

TLOU ENERGY LIMITED**13 November 2013**

Key points:

- **Successful intersection of Lesedi 1A in-seam horizontal well into Lesedi 1P;**
- **Lesedi 1A drilled more efficiently due to experience of previous wells;**
- **Good gassy coal intersected in horizontal section of Lesedi 1A;**
- **Rig currently being moved from Lesedi 1A to Lesedi 1B;**
- **Selemo Pod (Selemo 1A/1P) due to commence production testing.**

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

Tlou Energy Limited ("Tlou") wishes to advise that the Lesedi 1A horizontal in-seam well has successfully intersected the Lesedi 1P vertical pumping well. The rig is currently preparing to move from Lesedi 1A to the Lesedi 1B horizontal in-seam well, the final well in the 2013 drilling program.

The Lesedi 1A 152mm (6") in-seam horizontal section was drilled from the 178mm (7") casing point (set at 629m) to intersect with Lesedi 1P at a total drilled measured depth of 1,427m. Good quality gaseous coal was intersected along the entire 788m drilled path through the target Morupule Coal Seam.

The drilling rig move from Lesedi 1A to Lesedi 1B is underway and drilling is scheduled to commence on Lesedi 1B on 14 November.

Results from the drilling of Lesedi 1A have been pleasing, with the well drilled to its total depth in line with pre-drill cost and time projections. Since the drilling of the Selemo Pod wells, a number of design changes were implemented, which were instrumental in delivering the improved drilling result at Lesedi 1A. These changes along with further minor design changes, will be employed on the Lesedi 1B well in an attempt to further reduce drilling time and cost.

Production & Testing Summary

Surface infrastructure works on both the Selemo and Lesedi Pilot Pod production sites was completed this week. This involved the construction and installation of lined water storage evaporation ponds and associated earth works, fencing of the production sites and wellhead and surface production testing equipment installation. The down-hole pumps and production tubing will be set into the Selemo 1P well later this week with Tlou's workover rig. Following the commissioning and testing of all equipment, full production testing of the Selemo 1A/1P Pod will commence late this week.

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Tlou is also pleased to announce that Troy Wilson of General Petroleum Oil Tools (“GPOT”) has been engaged to assist with completion and gas production testing of the current drilling program. Troy is on site in Botswana to assist and supervise all aspects of the well testing program. Troy is experienced and highly skilled in his field and well regarded through-out the Australian CBM industry. Tlou is delighted to have Troy and GPOT on board at this stage of the 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 commencing 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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