

ASX RELEASE

(ASX: SWE)

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Lodgement of Prospectus under Section 708A(11) of the Corporations Act

16 December 2014

Swala Energy Limited (ASX: SWE) ("Swala" or "Company") has today lodged with the Australian Securities and Investments Commission (ASIC) a prospectus ("Prospectus") in compliance with section 708A(11) of the Corporations Act 2001 ("Act").

Swala's quoted securities have been voluntarily suspended from trading on the ASX since 26 November 2014 and as a result the Company is unable to lodge a notice pursuant to section 708A(5) of the Act ("Cleansing Notice"). The issue of a Cleansing Notice permits the secondary trading of a company's securities that have been issued without a disclosure document such as a prospectus (for example, shares issued by way of a placement).

The lodgement of this Prospectus therefore allows any securities issued by the Company during the offer period under the Prospectus, where such securities are of the same class as those offered under the Prospectus, to be traded in the absence of a Cleansing Notice.

For further information please contact:

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About Swala Energy Limited: 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 18,800km² 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.

SWALA ENERGY LIMITED

ACN 161 989 546

PROSPECTUS

For the offer of:

- (a) up to 100 Shares in the capital of the Company at a price of A\$0.138 per Share to raise up to \$13.80 (before the costs of the Offer);
- (b) up to 100 Initial Convertible Notes at a face value of US\$1.05 per Initial Convertible Note to raise up to US\$105.00 (before the costs of the Offer); and
- (c) up to 100 Subsequent Convertible Notes at a face value of US\$1.05 per Subsequent Convertible Note to raise up to US\$105.00 (before the costs of the Offer)

This Prospectus has been prepared for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares or Convertible Notes (or the Shares issued on conversion of the Convertible Notes) issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares or Convertible Notes being offered under this Prospectus or any other matter then you should consult your stockbroker, accountant or other professional adviser.

The Shares and Convertible Notes offered pursuant to this Prospectus should be considered speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTICES

TIMETABLE AND IMPORTANT DATES

Lodgement of Prospectus with the ASIC and ASX	16 December 2014
Opening Date of Offer	17 December 2014
Closing Date of Offer	31 March 2015
Expected Date of Official Quotation of Shares	3 April 2015

This timetable is indicative only and subject to change. The Company reserves the right to vary the above dates including the Closing Date, subject to the ASX Listing Rules and Corporations Act, without notice.

IMPORTANT NOTICES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 16 December 2014 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The Expiry Date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Shares or Convertible Notes will be allotted or issued on the basis of this Prospectus after the Expiry Date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applications for Shares or Convertible Notes offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance

with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Overseas shareholders

No action has been taken to permit the offer of Shares or Convertible Notes under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Privacy

If you complete an application for Shares or Convertible Notes, you will be providing personal information to the Company (either directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder or Convertible note holder, facilitate distribution payments and corporate communications to you as a Shareholder or Convertible Note holder and carry administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorized securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. A fee may be charged for access. Access requests must be made in writing to the Company or its share registry.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares or for Convertible Notes then the Company may not be able to accept or process your application.

Risk Factors

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for any Shares or Convertible Notes pursuant to this Prospectus. For further information in relation to the risk factors of the Company, please refer to Section 7 of this Prospectus.

2. CORPORATE DIRECTORY

Directors

Kenneth Russell – Non Executive Chairman
David Mestres Ridge – Managing Director and CEO
Neil Taylor – Executive Director
Peter Grant – Non Executive Director
Ernest Massawe – Non Executive Director
Mohammed Ishtiaq – Non Executive Director

Company Secretary

Adrian Di Carlo

Registered Office

70C Kishorn Road
MOUNT PLEASANT WA 6153

Telephone: (08) 6270 4700
Facsimile: (08) 6314 4675

Share Registry

Link Market Services Limited*
Level 4
Central Park
152 St George's Terrace
PERTH WA 6000

Telephone: 1300 554 474
Facsimile: (02) 9287 0303

Auditors

BDO Audit (WA) Pty Ltd*
38 Station Street
SUBIACO WA 6008

* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

3. DETAILS OF THE OFFER

3.1 Offer

By this Prospectus, the Company invites investors identified by the Directors to apply for:

- up to 100 Shares in the capital of the Company at a price of A\$0.138 per Share to raise up to A\$13.80 (before the costs of the Offer);
- up to 100 Initial Convertible Notes at a face value of US\$1.05 per Initial Convertible Note to raise up to US\$105.00 (before the costs of the Offer); and/or
- up to 100 Subsequent Convertible Notes at a face value of US\$1.05 per Subsequent Convertible Note to raise up to US\$105.00 (before the costs of the Offer).

