

DRILL TARGET SELECTED IN BLOCK 12B, KENYA

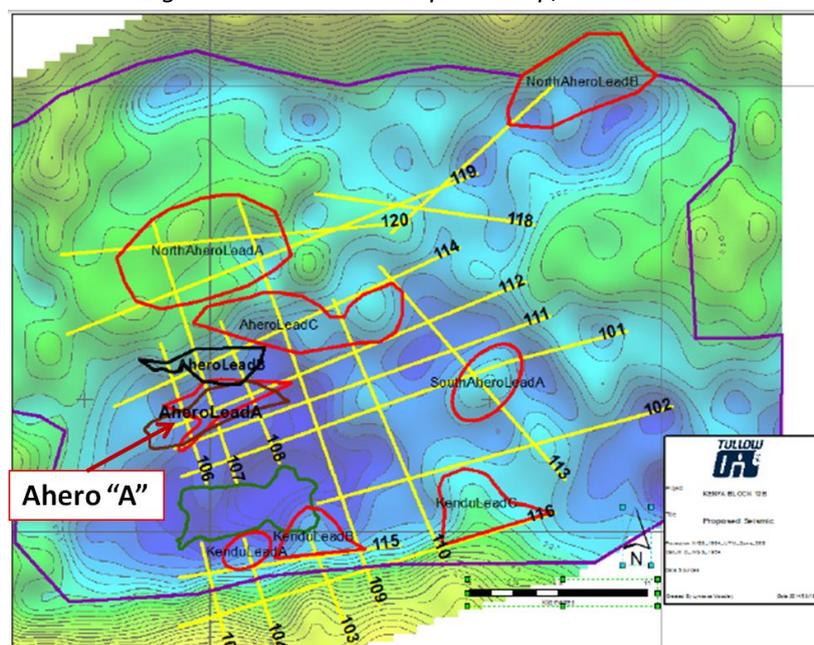
Swala Energy Limited ("Swala" or "the Company") is pleased to advise that the remaining parties on the Kenyan Block 12B licence, being Swala's wholly owned subsidiary Swala Energy (Kenya) Limited and Tullow Kenya B.V. ("Tullow") have identified a prospect to be drilled in the second half of 2015.

Following the successful 2D seismic campaign in Block 12B during the second quarter (2Q) 2014, ten structural leads have been identified by Swala and Tullow, also the joint venture Operator. Of these the Ahero "A" lead is considered as the first viable drilling candidate, as it has been covered by a number of seismic lines.

Tullow carry a mean recoverable gross oil volume of 44mmbbls for the Ahero "A" prospect. This is based on two Miocene reservoir targets with two to three reservoir layers. Most of the oil discoveries that have been found in the East African Rift System basins contain more than one reservoir layer in sediments ranging from Miocene to Pliocene age.

Figure 1 shows a Leads and Prospects map over Block 12B following initial interpretation of the seismic data by Tullow and Swala. The Ahero "A" prospect is clearly shown. The map also shows the interpreted basin morphology based on the data obtained during the 2013 gravity survey with dark blue areas indicating basin lows (the possible hydrocarbon source kitchen) and green areas as structural highs. The locations of the 2014 seismic lines are shown in yellow.

Figure 1. Leads and Prospects map, Block 12B.

