2017 and its performance for the period then ended.

It should be noted that the matters referred to above were also relevant for the year ended 31 December 2016 which are presented as comparative figures in this report.

c) Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group's result for the period was a profit of \$515,789 for the half year ended 30 June 2017 (2016: loss \$1,589,577).

The Directors believe it is appropriate to prepare these accounts on a going concern basis owing to the successful completion of the Recapitalisations and as the effectuation of the DOCA has extinguish all liabilities associated with the previous operations of the Company.

The Company will now proceed with the acquisition of Symbol Mining Pty Ltd pursuant to the prospectus dated 5 July 2017 and Supplementary Prospectus dated 29 September 2017 to raise \$4,300,000 up to \$7,600,000 which will enable the Company to be reinstated to trading on ASX (the "Transaction"). The projected use of the funds raised indicates that the Company will have sufficient cash to meet all commitments and working capital requirements for a period of at least 12 months from the signing of this financial report. The Directors are also confident that all necessary regulatory approvals and requirements will be met to enable the Company to complete the Transaction and be re-instated on the ASX. Accordingly, the Directors are satisfied that the going concern basis of preparation is appropriate.

Should the Company not complete the Transaction, there is significant uncertainty whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

No adjustments have been made in relation to the recoverability of assets and classification of liabilities that might be necessary should the Group not continue as a going concern.

d) Basis of Consolidation

The financial statements are consolidated financial statements up until 26 June 2017, the date of effectuation of the DOCA. At effectuation of the DOCA all assets of the Company including its interests in subsidiary companies was transferred to the Creditors' Trust.

The consolidated financial statements comprise the financial statements of Swala Energy Limited and its subsidiaries. Subsidiaries are all those entities over which the Group has both the power and the rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intragroup transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Upon loss of control over a subsidiary the Company:

- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Non-controlling interests in the results and equity of subsidiaries are shown separately in Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position respectively.

As detailed in note 1b) the Administrator appointed on 24 June 2016 was only appointed to Swala Energy Limited the directors have not been able to source detailed financial records for subsidiary companies.

e) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Reference	Title	Summary	Application date	Expected Impact
AASB 15	<i>Revenue from Contracts with Customers</i>	This Standard establishes principles (including disclosure requirements) for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	Financial years beginning on or after 1 January 2018	The company has not yet made an assessment of the impact of this standard

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017

Reference	Title	Summary	Application date	Expected Impact
AASB 16	Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Financial years beginning on or after 1 January 2019	The company has not yet made an assessment of the impact of this standard
AASB 9	<i>Financial Instruments</i>	AASB 9 (December 2014) is a new standard which Replaces AASB 139. This new version supersedes AASB issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.	Financial years beginning on or after 1 January 2018	No expected impact. The company does not have any hedging arrangements in place.

2. SEGMENT INFORMATION

Up until the date of effectuation of the DOCA, the Group operated in one geographical segment for the half year ended 30 June 2017.

Prior to the effectuation of the DOCA, the Group owned interests in the oil and gas exploration industry in Sub-Saharan Africa. There were no activities in relation to this segment during the period. All activities were in relation to the finalisation of the recapitalisation of the Company and acquisition of Symbol Mining. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results in this segment are equivalent to the financial statements of the Group as a whole.

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017**3. OTHER INCOME**

Interest received
Other
Gain on effectuation of the DOCA

30 June 2017	30 June 2016
\$	\$
263	648
-	16
302,224	-
302,487	664

Gain on effectuation of Deed of Company Arrangement

Payment to Creditors' Trust under DOCA
Assets transferred to Creditors' Trust
Liabilities transferred to Creditors' Trust
Expenses associated with DOCA
Gain on effectuation of Deed of Company Arrangement

30 June 2017
\$
(500,000)
(130,780)
1,036,536
(103,532)
302,224

4. CASH AND CASH EQUIVALENTS

Cash at Bank
Petty Cash

30 June 2017	31 December 2016
\$	\$
70,963	409,398
-	2,963
70,963	412,361

Reconciliation of Cash

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

Balance as above
Balances as per Consolidated Statement of Cash Flows

70,963	412,361
70,963	412,361

5. TRADE AND OTHER RECEIVABLES**Current**

Other Debtors
Prepayment

30 June 2017	31 December 2016
\$	\$
150,470	687,627
-	48,357
150,470	735,984

(a) Prepayments

Prepayments as at 31 December 2016 consist of prepaid insurance, prepaid rent and prepaid surface rights.

