

TLOU ENERGY LIMITED

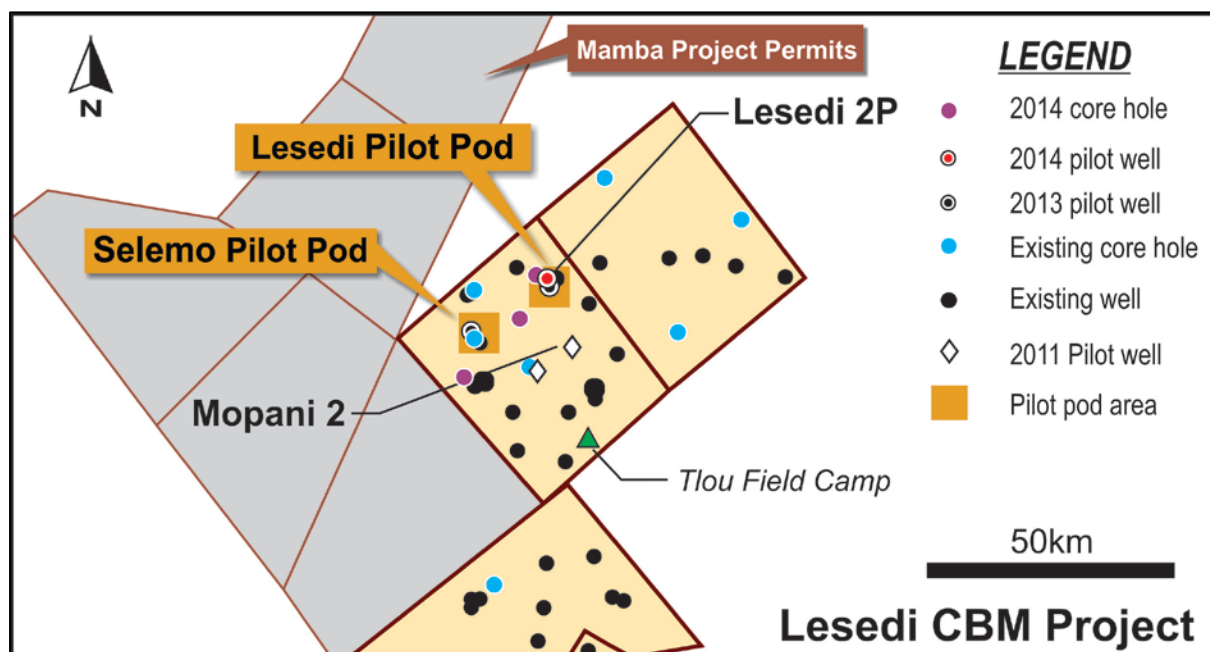
30 January 2015

OPERATIONAL REPORT - QUARTER ENDING 31 DECEMBER 2014**HIGHLIGHTS**

- Selemo Pilot achieves peak gas flow during production testing of approximately 395,000 cfd (cubic feet per day);
- Results to date suggest that the economic threshold for a potential development has been met when all key factors are taken into consideration;
- Gas sales agreement negotiations are progressing.

TLOU ENERGY LIMITED PROJECTS**Botswana**

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



Activities during the quarter focused on dewatering and production testing of the Company's pilot operations. At the Selemo pilot pod, gas commenced flaring in November 2014 whilst dewatering operations continued. A decision was made in early December 2014 to determine the gas flow potential of the well by conducting short term tests as part of the longer term testing process.

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The results of these tests were announced on 6 January 2015 and are summarized in Table 1 below.

Table 1: Selemo Pilot short term test data

Key Parameters		Test 1	Test 2
Flow time	minutes	16.5	15
Gas produced during flow	m ³	53.2	57.7
Water Produced	litres	357	509
Peak Gas Rate observed during test	cf/d	395,300	371,800
Average Gas Rate for test period	cf/d	164,000	196,000
Average Water Rate	litres/day	31,156	48,864
Casing Regulator Pressure Drop during flow test	kPa	452	511
Downhole Gauge Pressure drop during flow test	kPa	192	187

The Selemo Pilot was then shut-in to allow pressure build-up data to be accumulated and assessed prior to the recommencement of longer term production testing in early 2015.



