

**TLOU ENERGY LIMITED****25 November 2013**

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**Key points:**

- **Drilling continuing on final Lesedi 1B horizontal well within the target basal Morupule Coal Seam;**
- **Lesedi Pilot Pod on schedule.**
- **Dewatering of coal continuing at Selemo Pod with early indications remaining positive.**

*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 its 2013 Horizontal Drilling Program in the Karoo Central Project area in Botswana. These activities include the drilling progress on the Lesedi 1B horizontal well and the status of early testing results from the Selemo Pilot Pod production test.

**Lesedi 1B**

Drilling of the 152mm (6") in-seam horizontal hole section is currently underway at a measured depth of 871m, having run and cemented the 178mm (7") intermediate casing string to 708.5mMD. Progress on the well is meeting pre-drill time and cost estimates with intersection with the Lesedi 1P vertical pumping well scheduled for later this week.

Once intersection has been achieved and all three wells cleaned and flushed with fresh water, the pump and tubing string will be run on Lesedi 1P and the production testing phase commenced.

**Selemo 1P/1A**

Drawdown on pump continues as planned on Selemo 1P with the aim of brining the pod into gas and water production. Monitored pressures on both the vertical and horizontal wells confirm the earlier reported positive observations and are consistent with results suggested from gaseous coals encountered during drilling operations.

**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

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basins in Queensland and will facilitate faster and more efficient dewatering and gas drainage of the targeted coal seam.

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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