

TLOU ENERGY LIMITED**11 July 2014**

Selemo reaches gas desorption & Botswana CBM licences awarded**Key points:**

- The Selemo pilot pod has reached Critical (gas) Desorption Pressure after the recent re-start of operations. This is a significant positive milestone;
- New Botswana licences, designated "Mamba" and located on-trend with the Lesedi CBM Project, have been awarded to Tlou;
- The Company considers the Mamba area to be highly prospective and provides significant potential development flexibility for Tlou.

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

Selemo Pilot Update

The Selemo pilot pod (see diagram1) has reached Critical (gas) Desorption Pressure (CDP) after the recent re-start of operations post the clearing of a blockage in the horizontal well bore. Reaching CDP is a positive milestone in the operation and means that gas is now once again starting to come out of the coal as a result of a careful dewatering process.

The next stage of the operation involves continued pumping which should see gas pressure steadily increase inside the casing to an optimal point so that flow testing and flaring of the gas at surface is possible.

New Botswana CBM Licences Awarded

Tlou has been active in consolidating its acreage position in order to focus on the core Lesedi CBM Project area in Botswana. Pleasingly, Tlou has recently been awarded a number of new CBM licences by the Botswana government (designated Mamba). The new Mamba area (see diagram 2) is situated adjacent to Tlou's existing licences and is located on-trend with the encouraging results observed to date at Selemo and Lesedi. Hence it is considered to be highly prospective.

In the event of a gas field development, the award of the Mamba area provides the Company with considerable flexibility and optionality.

Given the perceived low geological prospectivity of the existing "Karoo West" area, the Company has decided to relinquish it as part of the above mentioned consolidation exercise.

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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

