

TLOU ENERGY LIMITED**25 March 2014**

Key points:

- **Lesedi and Selemo pilot pods continuing to dewater;**
- **Both wells are approaching the theoretical critical desorption pressure (CDP);**
- **Drilling of two core-holes is completed with the third and final core-hole of the current program in progress.**

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).

Tlou Energy advises that the Lesedi and Selemo pilot pods are continuing to dewater and are gradually approaching the theoretical critical gas desorption pressure (CDP), with the Lesedi Pod being the closest to CDP. The de-watering process is taking longer than originally anticipated due to higher well productivity compared to initial estimates.

Indications from both pilot pods remain positive with steady water production necessitating a gradual increase in lift capacity. The forward plan is to next increase the actual pump size in late April 2014. At the same time the Company will install new remote monitoring devices on each pilot pod site, this being the next step in the production testing process.

Tony Gilby, Managing Director of Tlou, said “Whilst the time associated with the de-watering process is often difficult to accurately predict, we remain encouraged from the results to date. We are committed to de-watering in a controlled manner and look forward to reaching CDP in due course.”

TLOU ENERGY LIMITED**2014 Drilling Program**

As previously announced, three core-holes will be drilled as part of Tlou's 2014 drilling program. Two core-holes have now been completed with drilling of the third and final core-hole commencing on 22 March 2014.

A number of gas desorption samples have been taken to date which will enhance the technical understanding of the area and will assist with both initial reserves certification and identification of future drilling sites.

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

- ASX Code – TOU
- Shares on issue ~ 148 million
- Fully diluted ~ 164 million
- Cash balance (as at 31 Dec 2013) ~ \$13.5 million (AUD)
- Debt = Nil
- Primary Focus is the Lesedi CBM Project in Botswana

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