

TLOU ENERGY LIMITED**18 February 2014**

Key points:

- **Lesedi and Selemo gas production pilot wells continuing to dewater according to plan with current indications remaining positive;**
- **Lift capacity on each of the two production wells has been enhanced to increase water draw-down;**
- **Current estimate for first gas breakthrough is 1Q14;**
- **Anticipate the first of three new core-holes to begin early next week.**

Note: All times quoted are referenced to Central African Time Zone (CAT) unless otherwise stated

Lesedi CBM Project Update

Tlou Energy Limited (“Tlou”) is pleased to provide an update on operations at the Lesedi CBM project in Botswana. The Lesedi CBM Project area includes the Lesedi Pod (which commenced dewatering on 5 December 2013) and the Selemo Pod (which commenced dewatering on 17 November 2013).

The dewatering process on the Lesedi and Selemo gas production pilot wells is continuing with greater than expected water flows requiring the pump lift capacity on the wells to be increased. Usually good water flows are a positive sign and this is the current interpretation for the Lesedi CBM project.

Tlou estimates, based on current production data and advice from its pilot production contractors, that first gas breakthrough should occur prior to the end of March 2014. Once first gas breakthrough is achieved, it will then take a period of time to establish peak gas flows.

Tony Gilby, Managing Director of Tlou, said “Experience suggests that it is important not to rush the dewatering process otherwise formation damage may occur that is often irreparable. Since the pilot gas production wells began to dewater late in 2013, the coal reservoir has been carefully managed so as to minimize formation damage. All technical data is continuing to suggest that Lesedi and Selemo will be good gas producers with time.”

TLOU ENERGY LIMITED**2014 Drilling Program**

As previously announced, three core-holes will be drilled in 1Q14 as part of Tlou's 2014 drilling program. Key contracts for the provision of drilling, desorption services, laboratory services and wire-line logging have all been executed.

Minor delays in starting the core-hole drilling program are anticipated to be resolved by the end of the week. Tlou currently anticipates that the first core-hole will commence shortly thereafter.

TLOU ENERGY LIMITED – KEY STATISTICS (as of 1 Jan'14)

- ASX Code – TOU
- Shares on issue ~ 148 million
- Fully diluted ~ 164 million
- Cash balance ~ \$13.5 million (AUD)
- Debt = Nil
- Primary Focus is the Lesedi CBM Project in Botswana



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