

TLOU ENERGY LIMITED**01 July 2013**

Highlights

- **Lesedi 1P (vertical pumping well) completed as per program in preparation for drilling the Lesedi 1A & 1B lateral intercept wells;**
- **Selemo 1P (vertical pumping well) preparing to run surface casing and drill ahead to total depth;**
- **Preparations underway for mobilising DWD Drilling Technologies (“DWD”) Buffalo Rig later this week for the lateral well drilling phase (Lesedi 1A/1B & Selemo 1A/1B).**

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

Tlou Energy Limited (“Tlou”) is pleased to advise that the Lesedi 1P well has been completed and the rig released from location and moved to the Selemo 1P well.

Lesedi 1P is the vertical intercept pumping well in the Lesedi Pilot Pod and was drilled to a total depth of 492 metres, having run and cemented the 219 millimetre (8-5/8 inch) intermediate casing string to 418 metres. Following wireline logging operations, the main target coal seam (Morupule Main Seam) was under-reamed with a 406 millimetre (16 inch) under-reamer. The rig was released from location at 22:00 hours on 29 June and moved across to the Selemo 1P location.

Operations at Selemo 1P will follow the same program as for Lesedi 1P, with the 219 millimetre (8-5/8 inch) casing being run and cemented to the current well depth of 469 metres. The well will be deepened through the Morupule Formation to an anticipated total depth of 550 metres and wireline logs acquired over the open hole interval. The Morupule Main Seam will then be under-reamed to 406 millimetres (16 inch) and the well suspended. This will then conclude all the top-hole preparations for both the Lesedi and Selemo Pods and DWD’s Schramm Rig will be demobilised. The larger “Buffalo Rig” from DWD will be mobilised later this week and drilling of the two lateral wells (Selemo 1A & 1B) undertaken.

Background on the current drilling program

The current drilling program comprises two horizontal pilot pods called Selemo and Lesedi. Each Pod has a single vertical well (Selemo 1P and Lesedi 1P) with each vertical well having two 750 m

TLOU ENERGY LIMITED

in-seam lateral wells drilled to intersect it through the targeted basal Morupule Coal Seam. For the Selemo Pod, the in-seam wells will be named Selemo 1A and Selemo 1B. This approach has proved to be successful in CBM basins in Queensland and will facilitate faster and more efficient dewatering and gas drainage of the targeted coal seam.

The top-hole section on each well will be drilled with a smaller Schramm T-130 Rig from DWD Drilling Technologies ("DWD"). Subsequently, the lateral sections will be completed in a second drilling phase with the larger DWD Buffalo Rig.

The entire drilling campaign of six wells is scheduled to be completed in 3Q13 with testing operations commencing in 4Q13 following well completions and installation of surface testing facilities.

Tlou has been active in Botswana for over three years with approximately US\$40 million having been invested on drilling and testing programmes to date by Tlou and the previous operator. The Karoo Central project is one of the most advanced CBM projects in southern Africa as a result of this investment.



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