

TLOU ENERGY LIMITED**19 November 2013**

Key points:

- **Selemo pilot production testing has commenced;**
- **Early production testing indications are positive;**
- **Drilling of the Lesedi 1B well is underway.**

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

Tlou Energy Limited ("Tlou") is pleased to advise on the status of current field activities underway for the 2013 Horizontal Drilling Program. These activities include the commencement of the Selemo 1P/1A pod production testing program and drilling progress on the Lesedi 1B well.

Selemo 1P/1A

Following well conditioning operations of the Selemo 1P/1A-R wells, a 2.38mm (2-³/₈") tubing string and pump were run and set in place to complete the well for production. Surface flow lines and well monitoring equipment was installed and tested to complete the installation. Pumping of Selemo 1P commenced on 17 November. The well will be brought on slowly into full production, with the aim of achieving stabilised gas and water rates. However early indications from the production testing are positive and consistent with the gaseous coals encountered during drilling operations.

Lesedi 1B

Drilling of Lesedi 1B is currently underway. Tlou is drilling the 200 mm (7-⁷/₈") build section of the hole to land out horizontally in the target basal Morupule Coal Seam. The hole will then be widened with a 216mm (8-¹/₂") hole opener before running and cementing the 178mm (7") casing. The 152mm (6") horizontal section will then be directionally drilled ~750m through the target coal seam to intercept the Lesedi 1P vertical pumping well which will then complete the Lesedi Pilot Pod.

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.

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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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