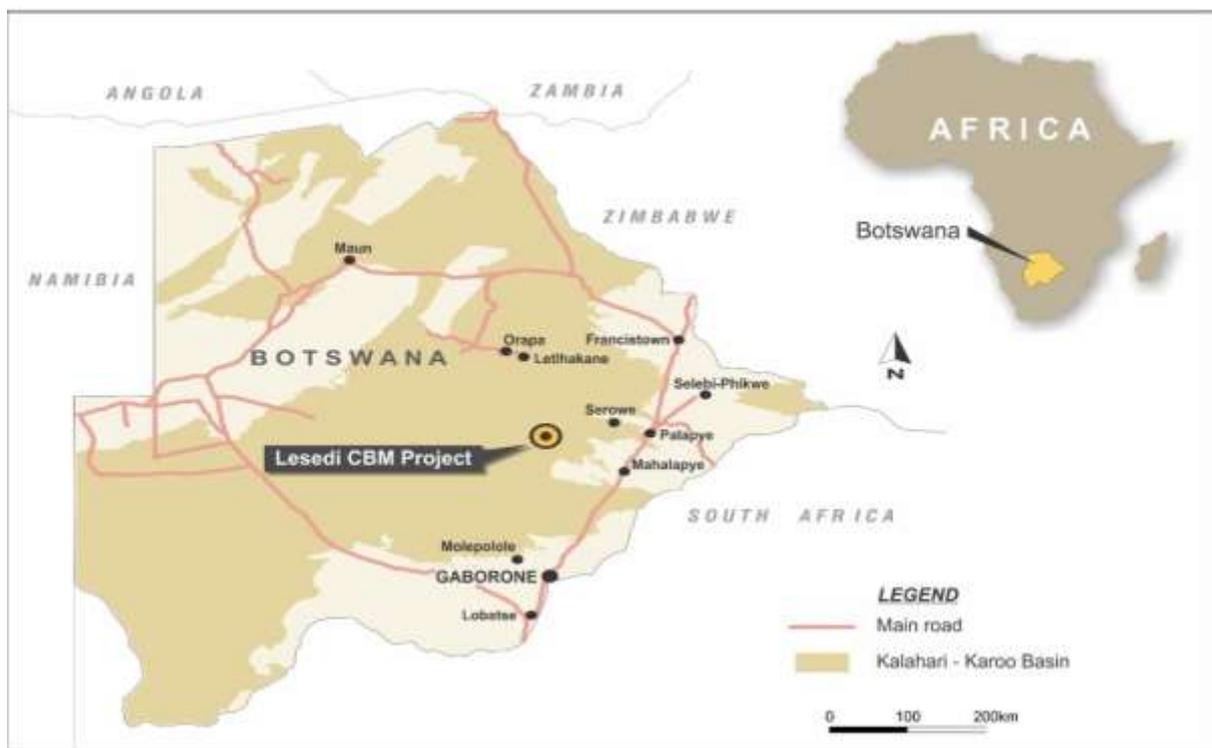


**TLOU ENERGY LIMITED****29 July 2014****OPERATIONAL REPORT QUARTER ENDING 30 JUNE 2014****HIGHLIGHTS**

- Production testing of the Lesedi and Selemo Pilot Pods continued during the quarter with the Selemo Pilot Pod achieving critical gas desorption (CDP);
- Tlou completed three core-hole drilling program in the Lesedi CBM project area;
- New CBM licences on-trend with the Lesedi CBM Project awarded shortly after the end of the quarter.