(b) Other Debtors

As at 31 December 2016, included in other debtors is a receivable of \$93,700 was past due date but not impaired. Other amounts recorded as other debtors include net amounts owing from its Tanzanian and Kenyan joint operation partners.

(c) Risk Exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivable mentioned above.

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017

6. PROPERTY, PLANT AND EQUIPMENT

	30 June 2017	31 December 2016
	\$	\$
Furniture, Fittings and Equipment		
At Cost	-	133,263
Less: Accumulated Depreciation	-	(60,590)
Net book amount	-	72,673
 Total Property, Plant & Equipment	 -	 72,673
 <i>Reconciliation</i>		
Opening net book amount	72,673	79,771
Exchange differences	(3,089)	692
Additions	-	-
Disposals	(69,584)	-
Depreciation charge	-	(7,790)
Closing net book amount	-	72,673

7. TRADE AND OTHER PAYABLES

	30 June 2017	31 December 2016
	\$	\$
Current		
Trade Creditors	173,861	1,013,038
Other Creditors	10,000	203,686
	183,861	1,216,724

The above trade creditors and other creditors are classified as current. The amounts above will be settled within 12 months.

8. OTHER LIABILITIES

	30 June 2017	31 December 2016
	\$	\$
Current		
Annual Leave	-	162,283
Salary and wages payable	-	804,788
	-	967,071

Annual leave amounts payable represent amounts known to be payable within the next 12 months because employees are expected to take their leave due during this year.

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017**9. ISSUED CAPITAL**

	30 June 2017	31 December 2016
	\$	\$
1,375,965 Fully Paid Ordinary Shares (2016: 165,154,565)	28,164,098	28,164,098

	1 Jan 2017 to 30 Jun 2017		1 Jan 2016 to 31 Dec 2016	
	Number of Securities	\$	Number of Securities	\$
Balance at the beginning of the year	165,154,565	28,164,098	160,144,607	27,988,749
Ordinary shares issued 30 March 2016	-	-	5,000,000	175,000
Ordinary shares issued 12 April 2016	-	-	9,958	349
Share consolidation as approved at the Annual General Meeting of shareholders held on 22 June 2017	(163,778,600)	-		
Balance before Share issue costs	1,375,965	28,164,098	165,154,565	28,164,098
Share issue costs	-	-	-	-
Balance at the end of the year	1,375,965	28,164,098	165,154,565	28,164,098

10. OTHER EQUITY

	30 June 2017	31 December 2016
	\$	\$
Convertible note	750,000	-
	750,000	-

On 27 June 2017 the Company entered into a convertible note with Trident Capital Pty Ltd. Under the convertible note Trident advanced \$750,000. There is no interest payable on the convertible note. The convertible note will be repaid through the issue of shares at \$0.02 per share (37,500,000 Shares).

11. RESERVES

	30 June 2017	31 December 2016
	\$	\$
Share based payment reserve ¹	1,457,350	1,457,350
Foreign currency translation reserve ²	-	822,397
Share premium reserve ³	-	2,031,393
	1,457,350	4,311,140

1 The Share-based payments reserve is used to recognise the fair value of Options issued. Options were issued in the year ended 31 December 2013. This reserve can be reclassified as retained earnings if Options lapse and subsequently be declared as a dividend.

2 The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. Amounts are reclassified to the Statement of Profit or Loss and Other Comprehensive Income when the investment is disposed of.

3 The share premium reserve is a result of the decrease to 58.5% in the percentage ownership of SOGTP due to the issue of ordinary shares from the conversion of convertible notes by SOGTP and the IPO undertaken by SOGTP in 2014. The decreased percentage ownership of SOGTP to 58.5% resulted in transactions with non-controlling interests and a movement in the share premium reserve.

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017

12. RELATED PARTY DISCLOSURE

Transactions with Related Parties

Technical services agreement

Swala Energy Limited has entered into technical services agreements ("Technical Services Agreements") with SOGTP. Under the Technical Services Agreement, Swala Energy Limited has agreed to provide technical support to SOGTP, including:

- a) The provision of technical staff and equipment to support:
 - i. bids for new assets;
 - ii. the development and management of the Kilosa-Kilombero Licence and the Pangani Licence (in the case of SOGTP); and
- b) The provision of management, financial and accountancy advice and guidance, including the provision of third-party research services in support of fundraising activities.