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus. The Shares issued on any conversion of the Convertible Notes will rank equally with Shares on issue at the date of this Prospectus.

3.2 Objectives

The Company is seeking to raise only a nominal amount of up to A\$13.80 in respect of Shares and up to US\$210.00 in respect of Convertible Notes under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to the Shares, including any Shares issued on the conversion of the Convertible Notes, issued by the Company prior to the Closing Date.

The Company's securities have been suspended from trading on the ASX for more than 5 days during the 12 months preceding the date of this Prospectus and the Company is thereby precluded from relying on a cleansing notice under section 708A(5) of the Corporations Act to remove any such trading restrictions which would otherwise apply in respect of any Shares, including any Shares issued on the conversion of the Convertible Notes, issued by the Company prior to the Closing Date.

Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body;
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the

sale offer is made; or

- (ii) a prospectus is lodged with ASIC before the day of which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

Pursuant to ASIC Class Order [CO00/195], ASIC has granted relief from compliance with the general prospectus disclosure requirements contained with section 710 of the Corporations Act in relation to an offer of convertible notes, on the conversion of which the holder will be issued with continuously quoted securities, where the prospectus for the offer:

- is issued in compliance with section 713 of the Corporations Act in relation to the underlying continuously quoted securities; and
- sets out the matters mentioned in subsection 713(2) of the Corporations Act in relation to the convertible securities.

The Company is availing itself of the relief granted under the above Class Order.

3.3 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be 17 December 2014 at 9:00am WST and the Closing Date will be 31 March 2015 at 5:00pm WST. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

3.4 Application for Shares

Applications for Shares must be made by investors at the direction of the Company and must be made using the relevant Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of A\$0.138 per Share.

3.5 Application for Convertible Notes

Applications for Convertible Notes must be made by investors at the direction of the Company and must be made using the relevant Application Form accompanying this Prospectus.

Payment for the Convertible Notes must be made in full at the issue price of US\$1.05 per Convertible Note.

3.6 Payment

Completed Application Forms and accompanying cheques must be mailed or

delivered by hand or by mail to:

Swala Energy Limited
70C Kishorn Road
MOUNT PLEASANT WA 6153

Cheques should be made payable to "**Swala Energy Limited**" and crossed "**Not Negotiable**". Completed Application Forms must reach the address set out above by no later than the Closing Date.

3.7 Minimum Subscription

There is no minimum subscription for the Offer.

3.8 Allotment of Shares and Issue of Convertible Notes

Allotment of Shares and issue of Convertible Notes will take place as soon as practicable after the Closing Date. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective as to whether allotment or issue takes place and each applicant waives the right to claim any interest.

The Directors will determine the allottees of all the Shares and the persons to whom Convertible Notes are issued. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares and or Convertible Notes than the number applied for.

Where the number of Shares allotted or the number of Convertible Notes issued is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the Closing Date. Where no allotment or issue is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

3.9 Underwriter

The Offer is not underwritten.

3.10 ASX Quotation

Application to ASX for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASX), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

No application will be made to ASX for Official Quotation of any Convertible Notes issued under this Prospectus. Application for Official Quotation of the Shares issued upon conversion of any Convertible Notes will be made within 3 days after the date of the issue of such Shares.

3.11 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share certificates in respect of Shares issued pursuant to this Prospectus. The Company is a participant in CHESS for those investors who have a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with separate statements (similar to a bank account statement) that set out the number of Shares and Convertible Notes allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.12 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Mr Adrian Di Carlo on (08) 6270 4700.

4. UPDATE ON FUNDRAISING ACTIVITIES AND PURPOSE AND EFFECT OF THE OFFER

4.1 Update on Fundraising Activities

The Company intends to raise from sophisticated, institutional or otherwise exempt investors up to US\$750,000 by way of the issue of Initial Convertible Notes; up to US\$1,500,000 by way of the issue of Subsequent Convertible Notes and up to A\$1,000,000 by the way of the issue of Shares (collectively the **Capital Raising**). The Company intends to issue the Initial Convertible Notes, the Subsequent Convertible Notes and the Shares the subject of the Capital Raising before the Closing Date of the Offer under this Prospectus.