**TLOU ENERGY LIMITED PROJECTS**

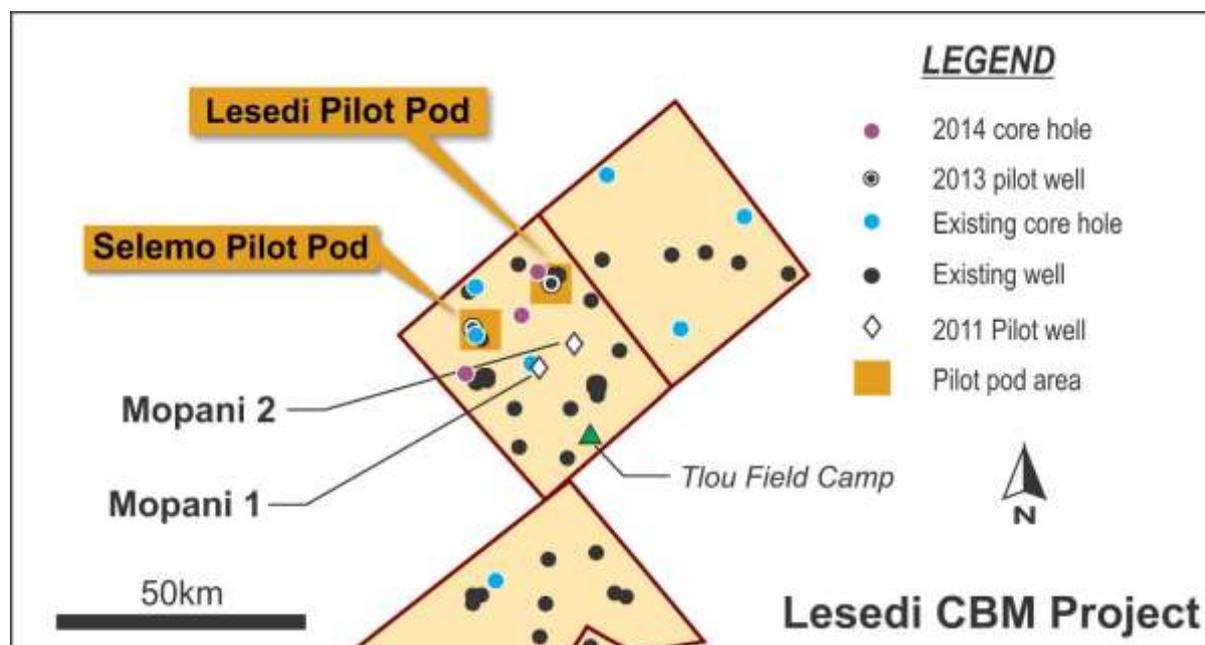
PLs 001-003/2004 and PLs 35 & 37/2000 – Lesedi CBM Project Area, Botswana  
Tlou Energy Limited 100%



## TLOU ENERGY LIMITED



TLOU ENERGY



Production testing operations on the Lesedi and Selemo Pilot Pods continued during the reporting period, with the Selemo Pod reaching critical gas desorption (CDP) in early July. Reaching CDP is a significant positive milestone in the operation and meant that gas was now once again starting to come out of the coal as a result of a careful dewatering process. The current status of Selemo is that production operations have been temporarily suspended to fix a casing integrity issue.

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 did not lead to the expected drawdown of water levels in the Lesedi Pod due to an anomalous water influx. Consequently, Tlou temporarily discontinued pumping the well in order to investigate the source of the water influx and finalise a remediation plan. The objective of the remediation plan will be to enable pumping operations to recommence with a dewatering profile more consistent to that seen on the Selemo Pod.



Selemo 1P

**TLOU ENERGY LIMITED**

Earlier in the quarter, the final well of the 2014 three well coring program at the Lesedi CBM project area was completed. After finalising wireline logging operations in April, the rig was released from all coring operations marking completion of that program.

The core-hole locations were selected to provide critical in-fill data on the coal quality in and around the current pilot pods. They were also designed to assist with both initial reserves certification and identification of additional pilot drilling sites for a future expanded program. The core holes have been designed and completed to allow them to be utilised as future gas production wells so as to provide further efficiencies.

Early results from the core-holes complement Tlou's existing knowledge of the Lesedi CBM project area.

Coal sample canisters have finished gas desorption and residual gas testing with coal samples currently in transit to Brisbane laboratories for further analysis. All remaining final results are expected to be provided during the third quarter.

Based on initial trends, gas contents are favourable and are largely in-line with the previously acquired data. Proximate and Isotherm analyses are upcoming which will provide final gas content and gas saturation results.

