

TLOU ENERGY LIMITED**25 September 2014**

Key points:

- Selemo remediation work successfully completed and production testing resumed;
- Lesedi remediation plan developed with work expected to be completed and the pod back in production during October 2014;
- Mopani 2P single vertical pilot has reached critical gas desorption pressure (CDP) with the well head pressure continuing to build;
- Site has been chosen for the drilling of a new single vertical pilot 'Lesedi 2P' to provide flow rate comparisons to Selemo and Lesedi horizontal pilots.

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 commenced in early September 2014. The work successfully isolated the previously encountered casing integrity issue and production testing recommenced in mid-September 2014. Since recommencement of production testing, Selemo has steadily dewatered with CDP anticipated in the near term.

The Company has previously established that gas can be liberated from the coal by employing a careful dewatering process (at Selemo). The primary objective is to now demonstrate a commercial gas rate following the dewatering process.

Lesedi Pilot Pod

At the Lesedi Pilot Pod, the Company has conducted a number of tests aimed at identifying the source of the anomalous water influx. After evaluating the results of these tests, the Company has developed a remediation plan which will be implemented in October 2014 when a drilling rig is anticipated to arrive on site.

Mopani 2P Single Vertical Pilot

As previously announced, the Company began work-over and production testing operations on the vertical pilot well Mopani 2P (originally drilled in 2011) in early September 2014. Since the work-over was completed, Mopani 2P has been steadily dewatering with CDP being reached in mid-September 2014. Encouragingly, each day since CDP was reached, the well head pressure rates have continued to rise.

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Tlou is currently focused on demonstrating a commercial gas rate at Mopani 2P and the other pilot pods following the dewatering process.

Lesedi 2P Single Vertical Pilot

A decision has now been made by the Company to drill and complete for production testing a new single vertical pilot well which will be called 'Lesedi 2P'. The location of Lesedi 2P has been chosen after careful geological assessment and also based on its proximity to the Lesedi lateral pilot. The objective of vertical pilot wells Mopani 2 and Lesedi 2P is to provide flow rate comparisons to the Selemo and Lesedi lateral pilots. Lesedi 2P is expected to be completed in October 2014.

The design of Lesedi 2P will enable it to be utilised as an intercept well for a dual lateral pilot pod (currently planned for early 2015) should this be confirmed to be the optimal completion methodology.

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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