



**TLOU ENERGY**

A.B.N. 79 136 739 967

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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## TLOU ENERGY LIMITED DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Tlou Energy Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at 31 December 2013.

### Directors

The names of the directors who held office at any time during the half-year and up to the date of this report are:

Nathan Mitchell	Non-Executive Chairman
Anthony Gilby	Managing Director & Chief Executive Officer
Martin McIver	Non-Executive Director
Christopher Pieters	Non-Executive Director

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

### Principal Activities

The principal activity of the consolidated entity is the exploration and evaluation of assets in southern Africa to identify and develop coalbed methane (CBM) resources. No revenue from this activity has been earned to date, as the consolidated entity is still in the exploration and evaluation stage.

There have been no significant changes in the nature of the group's principal activities during the half-year.

### Review and results of operations

During the half-year, operations were focused on the Lesedi project area in Botswana. Drilling operations were successfully completed for the 2013 horizontal pilot well program. This program comprised of two horizontal pilot pods called Selemo and Lesedi. Each pod has a single vertical well (Selemo 1P and Lesedi 1P) with each vertical well designed to have two ~750m in-seam horizontal wells drilled to intersect it through the targeted basal morupule coal seam. The Selemo pod has been completed as a single-lateral pilot pod. The Lesedi pod has been completed as a dual-lateral pod.

Production testing operations on both the Selemo pod and the Lesedi pod commenced during the reporting period. The test data gathered to date suggest both the Selemo and Lesedi pods are advancing towards critical gas desorption. Gas flows are anticipated in early 2014. Commercial gas flows will in turn lead to reserve certification which is currently anticipated in mid-2014. Tlou has begun work on gas marketing agreements with potential off-takers in anticipation of potentially commercial gas flows.

At the time of this report a three-well infill coring program is in progress. The well locations for this program have been selected to provide critical infill data on the coal quality in and around the pilot pods to assist with both initial reserves certification and identification of additional pilot drilling sites for an expanded program. The core holes will be completed to allow them to be utilised as future gas production wells so as to provide further efficiencies.

In the Karoo West permits, also in Botswana, no work was undertaken during the half-year. Due to the low prospectivity in the area, these prospecting licences are being relinquished. All capitalised expenditure relating to these permits has been impaired in the financial statements.

The company retains a 49% interest in two special grants (licence areas) in Zimbabwe. No work has been undertaken in these areas to date. The Board has decided that in order to focus on the Lesedi project area in Botswana, no further funds will be allocated to the Zimbabwe project and are actively seeking interested parties who may wish to acquire all or some of Tlou's interests in Zimbabwe. All capitalised expenditure relating to the Zimbabwe special grants has been impaired in the financial statements.

In Botswana, an application has been lodged for an area, internally referred to as the Mamba area, which is adjacent to the Lesedi project. Tlou's application bid for a large CBM exploration area in the Seleous basin in Tanzania remains with the government in an assessment phase. Tlou is continuing discussions with relevant stakeholders in Mozambique in an effort to secure CBM acreage in the very prospective Zambezi basin area.

In December 2013, the company successfully completed a capital raising comprising a placement and a 1 for 4 accelerated non-renounceable entitlement offer, at an issue price of A\$0.30 per share. The capital raising was strongly supported by existing major shareholders as well as by a number of new institutional and sophisticated investors. Net proceeds of the capital raising will be used to fund the 2014 work program, corporate overheads and to provide additional working capital.

The loss for the half-year after income tax amounted to \$4,141,847 (December 2012: loss \$4,044,416). The main contributing factor towards this loss was the impairment of exploration and evaluation expenditure during the period. This relates to the Karoo West and Zimbabwe assets as detailed above. All other expenditure in the statement of comprehensive income was in line with expectations.

The increase in the value of total assets is driven mainly by the capital raised in the December 2013 placement and entitlement offer. Total spend on exploration activities during the period amounted to ~\$5.2m with an impairment charge of ~\$2.9m. There has been no significant change in the level of total liabilities over the reporting period.

## DIRECTORS' REPORT Continued

### Significant changes in the state of affairs

During the half-year ended 31 December 2013, there were no other significant changes to the state of affairs of the consolidated entity other than those stated above and disclosed in the financial report and notes thereof.

