

**TLOU ENERGY LIMITED****12 December 2013**

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**Key points:**

- **Successful completion of 2013 Horizontal Pod Program and Rig Release;**
- **Preparations underway for a three well coring program in 1Q14.**

*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 activities for its 2013 Horizontal Pod program and its planned activities for early 2014, both in the Karoo Central Project area in Botswana.

**2013 Horizontal Pod Program – Rig Release**

With all drilling activities successfully completed for the 2013 Horizontal Pod Drilling Program, the DWD Buffalo Rig was released on Friday 29 November. The rig was moved, cleaned and stacked at the Lesedi Pod laydown staging area.

**2014 Coring Program**

Preparations for the 2014 coring program are underway and are scheduled to commence towards the end of January 2014. The coring program will be conducted within the Karoo Central CBM prospective fairway, the same fairway in which the Selemo and Lesedi pilot pods are located. The coring program will consist of three wells, and will assist in delineating the nature and extent of the fairway confirmed by the Lesedi and Selemo pilot areas. Cores will be evaluated for CBM reservoir properties, with gas desorption testing and other laboratory tests planned to be conducted. In addition to delineating the extent of the prospective CBM fairway, this coring program is a precursor to reserves certification, which Tlou aims to complete by mid-2014. The core wells will be drilled within the optimal proximity of the Lesedi and Selemo Pilot Pods in order to maximise the area of potential reserves that can be certified.

**Background on the 2013 & 2014 Drilling Programs**

The 2013 drilling program comprised two horizontal pilot pods called Selemo and Lesedi. Each Pod has a single vertical well (Selemo 1P and Lesedi 1P) with each vertical well designed to have two ~750m in-seam horizontal wells drilled to intersect it through the targeted basal Morupule Coal Seam. The Selemo Pod has been completed as a single-lateral pilot pod. Lesedi Pod has been completed as a dual-lateral pod.

Production testing operations on both the Selemo Pod and the Lesedi Pod are underway.

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To complement the Selemo and Lesedi Pods, three core wells will be drilled in early 2014 as part of Tlou's 2014 drilling program. With the data obtained from this process, along with data previously obtained, Tlou is aiming to certify the first reserves of a CBM reservoir in Botswana. Achieving reserve certification is the next step in the planned commercialisation of Tlou's CBM assets in Botswana.

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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