

TLOU ENERGY LIMITED**26 June 2014**

Key points:

- **Dewatering of the Selemo production pod is continuing on schedule with critical gas desorption pressure (CDP) expected to be reached in the next few weeks;**
- **Pumping to be temporarily discontinued at the Lesedi production pod to undergo remediation work;**
- **Tlou divesting its 49% interest in two special grants (licences) in Zimbabwe.**

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 both the Lesedi Pilot Pod and the Selemo Pilot Pod.

Tlou advises that following the recent workover, the Selemo Pilot Pod continues to dewater smoothly with water levels in the wells being consistently reduced each day. The production testing of the pod indicates excellent pressure communication between the vertical and horizontal wells. Under the current dewatering schedule, critical gas desorption pressure (CDP) is expected to be achieved at the Selemo Pod within the next few weeks. Once CDP is achieved Tlou expects to see a corresponding build-up of gas pressure leading to commencement of gas production testing during Q3 2014.

At the Lesedi Pilot Pod, pump lift capacity was upgraded in mid-May to enhance the dewatering process given the high water flow rates being experienced. However, despite increasing the pump capacity, the new configuration has not led to the expected drawdown of water levels in the Lesedi pod due to an anomalous water influx. Consequently, Tlou has temporarily discontinued pumping the well in order to investigate the source of the water influx and finalise a remediation plan. The aim of the remediation plan is to enable pumping operations to recommence with a dewatering profile more consistent to that seen on the Selemo Pod.

Zimbabwe Licence Areas being divested

Tlou has decided that in order to focus on the Lesedi CBM project in Botswana, no further funds will be allocated to the Zimbabwe project. Tlou advises that it is currently in the process of divesting its 49% interest in the two special grants (licence areas) in

TLOU ENERGY LIMITED

Zimbabwe to the 51% interest holder for nominal consideration and that this process will be completed in the coming days.

TLOU ENERGY LIMITED – KEY STATISTICS (as at 31 March 2014)

- 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

Anthony (Tony) Gilby
Managing Director
Tlou Energy Limited
Website: www.tlouenergy.com

For further information regarding this announcement please contact:

Anthony Gilby
Managing Director
Email: tony.gilby@tlouenergy.com

Stephen Rodgers
Company Secretary
Email: stephen.rodgers@tlouenergy.com

TLOU ENERGY LIMITED

