

TLOU ENERGY LIMITED**28 January 2014**

Key points:

- **Selemo and Lesedi Pods continuing dewatering and advancing towards critical gas desorption;**
- **Water pumps to be upgraded at Selemo and Lesedi Pods following high initial water rates observed to date;**
- **Tlou's 2014 corehole drilling program to commence in early February 2014.**

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

Horizontal Pod (Selemo & Lesedi) Production Testing Program

Tlou Energy Limited ("Tlou") is pleased to provide an update for its Horizontal Pod production testing program in the Lesedi CBM Project area of Botswana. The Lesedi CBM Project area includes the Selemo Pod (which commenced dewatering on 17 November 2013) and the Lesedi Pod (which commenced dewatering on 5 December 2013).

The positive production data to date from both pods indicates consistency in water production with low solids content (coal fines). Tlou is encouraged by the quantity of water from each pod. To assist with the dewatering process, the pumps in each pod will be upgraded to accommodate the larger volumes. The water rates are suggestive of both pods being good future gas producers.

In addition to drawing down the pressure via the dewatering process in each Pod, Tlou has begun work on gas marketing agreements with potential off-takers in anticipation of potentially commercial gas flows.

2014 Drilling Program

As previously announced, three core wells will be drilled in 1Q14 as part of Tlou's 2014 drilling program. The Company is pleased to advise that the key contracts for the provision of drilling, desorption services, laboratory services and wire-line logging have now all been executed.

The drilling work will be undertaken by DWD Drilling Technologies Pty Ltd, an established drilling contractor based in Botswana with over 60 years experience in the industry. Associated equipment and consumable items have been ordered and are expected on-site for the commencement of drilling.

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Regulatory approval from the Botswana Department of Environment for the drilling program is expected within the next two weeks and will be approved under Tlou's current Environmental Management Plan. Site preparations will commence immediately upon receipt of this approval.

Based on this current schedule, drilling is expected to commence around the beginning of February 2014.

Tony Gilby, Managing Director commented:

"We are using a highly experienced team who have had the benefit of the 2013 drilling campaign to carry out our core hole drilling program. DWD Drilling Technologies Pty Ltd, along with our Botswana-based operations personnel, provides us with a first class technical team to oversee this drilling operation. It is anticipated that the core holes will be completed to enable them to be utilised as future gas producers. This will provide further efficiencies as Tlou moves towards gas production and reserves certification in 2014."

Tlou appoints new Chief Financial Officer

Tlou is pleased to announce that Mr Colm Cloonan has been appointed Chief Financial Officer, effective immediately. Colm has previously held the role of Group Financial Controller with Tlou since 2009.

Colm replaces Mr Don Langdon who has stepped down from the role. Don will continue to be available to assist in providing a smooth transition for the new CFO.

Anthony (Tony) Gilby
Managing Director
Tlou Energy Limited
Website: www.tlouenergy.com

For further information regarding this announcement please contact:

Anthony Gilby
Managing Director
Email: tony.gilby@tlouenergy.com

Stephen Rodgers
Company Secretary
Email: stephen.rodgers@tlouenergy.com

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