Figure 1: Selemo 1P gas flare

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Specific observations in relation to the Selemo testing process to date include:

- Selemo Pilot is the first in Botswana to flow CBM gas at these rates (as far as the company is aware and based on publicly available information).
- Although this was a short term flow test, such a test can still provide a relatively reliable estimate of flow rate capability once wells are in production.
- It is expected that as additional wells are placed nearby to the Selemo Pilot, this would assist in maintaining (or even enhancing) the longer term gas flow rate given a significantly larger area of the coal seam would be dewatering and maintained below the gas desorption pressure.
- Tlou is very encouraged by the build-up of pressure in the lateral well head since the system was shut-in post the short term production test.

Given the success of the Selemo pilot, Tlou plans to recommence flow testing on a longer-term basis and to develop an expanded drilling plan for the area. The majority of Tlou's resources will therefore be focused on the Selemo area in the near term.

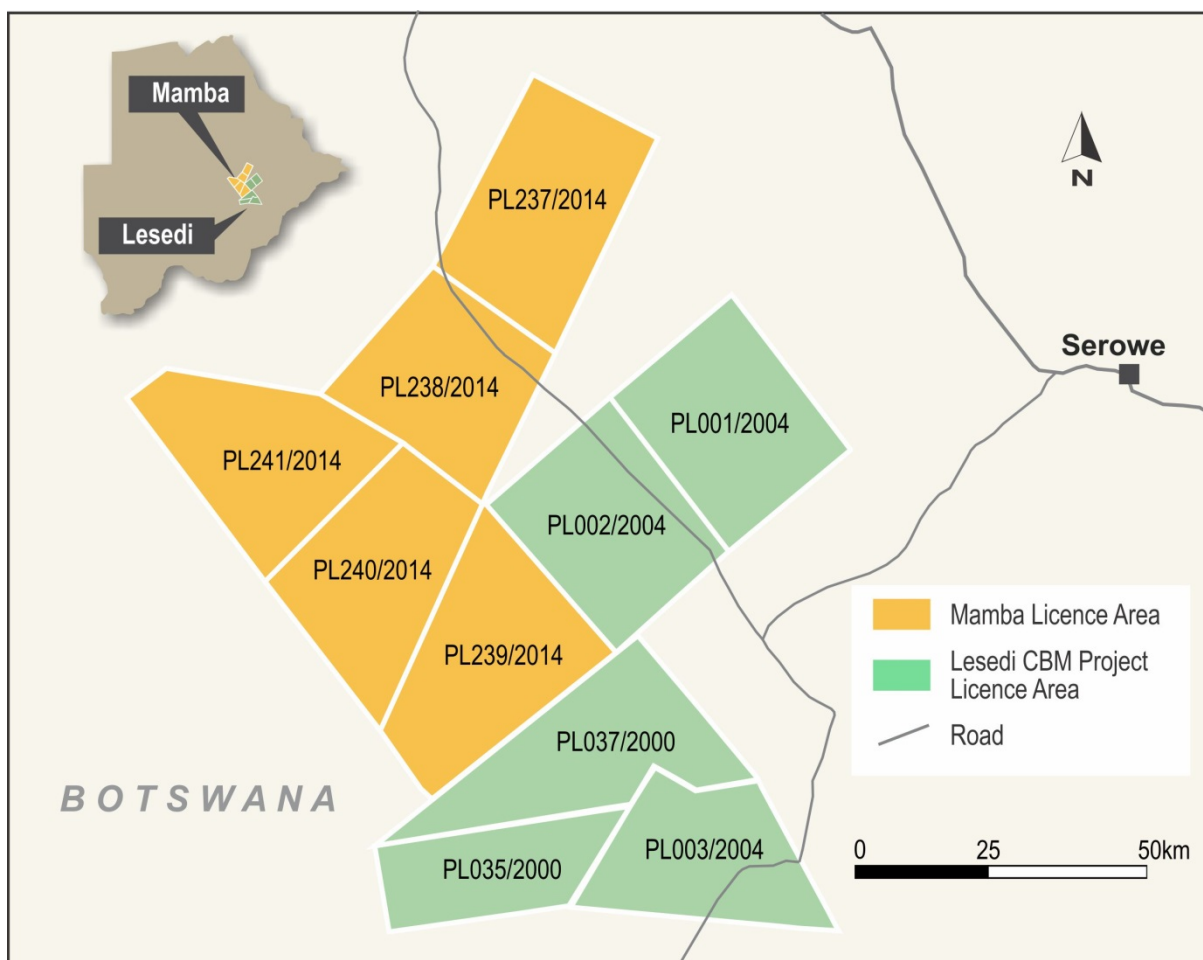
Tlou will continue to monitor and assess the Mopani and Lesedi areas during this next phase. The results to date of these pilots are very encouraging but not yet as definitive as Selemo and correspondingly may be shut-in and revisited when resources allow at a later date.

