

TLOU ENERGY LIMITED**1 December 2014**

Key points:

- Gas flow steadily increasing at Selemo 1P which is highly encouraging;
- Results to date suggest that a commercial development is achievable;
- Gas testing on-going at Mopani 2P with Lesedi 1P & 2P continuing to dewater.

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

Gas production steadily increasing at Selemo 1P

Tlou Energy advises that the gas flow at the Selemo 1P (horizontal pilot pod) has steadily increased since the commencement of production testing. Testing will continue for some time while the last of the water is removed from the coal and to enable additional data to be gathered for development modelling. The gas is being flared at surface (refer Figure 1 below).



Figure 1: Selemo 1P gas flare

Tlou is highly encouraged by flow testing results to date at Selemo 1P particularly when combined with the favourable technical fundamentals of the Lesedi pilot area.

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With high expected gas prices (driven by diesel replacement pricing) and low capital / operating costs (relative to the Australian CBM industry), Tlou considers that results to date suggest a commercial development is achievable.

Superior technical fundamentals in the vicinity of the Lesedi 1P & 2P pilots, compared with the Selemo region, provide further confidence that the Lesedi area could produce much higher gas flows as testing operations expand.

Testing operations will continue at the four pilot locations, currently in various stages of gas and water production, to underpin reserve certification and ongoing gas sales agreement negotiations. These activities will serve to underpin Tlou's planned field development objectives at the Lesedi CBM Project in Botswana.

Tlou- Key Statistics (as at 30 September 2014)

- ASX Code – TOU
- Shares on issue ~ 148 million
- Fully diluted ~ 163 million
- Cash balance ~ \$7.6 million (AUD)
- Debt = Nil
- Primary Focus is the Lesedi CBM Project in Botswana (100% Tlou Energy)

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