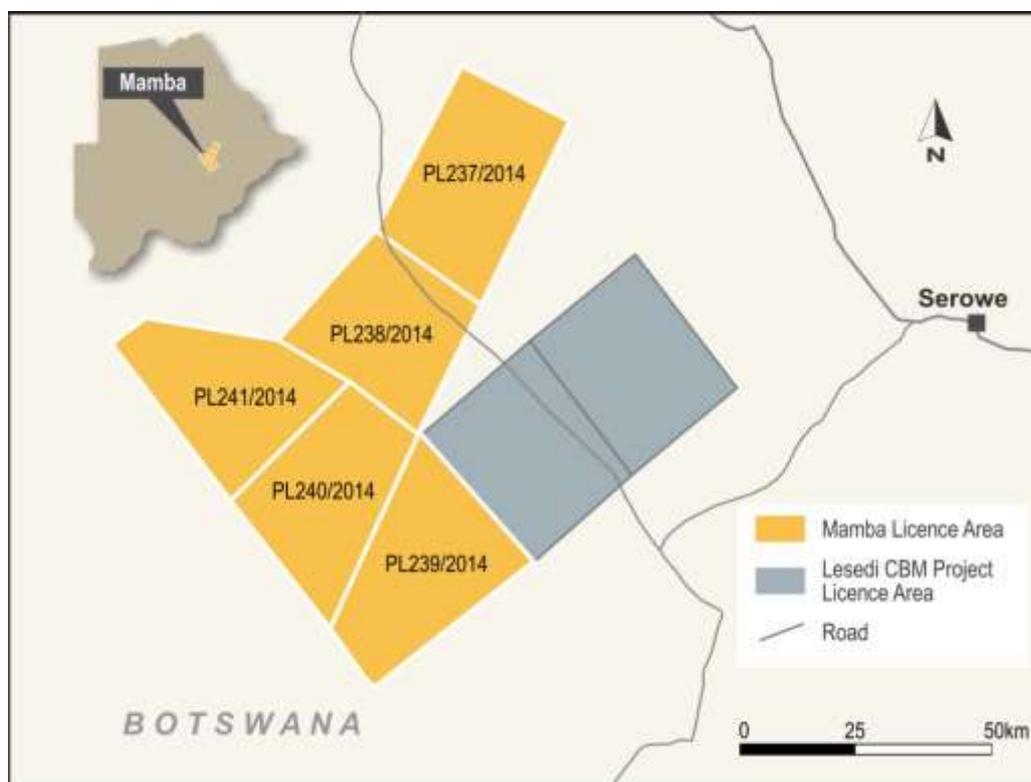
The latest gas chemistry results show favourable gas composition, as the main target coal seam, the Lower Morupule coal seam, is largely comprised of methane.

**PLs 237-241/2014 - Mamba Project Area, Botswana  
Tlou Energy Limited 100%**

In early July, Tlou was awarded five new CBM permits in Botswana, designated Mamba, covering an area of approximately 4,500 square kilometres. The Mamba permits are considered to be highly prospective as they are situated adjacent to Tlou's Lesedi CBM Project (refer to the location map on the following page) and are on-trend with the encouraging results observed to date at the Selemo and Lesedi Pilot Pods. In the event of a gas field development, the acquisition of the Mamba area provides the Company with considerable flexibility and optionality.

**TLOU ENERGY LIMITED**

TLOU ENERGY



**PLs 230-233/2007 – Karoo West Permit Area, Botswana**  
**Tlou Energy Limited 100%**

No further work was undertaken on these permits during the reporting period. Due to the low prospectivity in the area, these prospecting licences are being relinquished.

**SG 7/05 (4533) & SG 9/05 (4535) – Mid-Zambezi Basin Area, Zimbabwe**  
**Tlou Energy Limited 49% interest divested**

Tlou advises that during the reporting period it divested its 49% interest in the two special grants (licence areas) in Zimbabwe to the 51% interest holder for nominal consideration.

**NEW VENTURES****Tanzania**

Tlou's application for a large CBM exploration area in the Seleous Basin in Tanzania remains with the government in an assessment phase.

**Mozambique**

Tlou is continuing discussions with relevant stakeholders in Mozambique in an effort to secure CBM acreage in the Zambezi Basin area.

**TLOU ENERGY LIMITED****Malawi**

Tlou's application for a large CBM exploration area in the Lengwe and Mwabvi Coal Fields Basin located in southern Malawi remains with the government in an assessment phase.

**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

Anthony (Tony) Gilby, Managing Director

**Tlou Energy Limited**

Website: [www.tlouenergy.com](http://www.tlouenergy.com)

For further information regarding this announcement please contact:

*Anthony Gilby, Managing Director*  
Email: [tony.gilby@tlouenergy.com](mailto:tony.gilby@tlouenergy.com)

*Stephen Rodgers, Company Secretary*  
Email: [stephen.rodgers@tlouenergy.com](mailto:stephen.rodgers@tlouenergy.com)