4.2 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to the Shares and Convertible Notes, including any Shares issued on the conversion of the Convertible Notes, issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

The exact number of Shares to be issued on conversion of each Convertible Note will be calculated in accordance with the terms of issue of the Initial Convertible Notes and the Subsequent Convertible Notes (refer Annexure A and Annexure B).

The effect of the Offer on the capital structure of the Company is set out below.

Shares

	Maximum Subscription (Number)
Shares currently on issue	153,758,698
Shares offered pursuant to the Offer	100
Total Shares on issue after the Closing Date	153,758,798

Convertible Notes

	Number
Convertible Notes currently on issue	Nil
Initial Convertible Notes offered pursuant to the Offer	100
Subsequent Convertible Notes offered pursuant to the Offer	100

Maximum number of Shares to be issued on conversion of Convertible Notes	1,837
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Notes:

1. Assumes Offer is fully subscribed.
2. Assumes no existing convertible securities are converted or additional securities issued.
3. Assumes conversion of 1 Convertible Note results in issue of 9 Shares based upon an Exchange Rate of US\$1 to A\$0.83, with rounding down applied to the nearest whole number.

4.3 Financial effect

After expenses of the Offer of approximately \$15,000, there will be no proceeds from the Offer. The expenses of the Offer (exceeding A\$13.80 and US\$210.00) will be met from the Company's existing cash reserves.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of persons (if any) entitled to shares with special rights to dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend. The

Directors may authorise the payment or crediting by the Company to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, Shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(f) **Variation of rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorized by a special resolution passed at a separate meeting of the holders of the shares of that class.

6. RIGHTS AND LIABILITIES ATTACHING TO CONVERTIBLE NOTES

The terms and conditions upon which the Convertible Notes will be issued are summarized in Annexure A for the Initial Convertible Notes and Annexure B for the Subsequent Convertible Notes.

The Convertible Notes will not be quoted on the ASX. However, the Company will make application to the ASX for quotation of all Shares issued on the conversion of the Convertible Notes to Shares within three (3) Business Days of the date of the relevant issue. Shares issued upon conversion of the Convertible Notes will rank equally with the existing class of Shares (ASX Code: SWE) in all respects.

The fact that ASX may grant official quotation of the Shares upon conversion of the Convertible Notes is not to be taken in any way as an indication of the merits of the Company or the securities being issued under this Offer.

7. RISK FACTORS

7.1 General

The Shares and Convertible Notes offered under this Prospectus should be considered speculative.

The business activities of the Company are subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which Shares will trade.

A number of material risk factors are set out below. This list is not exhaustive and potential Applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares or Convertible Notes.

7.2 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration and development activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

7.3 Future funding requirements

The Company will require additional funding in the future in order to develop its business, including the exploration and development of the Company's oil and gas interests. In addition, it is highly likely that the Company will also need to undertake an additional capital raising to raise additional funds to meet the administration and working capital costs in the medium to long term.

Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

Further, there can be no assurance that any such equity or debt funding will be available for the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, there is significant uncertainty as to whether the Company can continue as a going concern. Accordingly, the Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

The Company may also consider full or partial divestment of some assets to fund its activities. This may include farmout of exploration areas, for cash and/or payment by another party of the Company's work obligations; or sale of an asset and reinvestment of funds received in other activities.

7.4 Sovereign risks

The Company's exploration activities are to be conducted in onshore areas in Tanzania, Kenya and Zambia, all which are developing countries. Due to the location of the exploration assets, the Company will be exposed to the political, security and social risks of each of these countries.

There can be no assurance that the current systems of government in any country will remain stable and conducive to foreign investment. Any changes in government policy may result in changes in laws affecting various factors including the ownership of exploration assets, taxation regime, environmental protection, labour relations, and repatriation of income, amount of royalty and return of capital. A change in these factors may in turn affect the Company's ability to undertake exploration and development activities in the manner currently contemplated.

7.5 International Operations

International sales and operations are subject to a number of risks, including:

- (a) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- (b) potential difficulties in protecting intellectual property;
- (c) increases in costs for transportation and shipping; and
- (d) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

7.6 Exploration Risk

Exploration is a high risk, speculative activity that requires a large amount of

expenditure over extended periods of time. There is no guarantee that exploration will result in commercial discoveries. The Company's exploration activities would be subject to all the hazards and risks normally encountered in the exploration for oil and gas in addition to the risks associated with operating in remote areas with little infrastructure and basic services such as electricity, roads and port facilities.