In consideration for their service, Swala Energy Limited is entitled to be repaid all costs incurred on behalf of SOGTP in connection with the provision of such technical support. As at 30 June 2017 no such costs have been recognised in the financial statements.

This agreement is no longer in effect following effectuation of the DOCA and the loss of control of SOGTP.

Loan agreements

Swala Energy Limited has entered into a loan agreement with SOGTP whereby the Company has agreed, at the request of SOGTP, to provide advances to SOGTP from time to time. This agreement is no longer in effect following effectuation of the DOCA and the loss of control of SOGTP.

Swala Energy Limited has entered into a loan agreement with Swala Kenya whereby the Company has agreed, at the request of Swala Kenya, to provide advances to Swala Kenya from time to time. This agreement is no longer in effect following effectuation of the DOCA and the loss of control of Swala Kenya.

13. RECONCILIATION OF LOSS AFTER INCOME TAX TO CASHFLOW FROM OPERATING ACTIVITIES

	30 June 2017	30 June 2016
	\$	\$
Profit/(Loss)	144,062	(1,589,577)
Non Cash Items		
Gain on effectuation of DOCA	(302,224)	-
Depreciation	-	7,790
Movement in fair value of financial instruments	-	-
Share based payments	-	175,349
Foreign currency movements	-	(5,792)
Employee leave accrual	-	(76,553)
Changes in Assets & Liabilities		
(Increase)/Decrease in Trade & Other Receivables	(21,591)	200,544
Increase/(Decrease) in Trade & Other Payables	80,329	(18,240)
Net Cash Flow from Operating Activities	(99,424)	(1,306,479)

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017

13. CONTINGENT LIABILITIES

There are no contingent liabilities as at the reporting date.

14. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Company lodged a prospectus on 5 July 2017 in relation to the capital raising, and other security issues, associated with the Acquisition. On 29 September 2017 the Company lodged a Supplementary Prospectus to:

- Extend the period for admission to quotation of the Shares under the Prospectus by 3 months;
- Extend the period for the minimum Subscription to be satisfied by 4 months;

In addition the Supplementary Prospectus was prepared to reflect the following changes to the transaction:

- Completion of the Offer is subject to Shareholders approving resolutions 1 and 2 at the general meeting of Shareholders to be held on or about 6 November 2017
- At completion of the Offer, the US\$1,000,000 in debt owing by Symbol Mining Corporation Pty Ltd (Symbol Mining) to Noble Resources International Pte Ltd (Creditor) will be converted into 31,250,000 Shares at a conversion price of \$0.04 per Share, and the Company will no longer be required to repay this amount in cash;
- Symbol Mining grants to the Creditor a first right of refusal to market 30% of any products extracted from the Projects;
- With additional cash reserves from the conversion of debt payable to the Creditor, the Minimum Subscription is reduced from \$5,600,000 to \$4,300,000;
- Applicants under the Public Offer will receive 3 free attaching Class B Options for every 25 Shares applied for and issued;
- The expiry date for Class B Options is extended from 31 December 2018 to 31 December 2020;
- The number of Class B Options to be issued to Argonaut is reduced from 20,000,000 to 7,100,000; and
- Subject to Shareholder Approval, the Class A Notes will convert into Shares regardless of whether or not completion of the Public Offer occurs.

At the date of signing this financial report, the Company capital raising was still to be finalised.

Other than as disclosed above, there are no other matters subsequent to the end of the half year.

15. COMMITMENTS

There are no identified commitments as at the reporting date.

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017

16. SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(a). At effectuation of the DOCA on 26 June 2017 all assets of the Company including its interests in subsidiary companies was transferred to the Creditors' Trust. The Company's interest in the subsidiary companies listed below was deconsolidated on that date.

Name of Entity	Country of Incorporation	Class of Shares	Equity Holdings	
			30 Jun 2017	31 Dec 2016
Swala Energy Australia Pty Ltd	Australia	Ordinary	-%	100%
	British Virgin Islands			
Swala Energy Limited (BVI)	Islands	Ordinary	-%	100%
Swala Oil & Gas (Tanzania) Plc	Tanzania	Ordinary	-%	58.5%
Swala Energy (Kenya) Limited	Kenya	Ordinary	-%	100%
Swala Energy (Uganda) Limited	Uganda	Ordinary	-%	100%

17. DISPOSAL OF SUBSIDIARIES

(a) Description

Upon effectuation of the DOCA on 26 June 2017 all assets of the Company including its interests in subsidiary companies was transferred to the Creditors' Trust.