### Matters subsequent to the end of the half-year

There has not been any matter or circumstance, other than that referred to above and in the financial statements or notes thereto, that has arisen since the end of the period, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of these operations, or the state of affairs of the consolidated entity in future financial years.

### Likely developments and expected results of operations

The company is currently drilling three core holes in its Lesedi CBM project in Botswana. It is expected that these holes will provide further data on the coal quality in the Lesedi project area. This data will optimise reserve certification. The wells are also being completed so that they can be used as production wells if necessary. The testing phase is continuing on the Lesedi and Selemo pilot pods. Results to date are positive with both pods close to desorption, with gas flows imminent. These results will dictate the forward plan for the company including, attaining reserve certification and commercialisation of the project. The electricity market in Botswana, remote mining supply or the export of gas to other countries remain potentially attractive commercial options.

### Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2013 has been received and is attached to this report.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'A. R. Gilby', with a horizontal line underneath it.

Anthony Gilby  
Managing Director

Brisbane  
11<sup>th</sup> March 2014

## DECLARATION OF INDEPENDENCE BY A S LOOTS TO THE DIRECTORS OF TLOU ENERGY LIMITED

As lead auditor for the review of Tlou Energy Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tlou Energy Limited and the entities it controlled during the period.



**A S Loots**  
Director

**BDO Audit Pty Ltd**

Brisbane, 11 March 2014

**TLOU ENERGY LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Note	December 2013 \$	December 2012 \$
<b>Revenue and other income</b>			
Interest received	3	59,391	3,421
Other Income	3	-	30,227
<b>Expenses</b>			
Employee benefits expense		(546,418)	(574,414)
Consultancy costs		-	(312,560)
Depreciation		(163,015)	(83,356)
Impairment - exploration and evaluation assets	5	(2,946,127)	-
Currency exchange gain/(loss)		(5,389)	(55,312)
Professional fees	4	(80,899)	(674,758)
Share options expense	4	-	(1,927,009)
Corporate expenses		(527)	(1,010)
Occupancy costs		(96,472)	(113,312)
Other expenses	4	(362,391)	(336,333)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>(4,141,847)</b>	<b>(4,044,416)</b>
Income tax (expense)/credit		-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>(4,141,847)</b>	<b>(4,044,416)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translation		(25,841)	(342,695)
Tax effect		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>(25,841)</b>	<b>(342,695)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>(4,167,688)</b>	<b>(4,387,111)</b>
<b>Profit (loss) attributable to:</b>			
Owners of Tlou Energy Limited		(4,126,076)	(4,033,155)
Non controlling interests		(15,771)	(11,261)
		<b>(4,141,847)</b>	<b>(4,044,416)</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of Tlou Energy Limited		(4,143,862)	(4,336,103)
Non controlling interests		(23,826)	(51,008)
		<b>(4,167,688)</b>	<b>(4,387,111)</b>
<b>Earnings per share</b>			
		Cents	Cents
Basic loss per share		(0.04)	(0.06)
Diluted loss per share		(0.04)	(0.06)

*Notes to the consolidated financial statements are attached.*

**TLOU ENERGY LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

	Note	December 2013	June 2013
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		13,539,666	7,460,746
Trade and other receivables		323,341	197,422
Other assets		476,246	712,351
<b>TOTAL CURRENT ASSETS</b>		<b>14,339,253</b>	<b>8,370,519</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation expenditure	5	35,900,335	33,528,392
Property, plant and equipment		615,584	775,248
<b>TOTAL NON-CURRENT ASSETS</b>		<b>36,515,919</b>	<b>34,303,640</b>
<b>TOTAL ASSETS</b>		<b>50,855,172</b>	<b>42,674,159</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		468,685	669,356
Provisions		230,765	284,066
<b>TOTAL CURRENT LIABILITIES</b>		<b>699,450</b>	<b>953,422</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		3,485,958	3,485,958
Provisions		66,000	43,561
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,551,958</b>	<b>3,529,519</b>
<b>TOTAL LIABILITIES</b>		<b>4,251,408</b>	<b>4,482,941</b>
<b>NET ASSETS</b>		<b>46,603,764</b>	<b>38,191,218</b>
<b>EQUITY</b>			
Contributed equity	8	66,537,505	53,957,271
Share options reserve		4,669,085	4,669,085
Foreign currency reserve		(2,834,873)	(2,817,087)
Accumulated losses		(21,749,030)	(17,622,954)
Equity attributable to the owners of Tlou Energy Limited		46,622,687	38,186,315
Non-controlling interest		(18,923)	4,903
<b>TOTAL EQUITY</b>		<b>46,603,764</b>	<b>38,191,218</b>

