

TLOU ENERGY LIMITED**3 June 2014**

Key points:

- **The Selemo production well achieved good gas pressure build-up prior to experiencing a blocked pump intake. Remedial work on the well is being carried out and production testing is anticipated to soon resume;**
- **Pump lift capacity at the Lesedi pod has been upgraded to enhance the dewatering process;**
- **The company is encouraged by the gas pressure build-up observed at Selemo and the high water rates at Lesedi.**

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

Lesedi CBM Project - Production Update

Tlou Energy Limited ("Tlou") wishes to provide an update on operations at the Lesedi CBM project in Botswana. The Lesedi CBM Project area includes the Lesedi pod and the Selemo pod.

Tlou advises that production testing of the Selemo pilot pod was temporarily suspended over the weekend to allow remedial work on the vertical production well to be completed. The remedial work was required to flush out the down-hole pump due to a blockage of fines with production testing to resume shortly. As previously announced, the Selemo pod had achieved critical gas desorption pressure (CDP) and Tlou was encouraged by the build-up of gas pressure over a number of weeks. As a result of the remedial work, the well will be brought down through CDP again, which Tlou is confident can be achieved in an efficient and timely fashion based on the well performance data gained over the last month.

At the Lesedi Pilot, pump lift capacity was upgraded in mid-May to enhance the dewatering process. The water pumps on Lesedi now have the capacity to pump water at a greater rate than previous configurations. Tlou is confident that the new configuration will allow the drawdown phase of the Lesedi pod to be achieved much more efficiently. All else being equal, the high water rates in Lesedi should be indicative of the capacity of the coal reservoir to flow good gas volumes once CDP is achieved.

TLOU ENERGY LIMITED**TLOU ENERGY LIMITED – KEY STATISTICS (as of 31 March 14)**

- ASX Code – TOU
- Shares on issue ~ 148 million
- Fully diluted ~ 163 million
- Cash balance (as at 31 March 2014) ~ \$11.3 million (AUD)
- Debt = Nil
- Primary Focus is the Lesedi CBM Project in Botswana

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