(b) Financial performance and cash flow information

	2017 \$	2016 \$
Revenue	-	282,832
Expenses	-	(1,092,082)
Loss before income tax expense	-	(809,250)
Income tax expense	-	(1,021)
Loss after income tax of discontinued operation	-	(810,271)
Gain on disposal of discontinued operations	371,727	-
Profit/(Loss) from discontinued operation	371,727	(810,271)
Net cash outflow from operating activities	-	(682,192)
Net cash outflow from investing activities ¹	(351,803)	-
Net cash outflow from financing activities	-	-
Net cash outflow generated by subsidiaries	(351,803)	(682,192)

¹ Cash held in subsidiaries at time of deconsolidation.

Notes to and Forming Part of the Financial Statements
for the half year ended 30 June 2017

17. DISPOSAL OF SUBSIDIARIES

(b) Details of Subsidiaries

	Swala BVI \$	SOGTP \$	SEA \$	Swala Kenya \$	Swala Uganda \$	Total \$
Carrying amount of net assets disposed	95,882	(80,856)	-	89,916	-	104,942
Loss on disposal before income tax and reclassification reserves	95,882	(80,856)	-	89,916	-	104,942
Loss on transactions with non-controlling interests	-	(2,588,388)	-	-	-	(2,588,388)
Re-classification of foreign currency translation reserve –Unallocated	-	-	-	-	-	823,780
Re-classification of off share premium reserve of subsidiary companies	-	2,031,393	-	-	-	2,031,393
Gain on disposal of subsidiary companies	95,882	(515,173)	-	89,916	-	371,727

The carrying amounts of assets and liabilities as at the date of deconsolidation (26 June 2017) were:

	Swala BVI \$	SOGTP \$	SEA \$	Swala Kenya \$	Swala Uganda \$	Total \$
Cash	-	292,162	-	59,641	-	351,803
Other Debtors and Prepayments	21,219	540,577	-	19,974	-	581,770
Property, plant and equipment	-	38,463	-	21,505	-	59,969
Total assets	21,219	871,202	-	101,121	-	993,542
Trade creditors	-	(786,258)	-	(737)	-	(786,995)
Total liabilities	(117,101)	(790,347)	-	(191,037)	-	(1,098,484)
Net assets	(95,882)	80,856	-	(89,916)	-	(104,942)

Directors' Declaration

In the opinion of the Directors of the Company:

1. As set out in Note 1(b), although the Directors have prepared the financial statements and notes thereto to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) Complying with Australian Accounting Standards and other mandatory professional reporting requirements;
 - (b) Giving a true and fair view of the financial position as at 30 June 2017 and of the performance for the period ended on that date of the consolidated group; and
 - (c) Complying with international Accounting Standards.
2. Subject to the matters highlighted in Note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr Sean McCormick
Non-Executive Director

Dated this 12th day of October 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Swala Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Swala Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence to provide a basis for expressing a conclusion on the half-year financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Swala Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Disclaimer of Conclusion

- (i) On 24 June 2016, Swala Energy Limited (subject to Deed of Company Arrangement ("DOCA")) was placed into Administration. As stated in Note 1(b) of the financial report, the financial report has been prepared by Directors who were appointed on 27 April 2017. The Directors did not have control of the Company until control was transferred to them on the effectuation of the DOCA on the 26 June 2017. The duties and responsibilities of the Directors were suspended from the date the Company entered into Administration. For the period in which the Company was in Administration the Directors did not have oversight or control over the Group's financial reporting systems, including (but not limited to) being able to obtain access to complete accounting records. The Directors have not provided a representation letter on this basis.

As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows. We were unable obtain explanations from management and Directors in relation to our review procedures.

- ii) As disclosed in Note 1 (c) to the financial report, the directors state that the consolidated financial report has been prepared on a going concern basis. In assessing the going concern basis of preparation, the directors have made a number of assumptions including the issuing of a prospectus to raise \$4,300,000 up to \$7,600,000 which will enable the Company to be reinstated to trading on the ASX.

We have been unable to obtain alternative evidence which would provide sufficient appropriate evidence as to whether the Company may be able to raise such capital, and hence remove significant doubt of its ability to continue as a going concern for a period of 12 months from the date of this auditor's review report.

Disclaimer of Conclusion

Due to the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we are unable based on our review, which is not an audit, to obtain sufficient appropriate evidence to provide a basis for a review conclusion. Accordingly, we do not express a conclusion on the half-year financial report.

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 12 October 2017