

**TLOU ENERGY LIMITED****14 October 2013**

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**Key points:**

- **Rig has been moved to Lesedi 1A pilot well site;**
- **The rig crew are currently on standby rate;**
- **Surface works to commence testing Selemo 1A-R are progressing;**

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

Tlou Energy Limited ("Tlou") wishes to advise that DWD's Buffalo rig has completed its move to Lesedi Pilot Pod well 1A. It is in place and on standby ready to commence drilling the horizontal sections for the two Lesedi Pilot Pod wells, Lesedi 1A and 1B.

A decision was taken by Tlou to put the Buffalo rig on standby rate and the directional drilling crew on zero-rate while awaiting specialist down hole horizontal drilling equipment to arrive from Australia prior to commencing Lesedi 1A. The drilling equipment is expected to arrive later in the week, at which time drilling will commence. Tlou anticipates the two Lesedi Pilot Pod wells will be completed by 4Q13.

At the Selemo Pilot Pod, surface works to commence testing the previously drilled Selemo 1A-R horizontal section and vertical production well (Selemo 1P) are continuing. In addition, plans to recover the equipment currently down hole in Selemo 1B are progressing as well as a remedial plan to complete the well following completion of the current drilling and testing program.

**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. 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.

Testing operations are scheduled to commence in 4Q13 following the installation of 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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