*Notes to the consolidated financial statements are attached.*

**TLOU ENERGY LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Contributed equity \$	Accumulated losses \$	Share options reserve \$	Foreign currency reserve \$	Non-controlling interest \$	Total \$
<b>Balance at 1 July 2012</b>	42,178,814	(10,744,851)	2,654,980	(3,301,108)	(797,919)	29,989,916
Loss for the period	-	(4,033,155)	-	-	(11,261)	(4,044,416)
Other comprehensive loss for the period	-	-	-	(302,948)	(39,747)	(342,695)
Total comprehensive loss for the period	-	(4,033,155)	-	(302,948)	(51,008)	(4,387,111)
<b>Transactions with owners in their capacity as owners</b>						
Share based payments	-	-	2,014,105	-	-	2,014,105
	-	-	2,014,105	-	-	2,014,105
<b>Balance at 31 December 2012</b>	42,178,814	(14,778,006)	4,669,085	(3,604,056)	(848,927)	27,616,910
<b>Balance at 1 July 2013</b>	53,957,271	(17,622,954)	4,669,085	(2,817,087)	4,903	38,191,218
Profit for the period	-	(4,126,076)	-	-	(15,771)	(4,141,847)
Other comprehensive income for the period	-	-	-	(17,786)	(8,055)	(25,841)
Total comprehensive income for the period	-	(4,126,076)	-	(17,786)	(23,826)	(4,167,688)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued, net of costs	12,580,234	-	-	-	-	12,580,234
	12,580,234	-	-	-	-	12,580,234
<b>Balance at 31 December 2013</b>	66,537,505	(21,749,030)	4,669,085	(2,834,873)	(18,923)	46,603,764

*Notes to the consolidated financial statements are attached.*

**TLOU ENERGY LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	December 2013	December 2012
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	59,391	3,421
Payments to suppliers and employees	(1,616,823)	(1,992,920)
GST & VAT received/(paid)	551,706	721
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(1,005,726)</u>	<u>(1,988,778)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation assets	(5,397,863)	(760,051)
Payments for property, plant & equipment	(8,066)	(64,298)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(5,405,929)</u>	<u>(824,349)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	13,425,327	-
Share issue costs	(933,059)	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>12,492,268</u>	<u>-</u>
Net increase/(decrease) in cash held	6,080,613	(2,813,127)
Cash at the beginning of the period	7,460,746	3,157,485
Effects of exchange rate changes on cash	(1,693)	3,445
<b>CASH AT THE END OF THE PERIOD</b>	<u>13,539,666</u>	<u>347,803</u>

*Notes to the consolidated financial statements are attached.*

**TLOU ENERGY LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**Note 1 - Significant accounting policies**

**Introduction**

Tlou Energy Limited (Tlou) is a company domiciled and incorporated in Australia. The Financial Report for the half-year ended 31 December 2013 consists of the Financial Statements of Tlou Energy Limited and the entities it controlled during the period ('Consolidated Entity').

**Compliance with accounting standards**

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The half-year financial report does not include all of the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report of the group.

**Basis of preparation**

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial report is presented in Australian dollars.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of the Standards and Interpretations described below. Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**New or revised accounting standards and interpretations that are first effective in the current reporting period**

The group have adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period. This adoption has not resulted in any changes to the group's accounting policies and has no effect on the amounts reported in the current and prior periods.

**Going Concern**

The consolidated financial statements have been prepared on a going concern basis which contemplates that the group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Because of the nature of the operations, exploration companies, such as Tlou Energy Limited, find it necessary on a regular basis to raise additional cash funds to fund future exploration activity and meet other necessary corporate expenditure. At the date of this financial report, the group has sufficient cash to meet its forecast expenditure commitments for at least 12 months from the signing of the Director's declaration. The ability of the group to execute further future exploration and evaluation activities requires the group to raise additional capital. Accordingly, the group is in the process of investigating various options for the raising of additional funds which may include but is not limited to an issue of shares or the sale of exploration assets where increased value has been created through previous exploration activity.

