

TLOU ENERGY LIMITED**08 July 2013**

Highlights

- **Selemo 1P (vertical pumping well) completed as per program in preparation for drilling the Selemo 1A & 1B lateral intercept wells;**
- **All top-hole drilling operations now completed successfully;**
- **DWD Drilling Technologies (“DWD”) top-hole Schramm Rig released from operations;**
- **DWD Buffalo Rig mobilised and rigging up to commence lateral well drilling (Selemo 1A-R).**

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 Selemo 1P well has been completed and the rig released from location and demobilised, having now successfully completed all the top-hole drilling operations for both the Selemo and Lesedi Pilot wells.

Selemo 1P, the last well in the top-hole program and the vertical intercept pumping well in the Selemo Pilot Pod, was drilled to a total depth of 560 metres having run and cemented the 219 millimetre (8-5/8 inch) intermediate casing string to 465 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 12:00 hours on 7 July and demobilised from operations with Tlou.

Mobilisation of the larger “Buffalo Rig” from DWD commenced on Friday (5 July) with all equipment arriving on location on 7 July. The rig will be rigged up on the Selemo 1A-R location in preparation for commencing work once rig inspection and certification has been completed. The first operation will be to run and cement the 244 millimetre (9-5/8 inch) intermediate casing string prior to commencing the drilling of the build section for the lateral well.

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 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

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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 was drilled with a smaller Schramm T-130 Rig from DWD Drilling Technologies ("DWD"). The lateral sections will be completed in a second drilling phase with the larger DWD Buffalo Rig which is currently underway.

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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