Technical conclusions during exploration, appraisal and production are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geophysical, drilling and other data. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to activities planned with respect to the Company's projects, which may, in turn, adversely affect the Company's operations.

Should the Company enter into the development phase it again will need to obtain the necessary government approvals in addition to having access to the necessary infrastructure and resources: for example, access to water and power, the ability to transport the petroleum products from the development site to a processing plant, pipeline or refinery. Profitability will depend on the construction of efficient processing facilities, competent operation and financial management and access to market for the petroleum products.

7.7 Drilling and operating risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (d) mechanical failure of operating plant and equipment;
- (e) industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (h) inability to obtain necessary consents or approvals.

Fire, explosions, blow-outs, pipe failure, well collapse, abnormally pressure formations and environmental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gases, could cause the Company substantial loss due to the cost of personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties and suspension of operations.

Any of these events might also give rise to claims against the Company.

7.8 Oil and gas price fluctuations

The price for oil and gas will depend on available markets at acceptable prices and transmission, distribution and other costs. Any substantial decline in the prices of oil and gas could have a material adverse effect on the Company.

7.9 Counterparty risk

As part of the Company's commercial activities, the Company is currently a party to several joint venture arrangements, and may in the future become a party to additional joint venture arrangements and other various contracts with third parties for the supply of products and services, sales contracts and financial instruments, amongst other things. An inability of counterparties to meet their commitments under such contracts may have an impact on the Company's financial position.

7.10 Title risk

The permits in which the Company will, or may, in the future, acquire an interest, are subject to the applicable local laws and regulations. There is no guarantee that any permit, applications or conversions in which the Company has a current or potential interest will be granted.

Permits (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the permits liable to forfeiture.

All of the projects in which the Company has an interest will be subject to application for permit renewal from time to time. Renewal of the term of each permit is subject to applicable legislation. If the permit is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

7.11 Ability to exploit success

Any successful exploitation of discoveries would require obtaining the necessary production permit and the relevant government approvals as required by the relevant Government of operation. The required approvals may be issued at the discretion of the relevant authorities and might be issued subject to conditions or preconditions which are unfavourable to the Company.

7.12 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration and development activities, as well as on its ability to fund those activities.

7.13 Security Investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while oil and gas operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

7.14 Legislative changes, Government policy and approvals

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the relevant legislation may impact on the Company's actual financial statements. The Company's capacity to explore and exploit any oil and/or gas discoveries may be affected by changes in government policy, which are beyond the control of the Company.

7.15 Reliance on Key Personnel and Employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management and technical, personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors.

7.16 Foreign Exchange

A proportion of the Company's revenues, cash inflows, other expenses, capital expenditure and commitments may be denominated in foreign currencies. To comply with Australian reporting requirements the income, expenditure and cash flows of the Company will need to be accounted for in Australian dollars. This will result in the income, expenditure and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian dollar, as determined in international markets.

7.17 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Shareholders should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares or Convertible Notes pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company

with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2013 audited financial statements on 31 March 2014:

Date	Description of Announcement
2-Apr-14	Corporate Presentation
4-Apr-14	Appendix 3B – Release from Escrow
23-Apr-14	Commencement of 2D Seismic Acquisition Programme in Kenya
24-Apr-14	Notice of Annual General Meeting and Proxy Form
24-Apr-14	Annual Report to Shareholders
29-Apr-14	Swala Awards Tanzanian Seismic Survey Contract
30-Apr-14	Appendix 5B – March 2014 Quarter
30-Apr-14	Quarterly Activities Report
01-May-14	Change in Director's Interest Notice
12-May-14	Swala offered Block 44 in the Republic of Zambia
20-May-14	Invitation to Shareholder Presentations
20-May-14	Broker Presentation May 2014
22-May-14	Revised Appendix 3X
27-May-14	CMSA Approval of Swala Oil and Gas (Tanzania) Plc Prospectus
28-May-14	Chairman's AGM Address
28-May-14	CEO's AGM Presentation

