

TLOU ENERGY LIMITED



28 June 2018

Tlou Energy Limited ("Tlou" or "the Company")

Operations Update

Tlou Energy Limited, the AIM and ASX listed company focused on delivering power in Botswana and southern Africa through the development of coal bed methane ("CBM"), is pleased to provide an update on the progress of its operations at its Lesedi CBM projects in Botswana.

Highlights

- Tlou's core-hole drilling rig due onsite in July
- Planning of production well drilling underway with operations scheduled to commence in Q3 2018
- An update on the Government of Botswana's CBM re-tender document expected soon

Core-hole drilling rig

As previously announced Tlou has purchased a core drilling rig. The rig has low hours and will be ideal for obtaining coal and gas data in regions of sparse geological information, noting that the Company holds 100% of licences covering over 8,000 Km².

The core drilling rig is expected onsite soon, following lengthy shipping and customs clearing procedures. Once onsite the rig will be commissioned and prepared for the upcoming core well drilling campaign. Tlou already has its own desorption testing facilities onsite which allows the Company to test core-hole samples without the requirement to mobilise third party personnel. Owning the core rig and gas testing equipment is expected to greatly reduce the cost of Tlou's core-hole drilling.

Core-hole information assists with the addition of gas reserves and resources and it is to this end that the Company intends to use the rig to obtain additional subsurface. This also brings field operations more under the direct control of the Company in terms of timing of coring programs, maintenance, and health and safety. It also leads to additional direct employment of local staff by Tlou.

Key benefits of drilling further core-holes include:

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- Confirming coal quality, thickness, and gas content in previously un-drilled areas of the Lesedi and Mamba projects;
- Acquiring new information to expand the Company's gas reserves and contingent resources;
- Providing additional data that can be used to determine optimum locations for project development as well as high-grading areas for further development in both the Lesedi and Mamba project areas.

Production well drilling program

Tlou has received funds from its recent placement, with some of these funds along with capital raised in the ongoing Entitlement Offer to go towards drilling of production wells at the Company's Lesedi CBM Project. The new production wells or 'pods' will be dual lateral wells, intersecting a vertical well and are to be located close to the proposed central processing facility, where quality seismic and core hole data control now exists.

Tlou is currently working with its geological and drilling consultants on optimising the production well design which it hopes will lead to the wells delivering enhanced flow rates. Long lead items have now been ordered with drilling of the first of the production wells scheduled to begin during Q3 2018.

CBM Re-tender

Tlou is still awaiting information from the Government of Botswana on the proposed re-tender of the Request for Proposal ('RFP') for development of up to 100MW of CBM fuelled power plants in Botswana. The timing of this process is not in the Company's control however recent communication has suggested that an update is expected soon.

Being one of the most advanced CBM projects in Botswana, with gas reserves in place, having environmental approval for upstream development and a mining licence secured allowing the Company to commence development operations, the Company is very eager to receive this document and review the terms of the tender. Although not yet confirmed, there have been positive indications that the re-tender may be substantially different to the original tender, to facilitate the lodgement of a compliant bid by tenderers. Once further information becomes available, the Company will convey it to the market as soon possible.

****ENDS****

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Company Information

Tlou Energy is focused on delivering Gas-to-Power solutions in Botswana and southern Africa to alleviate some of the chronic power shortage in the region. Tlou is developing projects using coal bed methane (“CBM”) natural gas. Botswana has a significant energy shortage and generally relies on expensive imported power and diesel generation to fulfil its power requirements. As 100% owner of the most advanced gas project in the country, the Lesedi CBM Project, Tlou Energy provides investors with access to a compelling opportunity using domestic gas to produce power and displace expensive diesel and imported power.

The Company is listed on the Australian Securities Exchange, London’s AIM market and the Botswana Stock Exchange and is led by an experienced Board, management and advisory team including individuals with successful track records in the CBM industry.

Since establishment, the Company has significantly de-risked the project in consideration of its goal to become a significant gas-to-power producer. The Company flared its first gas in 2014, holds a Mining Licence and nine Prospecting Licences, covering an area of ~8,300Km² in total, and the Lesedi Project already benefits from significant independently certified Contingent Gas Resources of ~3.2 trillion cubic feet (3C) and independently certified Gas Reserves of ~261 billion cubic feet (3P).

The Company is planning an initial scalable gas-to-power project. Following successful implementation of this first scalable project, the Company looks forward to evaluating longer-term prospects for the delivery of electricity generated from CBM in Botswana to neighbouring countries.

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