

TLOU ENERGY LIMITED**30 September 2013**

Key points:

- **Selemo 1B well temporarily suspended;**
- **Rig moving to commence drilling the Lesedi Pilot Pod horizontal sections;**
- **Lesedi 1A first well in Lesedi Pod to be drilled;**
- **Site works to commence testing Selemo 1A-R nearing completion;**

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

Tlou Energy Limited ("Tlou") wishes to advise that drilling of Selemo 1B, the second horizontal well on the Selemo Pod, has been temporarily suspended at depth of 969m measured depth with the BHA (bottom hole assembly) left stuck in the hole to be retrieved at a later date. DWD's Buffalo rig was released from operations at Selemo 1B on 29 September and is currently moving to commence drilling the horizontal sections for the two Lesedi Pilot Pod wells, Lesedi 1A and 1B.

The Selemo 1B well initially began drilling the horizontal section with good progress being made however, the soft rock section above the target coal began to cave in effectively trapping the down-hole drill pipe. On the first occasion this occurred, the stuck drill pipe was successfully freed and operations continued with greater emphasis on keeping the hole clean of drill cuttings build up. Despite the care taken, the drill string became trapped again by loose rock with the current drilling set-up incapable of keeping the hole clean of loose material. Hence the decision was taken to temporarily suspend drilling of the well (leaving the BHA stuck in the hole) and move on to drill the horizontal well sections at the Lesedi pilot pod. Steps will be taken in the well design to minimise the chance of similar caving issues being experienced at Lesedi.

The decision to temporarily suspend operations at Selemo 1B was taken to firstly allow the drilling operation to continue at the Lesedi pilot pod while secondly, to allow time for a solution to the caving issue at Selemo 1B to be found. The Company is currently assessing a number of options to rectify the issue experienced at Selemo 1B. Consequently drilling operations at Selemo 1B may not re-commence in the present drilling campaign.

The DWD Buffalo rig is currently being moved to commence drilling operations at the Lesedi 1A location. The rig is preparing to drill a build section to land-out horizontally in the target basal Morupule Coal Seam. Once the drilling of the horizontal build section is completed and cemented it will provide the launch point for drilling the ~750m long, lateral section directionally steered through the coal to intersect the previously drilled Lesedi 1P vertical pumping well.

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The Selemo 1A-R horizontal section was recently drilled and successfully intersected the vertical production well (Selemo 1P). This horizontal well will now be completed and brought on-line and is anticipated to produce firstly water and subsequently gas.

In summary, the current six well drilling campaign so far has resulted in three successfully drilled wells (Selemo 1P, 1A-R and Lesedi 1P) and three partially completed wells (Selemo 1B - drilling temporarily suspended; and Lesedi 1A and 1B top-hole sections – horizontal sections about to commence).

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 ~750m in-seam horizontal wells drilled to intersect it through the targeted basal Morupule Coal Seam. For the Selemo Pod, the in-seam wells are designated Selemo 1A-R 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.

Once the entire drilling campaign is completed, testing operations are scheduled to commence in 4Q13 following the installation pumps in the vertical wells and commissioning 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 programs to date by Tlou and the previous operator. This has resulted in over 70 wells drilled along with the acquisition of a comprehensive technical data base. Correspondingly, 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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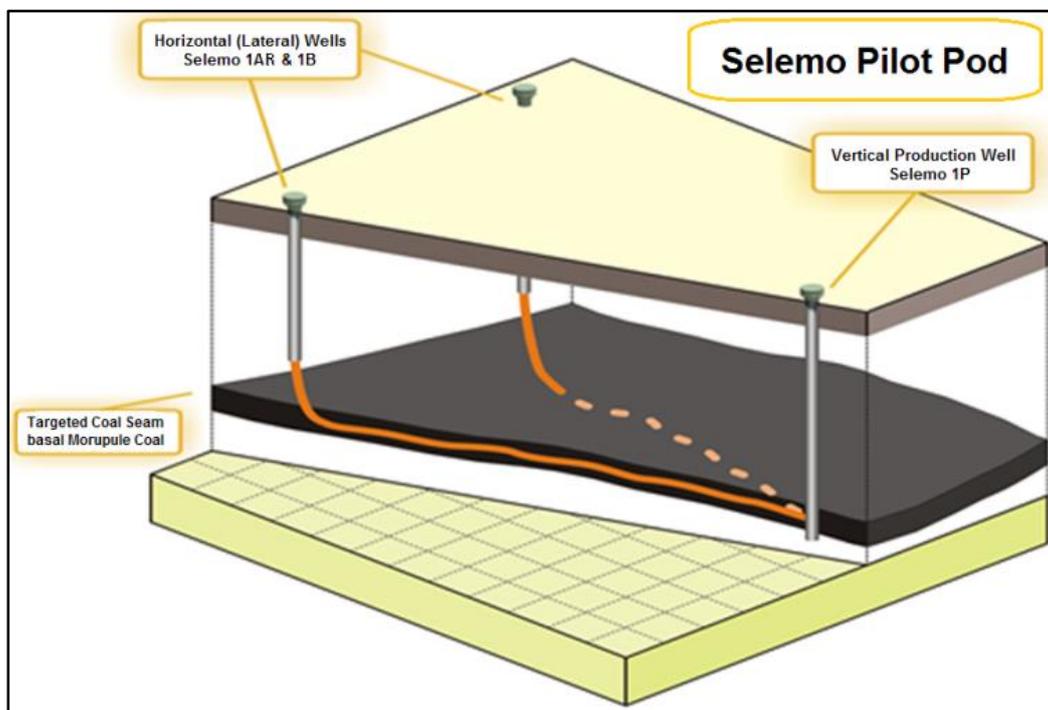
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