28-May-14	Results of Annual General Meeting
02-June-14	Shareholder Presentations
18-June-14	Change in Director's Interest Notice
19-June-14	Trading Halt
19-June-14	Trading Halt Request
23-June-14	Completion of the Farm-out of Block 12B in Kenya
26-June-14	Change of Share Registry Address
30-June-14	Positive Results Block 12B Seismic Programme in Kenya
17-July-14	Trading Halt
17-July-14	Trading Halt Request
21-July-14	Swala Commits to Drill in Block 12B in Kenya
23-July-14	Update – Swala Tanzania Initial Public Offer (IPO)
31-July-14	Appendix 5B – June 2014 Quarter
31-July-14	Quarterly Activities Report
11-Aug-14	Board Changes – Non-Executive Director
11-Aug-14	Final Director's Interest Notice
11-Aug-14	Initial Director's Interest Notice
12-Aug-14	Swala Tanzania lists on the Dar es Salaam Stock Exchange
25-Aug-14	Commencement 2014 Seismic Acquisition Survey in Tanzania
26-Aug-14	Change in Director's Interest Notice
09-Sept-14	Good Oil Conference Presentation
11-Sept-14	30 June 2014 Half Year Report
17-Sept-14	Swala Awarded Block 44 in the Republic of Zambia
25-Sept-14	Trading Halt
29-Sept-14	Reference of Dispute to Arbitration – Block 12B, Kenya
02-Oct-14	Successful Completion Seismic Acquisition Survey Moshi Basin
09-Oct-14	Drill Target Selected in Block 12B, Kenya

15-Oct-14	Share Purchase Plan
21-Oct-14	Corporate Update – Positioning to Drill
21-Oct-14	Notice under Section 708A(5)(e) of the Corporations Act 2001
21-Oct-14	Share Purchase Plan Offer Documentation
29-Oct-14	Kilombero Seismic Showing Evidence of Multiple Structures
31-Oct-14	Appendix 5B – September 2014 Quarterly Report
31-Oct-14	Quarterly Activities Report
10-Nov-14	Update – Re-assignment of Interest in Block 12B, Kenya
10-Nov-14	Share Purchase Plan – Extension of Closing Date
21-Nov-14	Share Purchase Plan Withdrawn
24-Nov-14	Trading Halt
26-Nov-14	Suspension
28-Nov-14	Suspension Extension
02-Dec-14	Voluntary Suspension Update

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

8.2 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and which is required to be set out in this Prospectus.

8.3 Determination by ASIC

The ASIC has not made any determination which would prevent the Company from relying on Section 713 of the Corporations Act in issuing the Shares and/or Convertible Notes under this Prospectus.

8.4 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or

(c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer.

Directors' relevant interests in securities of the Company at the date of this Prospectus and remuneration information for the last financial year is set out below:

Name	Securities	Total Remuneration (A\$) 2013
Kenneth Russell	162,047 Ordinary Shares 27,008 Class A Performance Shares 13,504 Class B Performance Shares 2,000,000 Options	354,000
David Mestres Ridge	19,937,255 Ordinary Shares 3,294,542 Class A Performance Shares 1,647,271 Class B Performance Shares	321,131
Neil Taylor	20,981,744 Ordinary Shares 3,480,290 Class A Performance Shares 1,740,145 Class B Performance Shares	324,676
Peter Grant	Nil	35,000
Ernest Massawe **	5,798,347 Ordinary Shares 360,104 Class A Performance Shares 180,052 Class A Performance Shares	75,870
Mohammed Ishtiaq	150,000 Ordinary Shares	Nil

* The Company was registered on 17 January 2013 so no remuneration was paid prior to that date.

** Interests in Swala Oil and Gas (Tanzania) Plc (“SOGTP”): Erncon Holdings Limited, a company of which Ernest Massawe is a director, and Ernest Massawe, individually, holds a relevant interest of 8.86% in SOGTP.

The remuneration of the Directors for the 2014 financial year to 30 November 2014 is set out in the table below:

Name	Total Remuneration (A\$) 2014
Kenneth Russell	110,000
David Mestres Ridge	295,737
Neil Taylor	295,737
Peter Grant	55,057
Ernest Massawe	55,000
Mohammed Ishtiaq	Nil

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The maximum aggregate remuneration for non-executive Directors has been set at \$500,000.

Directors and companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

8.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or

- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer.

Richard O'Shannassy & Co Pty Ltd has acted as solicitors to the Company in respect of this Prospectus. Richard O'Shannassy & Co Pty Ltd will be paid approximately \$7,500.00 (excluding GST and disbursements) for services in relation to this Prospectus.

8.6 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Richard O'Shannassy & Co Pty Ltd has given its written consent to being named in this Prospectus. Richard O'Shannassy & Co Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC. Richard O'Shannassy & Co Pty Ltd has not authorised or caused the issue of this Prospectus or the making of the Offer. Richard O'Shannassy & Co Pty Ltd makes no representation regarding, and to the extent permitted by law excludes and responsibility for, any statements in or omissions from any part of this Prospectus.

