

TLOU ENERGY LIMITED19 December 2017

Tlou Energy Limited**("Tlou" or "the Company")****Core-hole Drilling Operations Update**

Tlou Energy Limited, the company focused on developing Gas-to-Power projects in Botswana and southern Africa through the development of coal bed methane ("CBM") natural gas, is pleased to provide an update on the progress of its operations at the Lesedi and Mamba CBM Projects in Botswana.

Highlights

- Core-hole drilling has been completed at two locations in the Lesedi project area
- The operations have been conducted in line with the Company's approved Environmental Impact Statement
- A third core-hole is proposed to be completed in early 2018 in the Mamba project area
- Coal samples have been taken from the completed core-holes and are being analysed alongside seismic survey data with initial results expected in early 2018
- Core-hole information will be used for planning of first phase of development drilling in 2018
- Results will provide data for potential expansion of Gas Reserves and Contingent Resources

Tlou's Managing Director Tony Gilby said, "The lower Morupule coal seam intersected in the two recently completed core-holes appears to be of similar thickness and quality to other core-holes previously drilled by Tlou. The drilling program has been very well managed by our operations team and we are delighted to have two core-holes completed. The information from the drilling program, along with the recently completed seismic survey, is being sent to our independent reserve certifiers with the objective of expanding the existing Gas Reserves and Contingent Resources in early 2018."

Core-hole Drilling

The Company planned a core-hole drilling program to follow the recently completed seismic survey over the Company's Lesedi and Mamba projects. In consultation with SRK Consulting (Australasia) Pty Ltd ("SRK"), Tlou's geological consultants and independent reserve certifiers, the Company identified a series of locations using the newly acquired seismic data, for further evaluation by drilling of new core-holes. Two new core-holes have now been completed in the Lesedi project area. This work has been conducted on budget and completed safely within the terms of the Company's approved Environmental Impact Statement.

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Following coring, desorption samples were taken and placed into desorption baths in the field with readings being taken and sent to Weatherford Laboratories in Brisbane. Once this analysis is complete, the physical samples will be sent to Weatherford for further analysis.

Key benefits of the core-hole drilling program include:

1. Confirming coal quality, thickness, and gas content in a previously un-drilled area of the Lesedi project;
2. Providing new information to SRK to facilitate the expansion of the Company's Gas Reserves and Contingent Resources. An increase in the Gas Reserves and Contingent Resources could significantly increase the Company's valuation;
3. The additional data will be used to determine the optimum location for initial project development as well as high-grading additional areas for further development both within the Lesedi and Mamba project areas. This provides the Company with additional future optionality.

Initial project development is planned to commence in 2018, subject to the results of the Company's application to the Government of Botswana to develop up to 100MW of CBM fuelled power generation.

Results of the desorption testing are expected in Q1 2018 and will be taken into account by SRK for expansion of the Company's Gas Reserves and Contingent Resources. The Company is planning a further core-hole in the Mamba project area and an initial dual lateral development pod for early 2018 with the location to be determined following consultation with SRK.

Anthony (Tony) Gilby
Managing Director
Tlou Energy Limited

For further information regarding this announcement please contact:

Tlou Energy Limited
210 Alice St.
Brisbane
QLD 4000
Australia
+61 7 3012 9793

Tlou Energy Limited
Victoria House
132 Independence Avenue
Gaborone
Botswana
+267 316 0857

Website: www.tlouenergy.com
E-mail: info@tlouenergy.com

TLOU ENERGY LIMITED**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 in Botswana. Following successful implementation of this first scalable project, the Company plans to expand to provide further power to Botswana and the southern African region.

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