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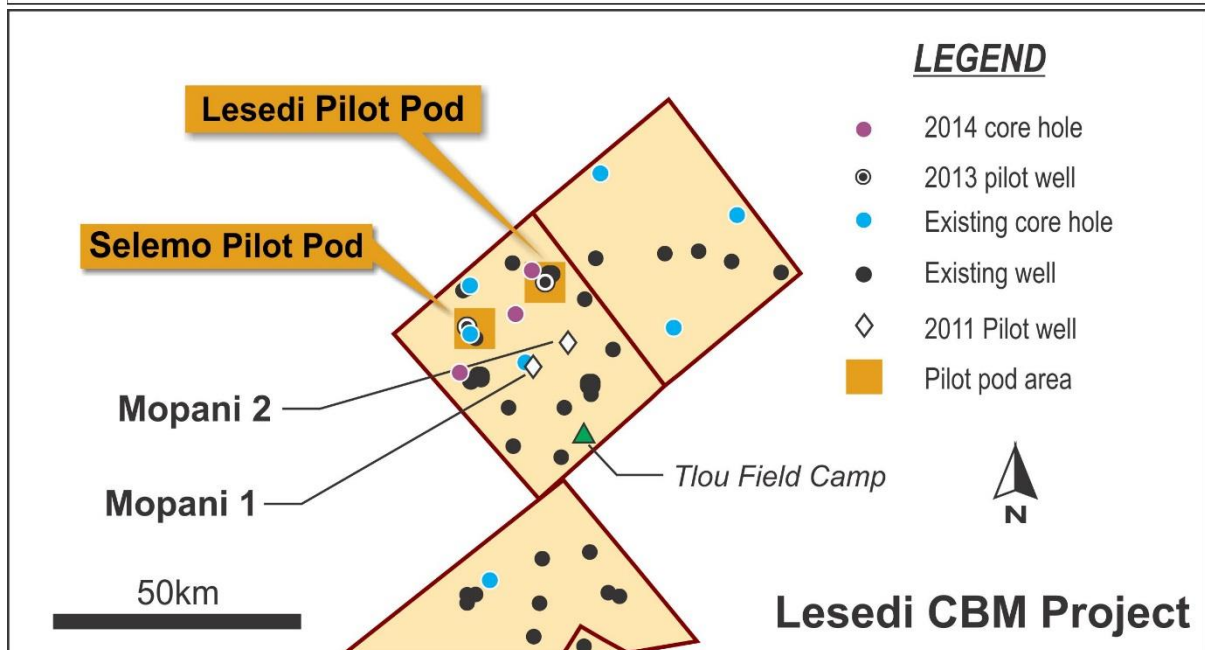
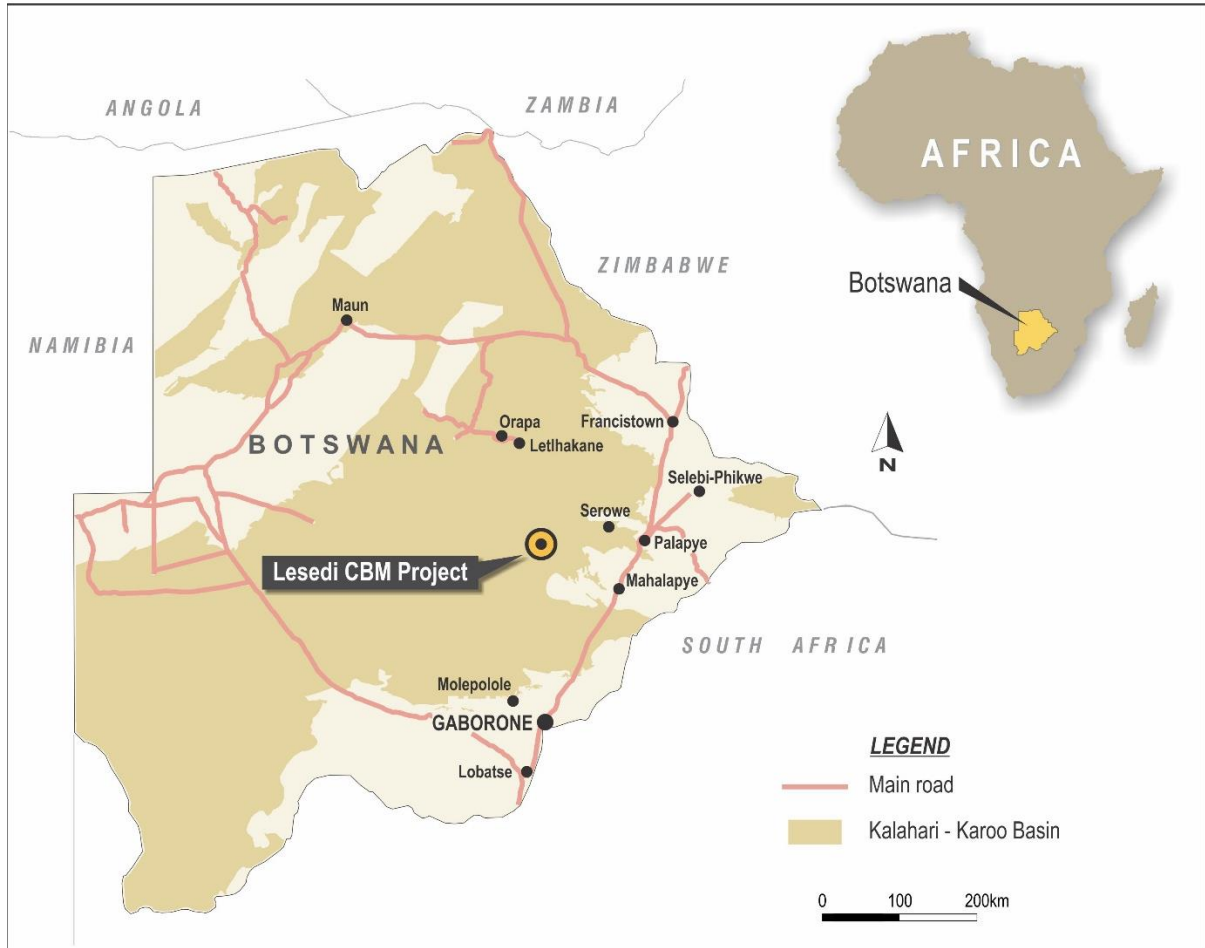