8.7 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.8 Estimated Expenses of Offer

The total expenses of the issue are estimated to be approximately \$15,000 comprising legal costs, printing and other administrative expenses, including ASIC fees.

8.9 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were (in Australian dollars):

Highest: 23.0 cents per Share on 30 September 2014

Lowest: 14.5 cents per Share on 16 October 2014

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 15.5 cents prior to the Company's Shares being placed in a trading halt on 24 November 2014.

8.10 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC and the publication of notices referring to an electronic prospectus or electronic application form subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on (08) 6270 4700 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

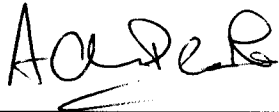
The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Dated: *16 December 2014*.



Mr Adrian Di Carlo
Company Secretary
By order of the Board of
Swala Energy Limited

10. DEFINITIONS

A\$ means Australian dollars.

Applicant means an investor who applies for Shares pursuant to the Offer.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rules means the Listing Rules of the ASX.

Board means the board of Directors, unless the context indicates otherwise.

Business Day means a day on which trading takes place on the securities exchange of ASX.

Closing Date means the date specified in Section 1 (unless extended or closed earlier).

Company means Swala Energy Limited (ACN 161 989 546).

Constitution means the constitution of the Company as at the date of this Prospectus.

Conversion Date means the date that a holder of Convertible Notes provides a Conversion Notice to the Company.

Conversion Notice means a written notice to the Company from a holder of Convertible Notes in the form of Annexure C.

Conversion Shares means Shares issued upon conversion of Convertible Notes.

Convertible Notes means Initial Convertible Notes and/or Subsequent Convertible Notes, as the case may require.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Exchange Rate means, with respect to the exchange of an amount in one currency (the “original currency”) to another currency (the “other currency”), the exchange rate published by the Reserve Bank of Australia on the relevant date for the purchase of such original currency with such other currency.

Floor Price means the amount which is 25% from the lowest VWAP for the Shares in the five Trading Days prior to the relevant Convertible Note issuance.

Initial Convertible Note or Initial Convertible Notes means a new unsecured redeemable convertible note or convertible notes proposed to be issued pursuant to this Offer on the terms and conditions specified in Annexure A and elsewhere in the Offer.

Initial Fixed Price means A\$0.162.

Offer means the offer of Shares and Convertible Notes referred to in the "Details of the Offer" section of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Subsequent Convertible Note or Subsequent Convertible Notes means a new unsecured redeemable convertible note or convertible notes proposed to be issued pursuant to this Offer on the terms and conditions specified in Annexure B and elsewhere in the Offer.

Trading Day has the meaning given to that term in Chapter 19 of the ASX Listing Rules.

US\$ means United States of America dollars.

VWAP means volume weighted average price of Shares as quoted on the ASX.

WST means Western Standard Time as observed in Perth, Western Australia.

Annexure A

Terms of Initial Convertible Notes

The following is a summary of the terms and conditions of the Convertible Notes to be issued pursuant to this Prospectus.

Security Type:	Convertible Notes.
Number:	Up to 100.
Convertible Note type:	Unsecured, unlisted and non-interest bearing.
Face Value:	US\$1.05 per Initial Convertible Note.
Maturity Date:	Redemption of unconverted Convertible Notes into Shares will occur on the date which is 12 months from their issue date as if the holder had served a Conversion Notice with respect to those Convertible Notes.
Voting rights:	Except as required by the Corporations Act, holders will not have any right to vote at general meetings of the Company in respect of the Initial Convertible Notes.
Conversion to Shares:	Holder may issue a Conversion Notice at any time from the date of issue until the maturity date and the Company must convert the Convertible Notes specified in the Conversion Notice in accordance with the following formula:

$$A = (N \times V) / CP$$

Where:

- A** means the number of Conversion Shares;
- N** means the number of Initial Convertible Notes specified in the Conversion Notice;
- V** means the Face Value of each of the Issued Convertible Notes specified in the Conversion Notice, converted from US\$ into A\$ based on the Exchange Rate applicable on the Business Day immediately preceding the day the relevant Conversion Notice is given; and
- CP** means the conversion price (**Conversion Price**) a 15% discount to the Initial Fixed Price.

