



SWALA ENERGY LIMITED
ACN 161 989 546

ASX Release (ASX: SWE)

14 June 2013

ADDITIONAL OIL EXPLORATION LICENCE IN THE EAST AFRICAN RIFT SYSTEM

Swala Energy Limited (**ASX:SWE**) ("Swala"), the oil and gas explorer with assets along the East African Rift System, is pleased to announce that it has been invited into exclusive negotiations with the Tanzanian Petroleum Development Corporation (**TPDC**) for the award of a 32.5% interest in the Eyasi licence, onshore Northern Tanzania. If the interest in the Eyasi licence is awarded then Swala will become the operator of the license.

Reviews of vintage gravity and magnetic data, together with surface geology investigations undertaken by Swala suggest that the Eyasi licence area may contain 4 separate basins with potential sediment thicknesses of around 3,000m (Figure 2). Each of these basins has an area of approximately 2,000 km², and has the potential to provide the source materials for hydrocarbon generation.

Swala believes the Eyasi licence to be a highly prospective area located on the southern extreme of the eastern branch of the East African Rift System (EARS) (Figure 1). The western branch of the EARS has already proven to be a major oil province with around 2 billion barrels of discovered oil in Lake Albert in Uganda. More recently the eastern branch has seen a number of oil discoveries announced in northern Kenya in the Lokichar basin where Tullow Oil (TLW: LSE) and Africa Oil (TSX.V:AOI) have recently been so successful with the Twiga South-1 and Ngamia-1 wells. These wells have now proven that prospective hydrocarbon basins lie within the eastern branch of the EARS. The Lokichar basin is around half the size of each of Swala's four separate basins in Eyasi.

With the award of this licence, Swala continues to develop its significant regional presence and now has some 21,000 km² under licence along the EARS.

Dr. David Mestres Ridge, Swala's CEO said *"We are delighted to have been invited to undertake exclusive negotiations to secure the Eyasi licence. Swala has been working diligently to obtain this highly sought-after licence area. We regard this as proof that Swala's technical and operational capabilities are seen as credible by both established companies and national regulators, and provides further validation of our early decision to expand in East and Central Africa."*

Swala Energy Limited

70C Kishorn Road, Mount Pleasant, WA 6153, Perth, Australia

Telephone: + 61 (0)8 6270 4700

Fax: + 61 (0)8 6314 4675

www.swala-energy.com

For personal use only

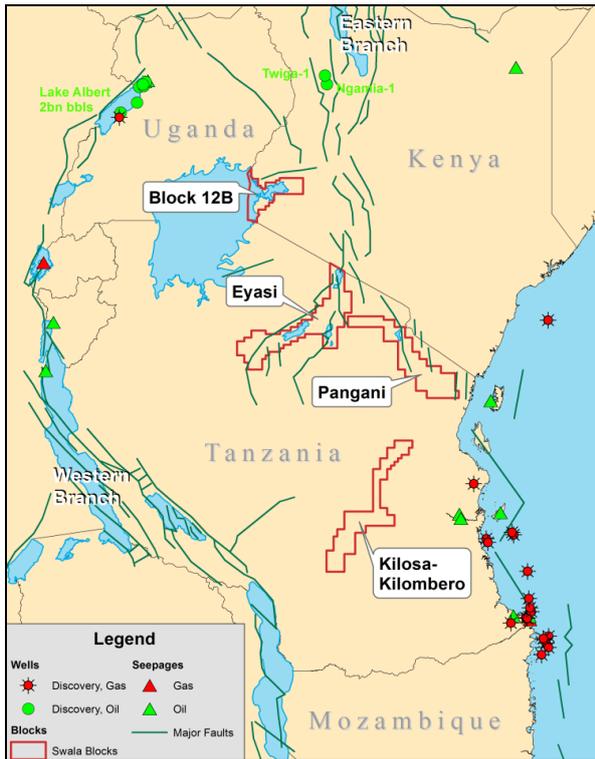


Figure 1: Swala Presence in the East African Rift System

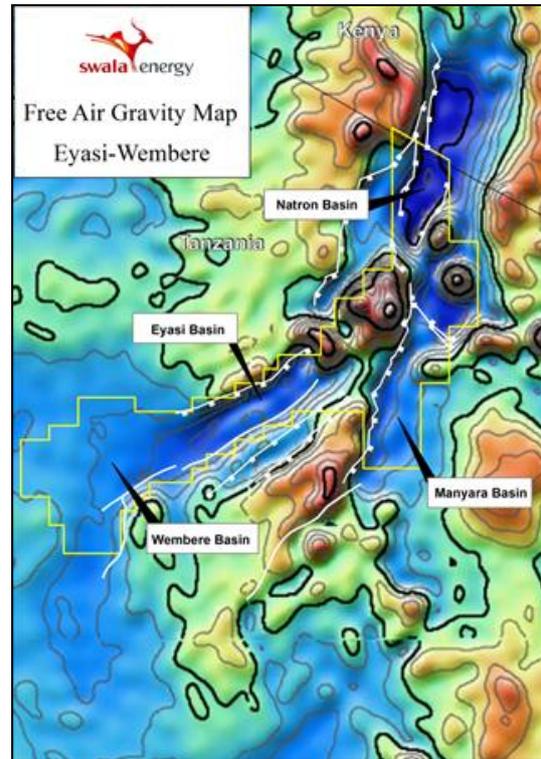


Figure 2: Free-Air Gravity Map over Eyasi-Wembere Basin

For further information please contact:

Swala Energy Limited
 David Mestres Ridge (CEO)
 T: +61 8 6270 4700
david.mestres@swala-energy.com
www.swala-energy.com

Walbrook Investor Relations
 Ben Knowles
 T: +61 8 6139 2280
 M: +61 426 277 760
Ben.knowles@walbrookir.com.au

Note: In accordance with ASX Listing Rules, any geological or hydrocarbon reserves information in this release has been reviewed by Swala's Exploration Director, Mr Neil Taylor who has over 30 years experience in the sector. He consents to that information in the form and context in which it appears.

About Swala:

Swala Energy is an Australian oil and gas company with assets in Kenya and Tanzania. Swala's holdings are in the world-class East African Rift System with a total net land package in excess of 15,000km². New discoveries have been announced in a number of licences along this trend, including Ngamia and Twiga, which extend the multi-billion barrel Albert Graben play so successfully developed by Tullow Oil plc into the eastern arm of the rift. Swala has an active operational and business development programme to continue to grow its presence in the hydrocarbon provinces of sub-Saharan Africa. The company is listed on the ASX under the symbol "SWE".

For personal use only