Commercialisation Activities

The Company is actively advancing gas sales agreement negotiations which are a precursor for reserve certification. This will serve to underpin Tlou Energy's planned field development objectives at the Lesedi CBM Project in Botswana with the objective to supply gas to the Orapa Power Station and elsewhere.

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

In early July 2014, Tlou was awarded five new CBM permits in Botswana covering an area of approximately 4,500 km². The Mamba permits are considered to be highly prospective as they are situated adjacent to Tlou's Lesedi CBM Project and are on-trend with the encouraging results observed to date. 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**NEW VENTURES****Mozambique**

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

Malawi

Tlou's application for a large CBM exploration area in the Lengwe and Mwabvi Coal Fields Basin located in southern Malawi has been successful.

Tlou- Key Statistics (as at 31 December 2014)

- ASX Code – TOU
- Shares on issue ~ 148 million
- Fully diluted ~ 163 million
- Cash balance ~ \$5.8 million (AUD)
- Debt = Nil
- Primary Focus is the Lesedi CBM Project in Botswana

Anthony (Tony) Gilby, Managing Director

Tlou Energy Limited

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TLOU ENERGY

Southern Africa's most advanced CBM gas company



OVERVIEW

- The most advanced gas company in Botswana
- Flowed gas at potentially commercial rates
- 8,300 km² 100% Tlou Energy



COMMERCIAL

- High gas prices and low cost environment yields +/-20% ROR
- Existing Orapa 90MW & proposed 300MW power stations
- Virtually unlimited regional demand



INVESTMENT DRIVERS

- Gas Sales Agreements (GSA's)
- Reserves upgrade - currently 2,322 BCF 3C
- Secure development funding