Early Repayment:	The Company has the option to repay the Early Repayment Amount in relation to any Initial Convertible Notes at any time from their date of issue until their maturity date. The Early Repayment Amount means 120% of the Face Value of the Initial Convertible Notes, payable either:
------------------	--

- (a) in cash; or
- (b) in Shares according to the following formula:

$$A = (N \times V) / CP$$

Where:

- A** means the number of Shares;
- N** means the number of Initial Convertible Notes subject to early repayment;
- V** means 120% of the Face Value of each of the Initial Convertible Notes specified in the Conversion Notice, converted from US\$ into A\$ based on the Exchange Rate applicable on the Business Day immediately preceding the date of early repayment; and
- CP** means the VWAP over the 5 Trading Day period on which trading in Shares occurred on ASX immediately prior to the date of the early repayment.

Other terms:

If the price of Shares on ASX trades below the Initial Fixed Price or a Floor Price for 5 consecutive Trading Days, the Company has the option to repay the Holder the Early Repayment Amount within 30 days from that date (**Relevant Period**). During the Relevant Period, the holder of the Initial Convertible Notes may still elect to convert to Shares. If the Early Repayment Amount is not repaid within the Relevant Period, the holder has the right to convert any or all Initial Convertible Notes and for the purposes of such conversion the definition of “CP” in respect of the conversion formula has the following meaning:

CP means the conversion price (Conversion Price) a 15% discount to the lowest daily VWAP over a 5 Trading Day period on which trading in Shares occurred on ASX immediately prior to the Conversion Date.

Annexure B

Terms of Subsequent Convertible Notes

The following is a summary of the terms and conditions of the Convertible Notes to be issued pursuant to this Prospectus.

Security Type:	Convertible Notes.
Number:	Up to 100.
Convertible Note type:	Unsecured, unlisted and non-interest bearing.
Face Value:	US\$1.05 per Subsequent Convertible Note.
Maturity Date:	Redemption of unconverted Convertible Notes into Shares will occur on the date which is 12 months from their issue date as if the holder had served a Conversion Notice with respect to those Convertible Notes.
Voting rights:	Except as required by the Corporations Act, holders will not have any right to vote at general meetings of the Company in respect of the Subsequent Convertible Notes.
Conversion to Shares:	<p>Holder may issue a Conversion Notice at any time from the date of issue until the maturity date and the Company must convert the Convertible Notes specified in the Conversion Notice in accordance with the following formula:</p> $A = (N \times V) / CP$ <p>Where:</p> <p>A means the number of Conversion Shares;</p> <p>N means the number of Subsequent Convertible Notes specified in the Conversion Notice;</p> <p>V means the Face Value of each of the Subsequent Convertible Notes specified in the Conversion Notice, converted from US\$ into A\$ based on the Exchange Rate applicable on the Business Day immediately preceding the day the relevant Conversion Notice is given; and</p> <p>CP means the conversion price (Conversion Price) equal to a 15% discount to the lowest daily VWAP over the 5 Trading Day period on which trading in Shares occurred on ASX immediately prior to the Conversion Date.</p>
Early Repayment:	The Company has the option to repay the Early Repayment Amount in relation to any Subsequent Convertible Notes at any time from their date of issue until their maturity date. The

Early Repayment Amount means 120% of the Face Value of the Subsequent Convertible Notes, payable either:

- (a) in cash; or
- (b) in Shares according to the following formula:

$$A = (N \times V) / CP$$

Where:

- A** means the number of Shares;
- N** means the number of Subsequent Convertible Notes subject to early repayment;
- V** means 120% of the Face Value of each of the Subsequent Convertible Notes specified in the Conversion Notice, converted from US\$ into A\$ based on the Exchange Rate applicable on the Business Day immediately preceding the date of early repayment; and
- CP** means the VWAP over the 5 Trading Day period on which trading in Shares occurred on ASX immediately prior to the date of the early repayment.

Other terms:

If the price of Shares on ASX trades below the Initial Fixed Price or a Floor Price for 5 consecutive Trading Days, the Company has the option to repay the Holder the Early Repayment Amount within 30 days from that date (**Relevant Period**). During the Relevant Period, the holder of the Subsequent Convertible Notes may still elect to convert to Shares. If the Early Repayment Amount is not repaid within the Relevant Period, the holder has the right to convert any or all Subsequent Convertible Notes and for the purposes of such conversion the definition of “CP” in respect of the conversion formula has the following meaning:

CP means the conversion price (Conversion Price) a 15% discount to the lowest daily VWAP over a 5 Trading Day period on which trading in Shares occurred on ASX immediately prior to the Conversion Date.

