

TLOU ENERGY LIMITED**13 October 2014**

Key points:

- Selemo successfully reaches critical gas desorption pressure (CDP);
- Equipment has been mobilised to implement Lesedi remediation plan which is anticipated to begin next week;
- Well head pressure continuing to build at Mopani 2P single vertical pilot;
- Drilling commenced on new single vertical pilot 'Lesedi 2P'.

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

Selemo Pilot Pod

Since recommencement of production testing, the dewatering process at Selemo has progressed steadily with CDP recently being reached.

The Company is pleased to have once again established that gas can be liberated from the coal by employing a careful dewatering process. The primary objective is to now demonstrate a commercial gas rate concurrent with the dewatering process.

Lesedi Pilot Pod

At the Lesedi Pilot Pod, the drilling rig and all other necessary equipment are expected to soon arrive on site to implement the remediation plan which has been designed to prevent the anomalous water influx. The operations to implement this plan are on schedule to be completed in October 2014.

The aim of the remediation plan is to enable pumping operations to recommence at Lesedi with a dewatering profile more consistent to that seen on the Selemo Pod.

Mopani 2P Single Vertical Pilot

Mopani 2P has been steadily dewatering with CDP being reached in mid-September 2014. Encouragingly since CDP was reached, the well head pressures have continued to steadily rise.

Tlou is currently focused on demonstrating a commercial gas rate at Mopani 2P and the other pilot pods concurrent with ongoing dewatering operations.

TLOU ENERGY LIMITED**Lesedi 2P Single Vertical Pilot**

As previously announced, the Company has made a decision to drill and complete for production testing, a new single vertical pilot well called 'Lesedi 2P'. This decision was based on the encouraging results at Mopani 2. The drilling of Lesedi 2P commenced on 9 October 2014.

The objective of vertical pilot wells Lesedi 2P and Mopani 2 is to provide flow rate comparisons to the Selemo and Lesedi lateral 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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