

ASX RELEASE

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Appointment of FirstEnergy Capital

20 January 2015

Swala Energy Limited ("Swala" or the "Company") is pleased to announce that it has appointed London based FirstEnergy Capital LLP ("FirstEnergy") as financial adviser to the Company. As previously announced by the Company on 2 December 2014, Swala received interest from a third party to review the Company's assets available for farm-down. Since this time, additional levels of interest have been received by the Company in relation to the partial or complete farm-down of its assets in the East African Rift System.

Accordingly, Swala's board of directors has appointed FirstEnergy to manage a process with a view of reviewing the Company's options to maximise the long-term value of the Company's portfolio, including a potential merger or sale of the Company. The Company expects this review to be concluded in the coming months, and advises shareholders that the expressions of interest received to date are highly preliminary, and as such, there is no certainty that any offer will be made, or sale concluded, nor as to the terms of any offer or sale.

Dr. David Mestres Ridge (Swala CEO) said: "The completion of our seismic survey programmes in December 2014 and the clear indication from them of a large number of significant leads and prospects within our licences make this an opportune time to review the Company's options to maximise value from its portfolio ahead of the Company's planned 2015 drilling campaign.

We are very happy to be assisted in this process by FirstEnergy. Their expertise in providing advisory services to the oil and gas industry is recognised internationally as illustrated by their involvement with transactions totalling in excess of US\$50 billion around the world."

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.