

TLOU ENERGY LIMITED**16 November 2015**

Operations Update**Key points:**

- Encouraging gas pressures continuing to increase in the Selemo pilot wells;
- Initial Dewatering operations nearing completion as wells approach stabilisation;
- Gas flow testing program to commence imminently.

Note: All times quoted are referenced to Australian Eastern Standard Time (AEST) unless otherwise stated

Update on dewatering operations at Selemo

Tlou Energy Ltd (“**Tlou**” or “**the Company**”) is pleased to provide an update on the dewatering operations at the Selemo pilot pod. The original Selemo lateral production pod (Selemo 1) was recently expanded with drilling and installation of two new flanking lateral pods either side of it (Selemo 2 and Selemo 4) to assist with dewatering and ultimately enhance gas deliverability.

Dewatering operations commenced in mid-September 2015 and the wells have now been dewatering for approximately 60 days. The dewatering proceeded in a controlled manner with all three wells now below the Critical Desorption Pressure (“CDP”) and steadily building wellhead pressure.

The dewatering process includes:

- 1) gradually reducing the water level in each of the three vertical production wells;
- 2) reaching the critical gas desorption point;
- 3) gas pressure building up in each well; and
- 4) flowing and testing the gas production rates.

Production data to date is extremely encouraging and in line with what our reservoir engineers had anticipated prior to commencement of the testing process, with well behaviour and water production consistent with expectations.

The next phase planned for December 2015 will be the step rate gas testing program. The aim of the testing program will be to ensure that the maximum sustainable gas production rate is achieved. This process will also provide vital data on well performance which can then be incorporated into large scale field development.

The performance of the wells to date has been very encouraging and in the event that this continues as anticipated, the Company will be in a position to book reserves, further its downstream development options, and enhance value for shareholders.

TLOU ENERGY LIMITED**Downstream activities**

In addition to the favourable data at the Selemo operations, Tlou has made significant progress on its downstream plans for the development of gas-to-power projects in Botswana.

Over the past two months, Tlou has had discussions with a number of power development, investor and lender groups, mainly based in the United Kingdom and Europe where there is a strong appetite for African based projects.

There is considerable interest from these groups to partner with Tlou to initially develop a 10 MW gas-to-power project in Botswana and thereafter further expand to cover the chronic energy supply shortfalls being experienced in Botswana and throughout Southern Africa.

Concurrently, the company is making progress in its discussions with the Botswana government with regard to the required agreements, authorisations and permits required for operation of combined gas-to-power projects in the country.

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