

TLOU ENERGY LIMITED**1 September 2014**

Key points:

- Selemo remediation plan to begin in September 2014;
- Evaluation of Lesedi water flow source is continuing;
- Work currently underway to complete two previously drilled wells as single vertical pilots to provide flow rate comparisons to Selemo and Lesedi.

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

Selemo Pilot Pod

The planned remediation work at the Selemo Pilot Pod is expected to commence in September 2014 following the arrival of all required equipment to the drilling site. This will involve running 5-1/2" production casing inside the existing 8-5/8" casing to isolate the previously encountered casing integrity issue and to allow production testing to recommence.

Tlou has established that gas can be liberated from the coal by employing a careful dewatering process (in Selemo). The primary objective of the current program is to demonstrate a commercial gas rate following the dewatering process.

Lesedi Pilot Pod

Lesedi water flow source evaluation is continuing and an appropriate remediation plan is currently under development.

Single Well Pilot Completions

The Company began work-over and production testing operations this week on the 2011 pilot well Mopani 2. The objective is to reinstate the well as a single vertical pilot test. This will be followed by the completion and testing of one of the three core-holes from the recently completed 2014 core-hole program.

Mopani 2 was originally completed in 2011 and contributed to the initial Independently Certified Contingent Gas Resources for the project. A recent review of the testing results from Mopani 2 has suggested that a work-over may increase well productivity.

The two single well pilot completions (Mopani 2 and a recently completed core-hole) will provide flow rate comparisons to the Selemo and Lesedi lateral pilots.

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Planning is also underway for a new lateral pilot which will incorporate lessons learnt to date. The design of the new pilot will be finalised following review of production results from the single well pilots.

Tlou- Key Statistics (as at 30 June 2014)

- ASX Code - TOU
- Shares on issue ~ 148 million
- Fully diluted ~ 163 million
- Cash balance ~ \$9.1 million (AUD)
- Debt = Nil
- Primary Focus is the Lesedi CBM Project in Botswana (100% Tlou Energy)

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