At the date of this financial report, none of the above fund raising options have been concluded and no guarantee can be given that a successful outcome will eventuate. The directors have concluded that as a result of the current circumstances there exists a material uncertainty that may cast significant doubt regarding the group's and the company's ability to continue as a going concern and therefore the group and company may be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after taking into account the current cash balance, the status of the various funding options currently being investigated and making other enquiries regarding other sources of funding, the directors have a reasonable expectation that the group and the company will have adequate resources to fund future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

The interim financial report does not include adjustments relating to the recoverability or classification of recorded assets amounts or to the amounts or classification of liabilities that might be necessary should the group not be able to continue as a going concern.

**Fair values**

The fair values of Consolidated Entity's financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

**Accounting estimates and judgements**

Critical estimates and judgements are continually evaluated and are consistent with those disclosed in the previous annual report.

**TLOU ENERGY LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**Note 2 - Segment information**

**Identification of reportable segments**

The Group operates predominantly in one business and geographical segment being in the coalbed methane industry in southern Africa. No revenue from this activity has been earned to date as the Group is still in the exploration and evaluation stage.

	December 2013	December 2012
	\$	\$
<b>Note 3 - Revenue</b>		
Interest received	59,391	3,421
Hire of equipment	-	30,227
	<u>59,391</u>	<u>33,648</u>

**Note 4 - Expenses**

	December 2013	December 2012
	\$	\$
Profit before income tax includes the following specific expenses:		
Professional fees		
Legal fees incurred in connection with the preparation of a prospectus	-	515,458
	<u>-</u>	<u>515,458</u>
Share option expense		
Share options issued	-	(1,927,009)
	<u>-</u>	<u>(1,927,009)</u>
Other expenses		
ASX and registry fees	89,420	-
Insurance	38,877	28,208
Travel and accomodation	106,897	188,301
	<u>235,194</u>	<u>216,509</u>

	December 2013	December 2012
	\$	\$
<b>Note 5 - Exploration and evaluation expenditure</b>		
Exploration and evaluation expenditure	<u>35,900,335</u>	<u>31,310,259</u>

	December 2013	December 2012
	\$	\$
<b>Exploration and evaluation phase</b>		
Balance at the beginning of period	33,528,392	30,443,857
Exploration and evaluation expenditure during the period	5,205,038	1,114,953
Impairment *	(2,946,127)	-
Foreign currency translation	113,032	(248,551)
Balance at the end of period	<u>35,900,335</u>	<u>31,310,259</u>

\* The Karoo West and Zimbabwe projects were fully impaired during the period.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**TLOU ENERGY LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**Note 6 - Contingent liabilities**

The Directors are not aware of any contingent liabilities at 31 December 2013.

**Note 7 - Commitments**

**Exploration expenditure**

In order to maintain an interest in the exploration tenements in which the group is involved, the group is committed to meet the conditions under the agreements. The timing and amount of exploration expenditure and obligations of the group are subject to the minimum work or expenditure requirements of the permit conditions and may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest. The obligations are not provided for in the financial statements.

	December 2013	December 2012
	\$	\$
<b>Minimum expenditure requirements</b>		
- not later than 12 months	9,025,173	1,257,344
- between 12 months and 5 years	1,021,706	2,206,002
	<u>10,046,879</u>	<u>3,463,346</u>

**Note 8 - Contributed equity**

	December 2013	December 2012	December 2013	December 2012
	Shares	Shares	\$	\$
Opening Balance	103,003,758	70,331,320	53,957,271	42,178,814
Issue of ordinary shares during the year	44,751,088	-	13,425,326	-
Share issue costs	-	-	(845,092)	-
Ordinary shares - fully paid	<u>147,754,846</u>	<u>70,331,320</u>	<u>66,537,505</u>	<u>42,178,814</u>

**Note 9 - Events occurring after balance date**

Other than the matters discussed in this report, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the group, the results of those operations or the state of affairs of the group in subsequent financial periods.

**TLOU ENERGY LIMITED**  
**DIRECTORS' DECLARATION**

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001* including:
- (i) the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
  - (ii) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and
  - (iii) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors



Anthony Gilby  
Managing Director

Dated at Brisbane this 11<sup>th</sup> day of March 2014

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tlou Energy Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tlou Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tlou Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tlou Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tlou Energy Limited is not in accordance with the *Corporations Act 2001* including:

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

## BDO Audit Pty Ltd



A S Loots

Director

Brisbane, 11 March 2014