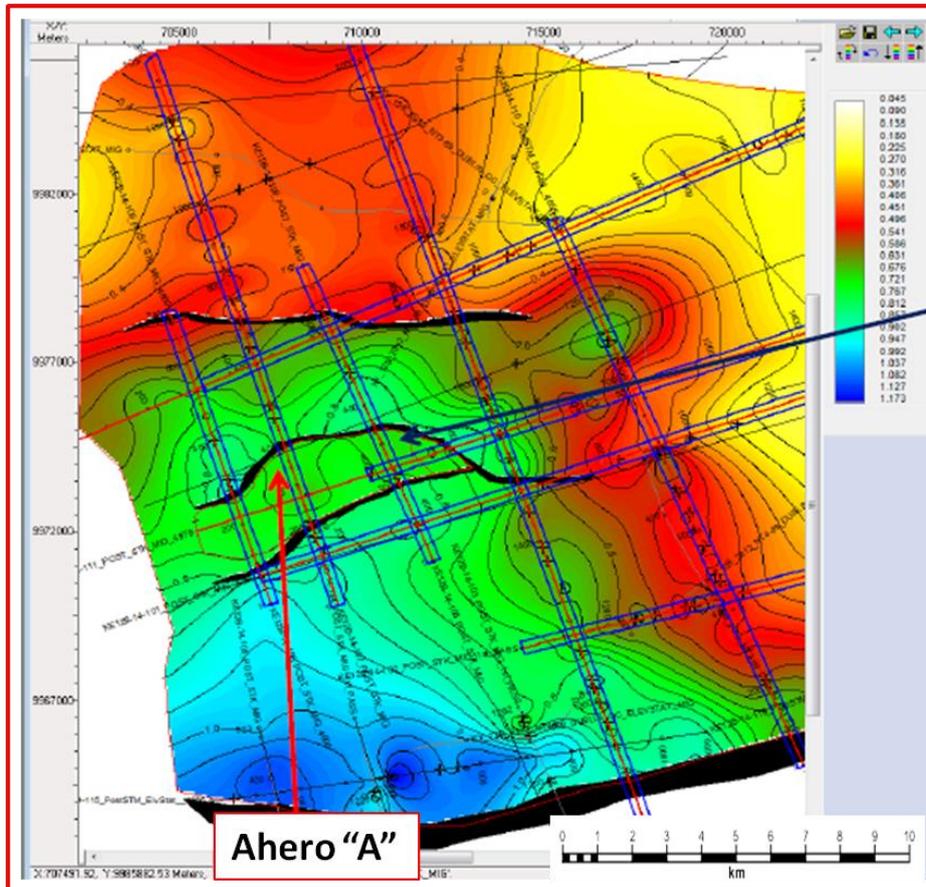


For personal use only

The Ahero "A" prospect is located on the northern margin of the Nyanza Graben and is transected by five seismic lines. It has an area of approximately 16 km² and is the first major structure that could potentially trap any migrating hydrocarbons from the basin.

Figure 2 shows the location of Ahero "A" on a Two Way Time (TWT) structure map of the upper mapped light blue reservoir horizon where the low, basin areas are identified in dark blue and the structural highs identified in green and red.

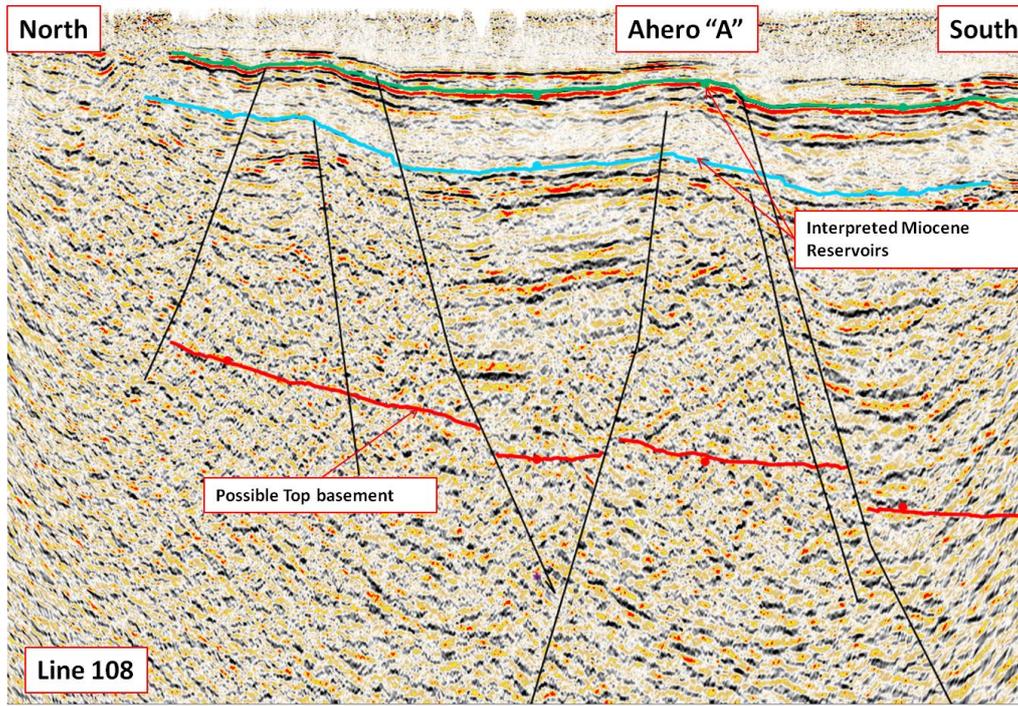
Figure 2: Ahero "A" TWT Structure map



For personal use only

Figure 3 shows dip seismic line 108 across the structure with potential reservoir horizons. The section shows the Ahero "A" prospect to be a fault-bounded high.

Figure 3: Seismic Dip Line 108 over Ahero "A"



Dr. David Mestres Ridge, Swala's CEO said "We are very excited at the decision by the remaining parties to drill Ahero "A", one of a number of prospects identified in Block 12B and which our technical teams are continuing to investigate. With our recently announced successful 2D seismic survey over the Moshi basin and the upcoming seismic survey in Kilombero, both in Tanzania, we are on track to develop a significant portfolio of leads and prospects to be tested in the coming year."

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 6189 2231
 M: +61 426 277 760
 ben.knowles@walbrookir.com.au

About Swala:

Swala Energy Limited is an Australian oil and gas company listed on the Australian Securities Exchange ("ASX") under the ticker code "SWE". Swala's holdings are predominantly in the world-class East African Rift System with a total net land package in excess of 18,000km² in Kenya, Tanzania and Zambia. New discoveries have been announced in a number of licences along this trend, including Ngamia, Twiga and Etuko, which extend the multi-billion barrel Albert Graben play into the eastern arm of the rift system. Swala has an active operational and business development programme to continue to grow its presence in the promising hydrocarbon provinces of Africa.

For personal use only