CORPORATE DETAILS

Experienced Corporate and Operational team in place

Board of Directors



Nathan Mitchell
Non-Executive Chairman



Tony Gilby
Managing Director
and CEO



Martin McIver
Non-Executive Director



Chris Pieters
Non-Executive Director

Management



Glen Smith
Chief Operating Officer
South Africa based



Gabaake Gabaake
African Regional Manager
Botswana based



David Mompoti
Project Development Officer
Botswana based



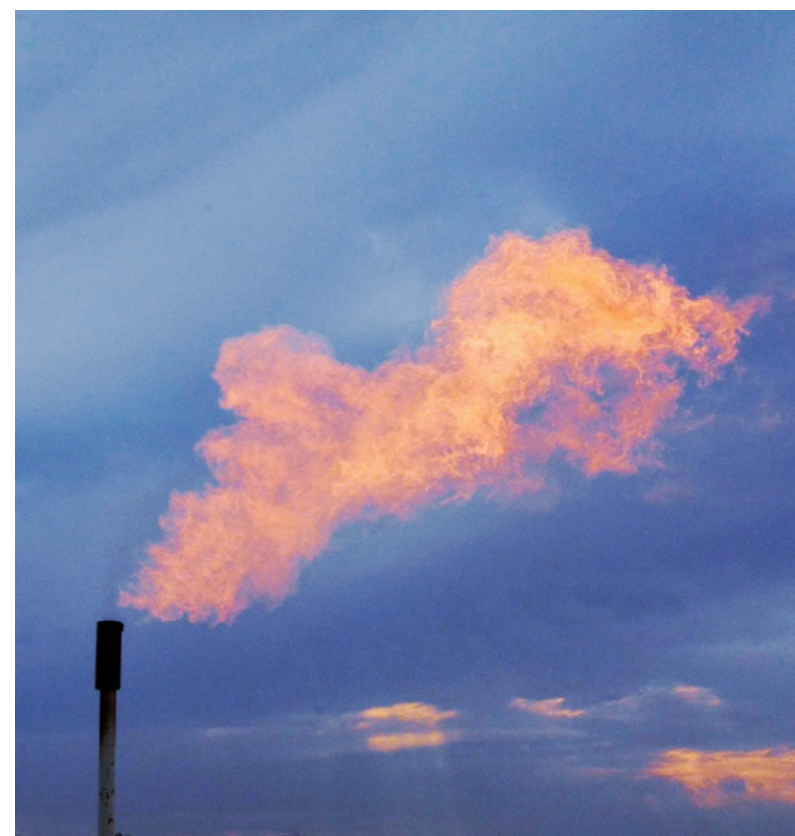
First gas to market