Annexure C

**SWALA ENERGY LIMITED
ACN 161 981 546**

**Convertible Note
Conversion Notice**

To: The Directors
Swala Energy Limited ("the Company')

Date:

I/We
of

being registered as the holder of the Convertible Notes give notice that I/we wish to convert [.....]
Convertible Notes the subject of the attached Note Certificate in accordance with the terms of their
issue.

I/We agree to accept the Shares to be issued on conversion of the Convertible Notes subject to the terms
of the Constitution of the Company.

Attached is the Note Certificate representing the Convertible Note(s).

I/We request that the Company issue to me/us and in my/our name a new Convertible Note Certificate
in respect of any part of the Convertible Notes remaining unconverted.

Terms used in this notice have the same meanings as in the Prospectus dated [.....].

Signed by)
on behalf of (*))
.....)

In the presence of:

Signature of witness: _____

Full name of witness: _____

Address of witness: _____

Occupation of witness: _____

OR

Executed by)
.....)
ACN)
in accordance with the Corporations Act:)

Director

Director/Secretary

(Print full name)

(Print full name)

Application For Shares

**SWALA ENERGY LIMITED
ACN 161 989 546**

**APPLICATION FORM IN RELATION TO A PROSPECTUS ISSUED BY
SWALA ENERGY LIMITED DATED 15 DECEMBER 2014**

To meet the requirements of the Corporations Act, this form must not be handed in unless it is attached to or accompanies the Prospectus.

The Applicant named below hereby:

- (a) accepts the offer of (insert) Shares in accordance with the terms of the Prospectus; and
- (b) agrees to be bound by the terms and conditions of the constitution of Swala Energy Limited.

Executed this _____ day of _____ 20

By:

Individual

Name of Applicant: _____

Address of Applicant: _____

Signed by the Applicant: _____

In the presence of:

Signature of witness: _____

Full name of witness: _____

Address of witness: _____

Occupation of witness: _____

Company

Name of Applicant: _____

Address of Applicant: _____

Executed by _____)
.....)
ACN)
in accordance with the Corporations Act:)

Director

Director/Secretary

(Print full name)

(Print full name)

Application For Initial Convertible Notes

**SWALA ENERGY LIMITED
ACN 161 989 546**

**APPLICATION FORM IN RELATION TO A PROSPECTUS ISSUED BY
SWALA ENERGY LIMITED DATED 15 DECEMBER 2014**

To meet the requirements of the Corporations Act, this form must not be handed in unless it is attached to or accompanies the Prospectus.

The Applicant named below hereby:

- (a) accepts the offer of (insert) Initial Convertible Notes in accordance with the terms of the Prospectus and the terms of the Initial Convertible Notes; and
- (b) agrees to be bound by the terms and conditions of the constitution of Swala Energy Limited.

Executed this _____ day of _____ 20

By:

Individual

Name of Applicant: _____

Address of Applicant: _____

Signed by the Applicant: _____

In the presence of:

Signature of witness: _____

Full name of witness: _____

Address of witness: _____

Occupation of witness: _____

Company

Name of Applicant: _____

Address of Applicant: _____

Executed by _____)
.....)
ACN)
in accordance with the Corporations Act: _____)

Director

Director/Secretary

(Print full name)

(Print full name)

Application For Subsequent Convertible Notes

**SWALA ENERGY LIMITED
ACN 161 989 546**

APPLICATION FORM IN RELATION TO A PROSPECTUS ISSUED BY SWALA ENERGY LIMITED DATED 15 DECEMBER 2014

To meet the requirements of the Corporations Act, this form must not be handed in unless it is attached to or accompanies the Prospectus.

The Applicant named below hereby:

- (a) accepts the offer of (insert) Subsequent Convertible Notes in accordance with the terms of the Prospectus and the terms of the Subsequent Convertible Notes; and
- (b) agrees to be bound by the terms and conditions of the constitution of Swala Energy Limited.

Executed this _____ day of _____ 20

By:

Individual

Name of Applicant: _____

Address of Applicant: _____

Signed by the Applicant: _____

In the presence of:

Signature of witness: _____

Full name of witness: _____

Address of witness: _____

Occupation of witness: _____

Company

Name of Applicant: _____

Address of Applicant: _____

Executed by _____)
.....)
ACN)
in accordance with the Corporations Act: _____)

Director

Director/Secretary

(Print full name)

(Print full name)