Diagram 1

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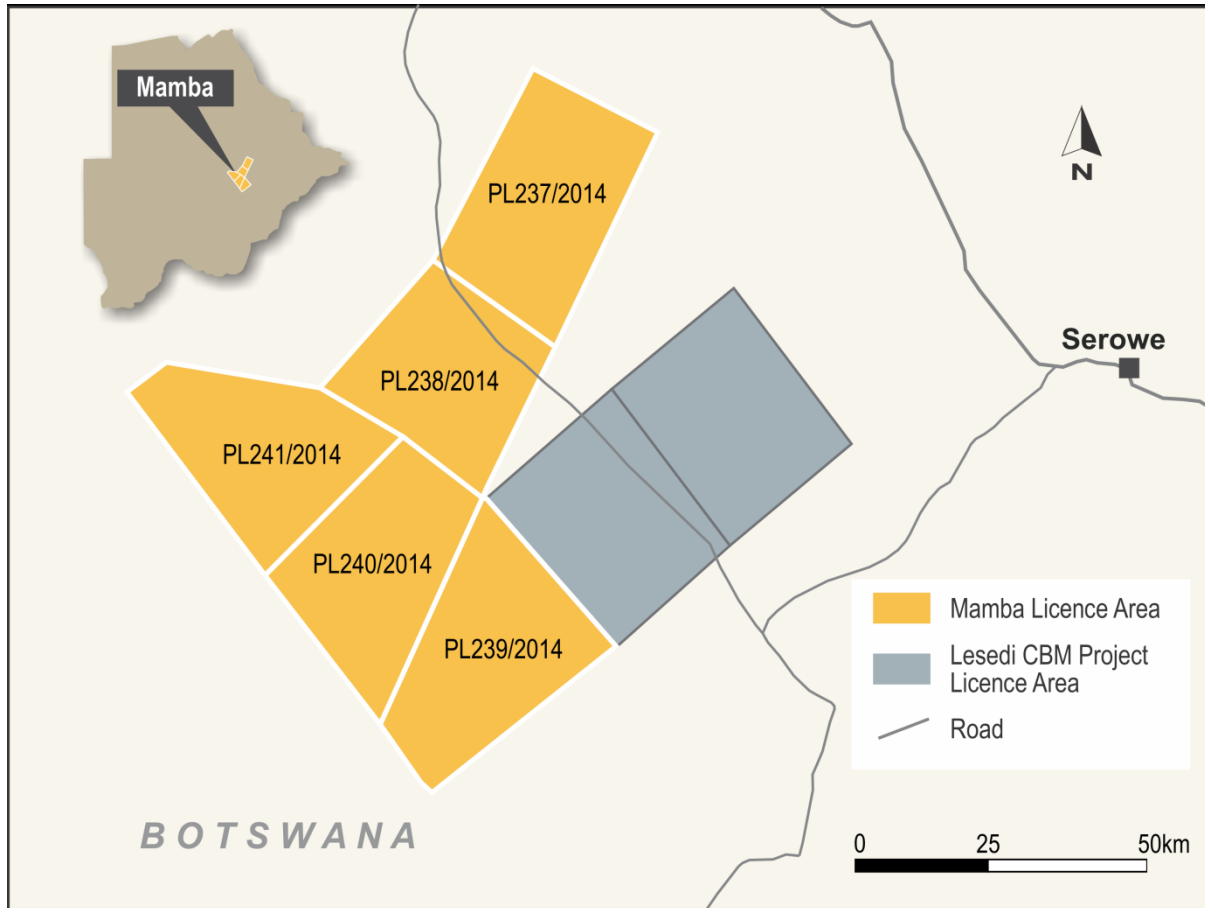


Diagram 2