- Target end 2016

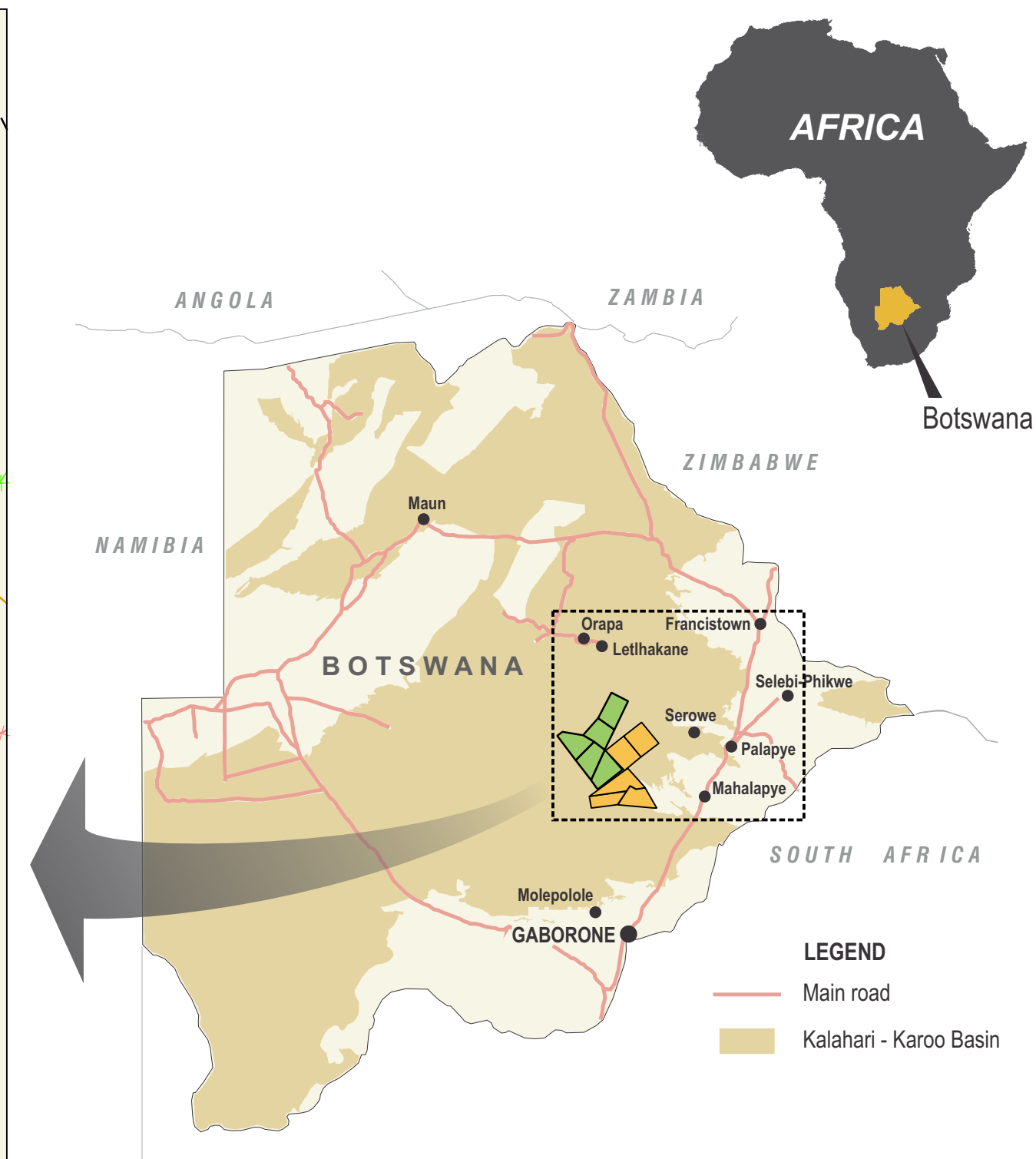
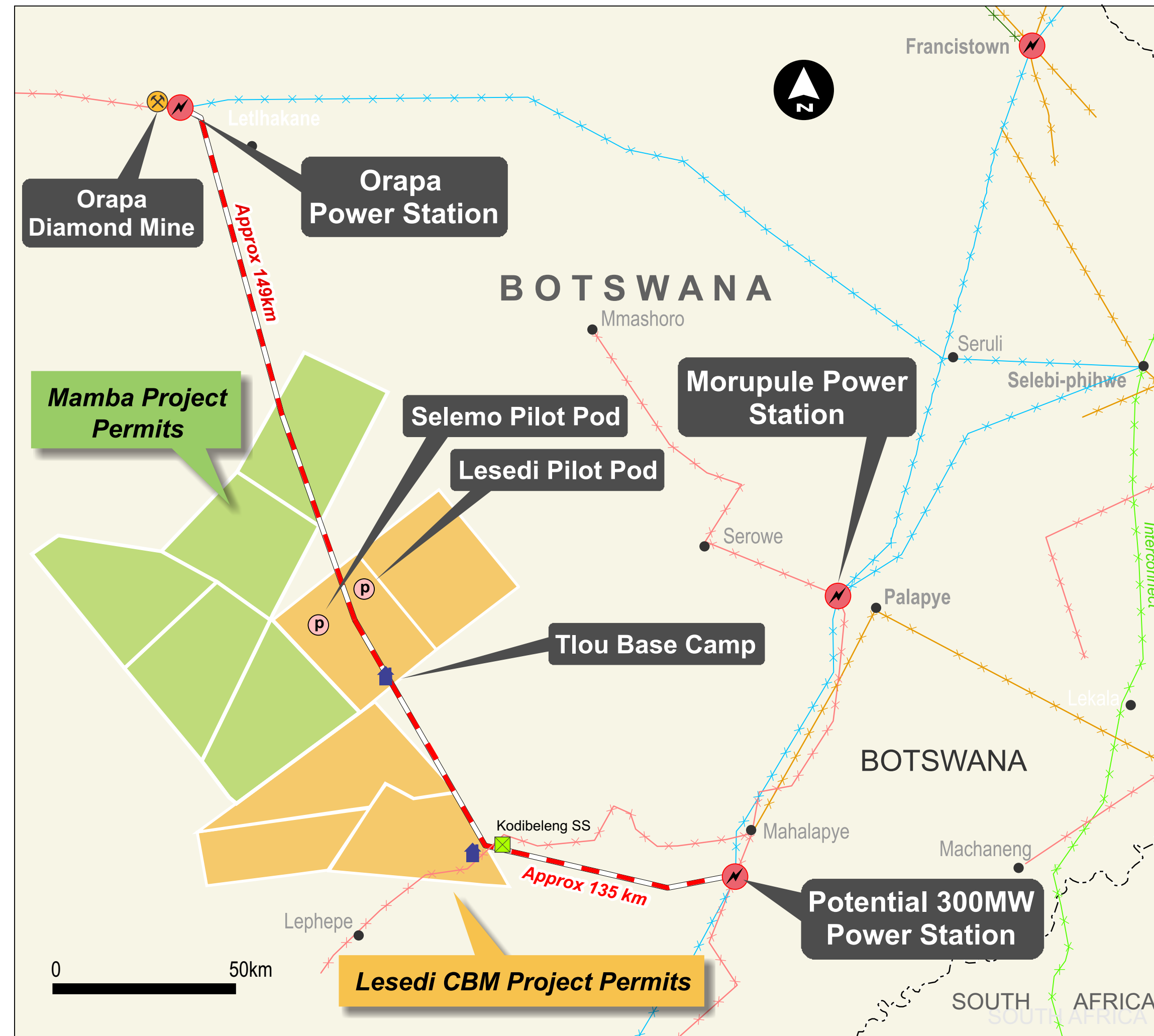


Key Risks

- Funding
- Bureaucracy
- Operations
- Resource



Selemo 1P Dec'14



LEGEND

- Proposed Gas Pipeline
- Substation
- Transmission Network
 - 33 kV
 - 66 kV
 - 132 kV
 - 220 kV
 - 400 kV

contact

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KEY INFORMATION - 31 December 2014

ASX Stock Code
Shares on Issue
Cash in Bank

TOU
148m
\$5.8m

www.tlouenergy.com

Date: 30 January 2015