

## **TLOU ENERGY LIMITED**



**23 January 2018**

---

### **Tlou Energy Limited**

**("Tlou" or "the Company")**

### **OPERATIONAL REPORT - QUARTER ENDING 31 DECEMBER 2017**

---

Tlou Energy Limited, the ASX, AIM and BSE listed company focused on delivering power in Botswana and southern Africa through the development of coal bed methane ('CBM'), is pleased to provide its operational report in respect to its Lesedi and Mamba CBM Projects in Botswana for the quarter ended 31 December 2017.

#### **Highlights**

- Seismic survey completed across the Lesedi and Mamba project areas with data of excellent quality obtained. Data from survey is being integrated with existing data with a view to expanding the Lesedi and Mamba gas reserves and contingent resources
- Two new core-holes drilled at the Lesedi Project intersected gassy coals. Core samples are being analysed alongside seismic survey with initial results expected in early 2018
- Operations on a third core-hole at the Mamba Project began pre-quarter end with completion expected in late January 2018. This is the first core-hole to be drilled in the Mamba area
- Completed listing upon Botswana Stock Exchange as part of Company's strategy to access significant local investors focused upon the development of Botswana based projects
- Secured cornerstone Botswana investor raising P33 million (approx. £2.4 million or A\$4.1 million) through issuance of shares to African Alliance Botswana Limited, a leading asset manager in Botswana

#### **TLOU ENERGY LIMITED PROJECTS**

##### **Lesedi CBM Project Area, Botswana**

Mining Licence 2017/18L, Prospecting Licences 001 & 003/2004 and 35 & 37/2000

Tlou Energy Limited 100%

The Lesedi project in Botswana covers an area of approximately 3,800km<sup>2</sup> and consists of four Coal and CBM Prospecting Licences (PL) and a Mining Licence. The Mining Licence area is currently the

**TLOU ENERGY LIMITED**

focal point for the Company's operations and includes the Selemo pilot project where the Company has been producing gas since 2016.

The status of the Lesedi area licences is as follows:

Licence	Expiry	Status
Mining Licence 2017/18L	August 2042	Current
PL 001/2004	March 2019	Current
PL 003/2004	March 2019	Current
PL 035/2000	September 2018	Current
PL 037/2000	September 2018	Current

**Seismic Survey**

A seismic survey acquired approximately 250km of data over the Company's Lesedi and Mamba projects including over part of the Mining Licence area. It was conducted by Velseis Pty Ltd, an experienced Australian seismic acquisition and processing company that provides a fully integrated range of seismic services.

The Company identified potential gas reservoir compartments outside the currently mapped Gas Reserve areas. These compartments had relatively sparse geological control other than Tlou's existing aeromagnetic data so new seismic data could demonstrate that continuity of gassy coal exists, and this could lead to expanded gas reserves and/or contingent resources.

The seismic lines were inspected and cleared, and equipment and safety checks completed in advance of commencement of the acquisition of the 2D data. The acquisition involved specially designed tractors that are fitted with a vibrating plate which transmits a frequency into the ground at specified locations. The reverberating frequency is recorded via highly sensitive geophones placed along the seismic line and this is interpreted by specialised software to identify the underlying structure.

The new seismic data is of excellent quality and will serve to provide a more accurate picture of the subsurface target coal horizon. SRK Consulting (Australasia) Pty Ltd ('SRK'), Tlou's geological consultants and independent reserve certifiers, will carry out the seismic interpretation. This will include integration of the new seismic data with existing well and aeromagnetic data sets. A report will then follow which is anticipated in Q1 2018.

## TLOU ENERGY LIMITED



### Core-hole operations

The Company planned a core-hole drilling program to follow the seismic survey over the Company's Lesedi and Mamba projects. In consultation with SRK, 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 were completed in the Lesedi project area during the quarter. This work was completed safely within the terms of the Company's approved Environmental Impact Statement.

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. 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 has begun work upon a further core-hole in the Mamba project area and an initial dual lateral development pod is planned in 2018 with the location to be determined following consultation with SRK.



*Core-hole operations - Lesedi CBM Project, Botswana*

**TLOU ENERGY LIMITED****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 potentially expand 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.



*Core samples*

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.

**Mamba Project Area, Botswana**

Prospecting Licences 237-241/2014

Tlou Energy Limited 100%

The Mamba project consists of five Coal and CBM prospecting licences in Botswana covering an area of approximately 4,500km<sup>2</sup>. The Mamba area is considered to be highly prospective being situated adjacent to Tlou's Lesedi CBM Project and being on-trend with the encouraging results observed to date. In the event of a gas field development by Tlou, the Mamba area provides the Company with considerable flexibility and optionality.

The status of the Mamba Area Prospecting Licences is as follows:

Licence	Expiry	Status
PL 237/2014	June 2019	Current
PL 238/2014	June 2019	Current

**TLOU ENERGY LIMITED**

PL 239/2014	June 2019	Current
PL 240/2014	June 2019	Current
PL 241/2014	June 2019	Current

**Core-hole operations**

At the end of the quarter, field preparation work, including site clearing and safety checks were conducted at the planned location of a core-hole to be drilled in the Mamba project area.

This is the first core-hole drilled by the Company in the Mamba area. Like the core-holes in the Lesedi area, the data obtained will be used by SRK to potentially expand the Company's gas reserves and contingent resources into the Mamba project. This could allow the Company the option to proceed with development projects in both the Mamba and Lesedi areas.

**Corporate****Botswana Stock Exchange listing and cornerstone investor**

The Company listed on the main board of the Botswana Stock Exchange ('BSE') on 13 December 2017 and issued capital via a share subscription to new Botswana based investment funds managed by African Alliance Botswana Limited ('African Alliance'), a leading asset manager in Botswana.

African Alliance managed funds subscribed for approximately 21.2 million new ordinary shares in Tlou at a subscription price of P1.56 (approximately £0.11 or A\$0.20) per share, raising P33 million (approximately £2.4 million or A\$4.1 million). The subscription was conditional on Tlou listing on the BSE.

Listing on the BSE has a number of advantages for the Company. One of the key advantages is that, as a BSE listed entity, the Company has access to the significant investment funds which are available for development of Botswana based projects. This could prove to be valuable to the Company as it progresses discussions on financing options for its planned CBM gas-to-power project.

The subscription was managed by Integra Advisory Partners Pty Ltd in Australia with Motswedi Securities (Pty) Ltd in Botswana acting as sponsoring broker to the subscription and BSE listing.

**Other**

Two million shares were issued during the quarter following the exercise of share options, with gross proceeds of approximately \$235k. The Company also issued 2,275,000 shares following satisfaction of conditions under the Company's performance rights plan.

## ANNOUNCEMENT

### TLOU ENERGY LIMITED



The Managing Director Tony Gilby has elected to waive 25% of his contracted salary from 1 January 2018. The waived amount will not be payable by the company at a later stage. Mr Gilby has waived 50% of his salary since 1 January 2017. All other terms and conditions of his existing contract remain unchanged.

\*\*\*\*

Anthony Gilby

Managing Director

**Tlou Energy Limited**

**Website:** [www.tlouenergy.com](http://www.tlouenergy.com)

**For further information regarding this announcement please contact:**

<b>Tlou Energy Limited</b>	+61 7 3012 9793
Tony Gilby, Managing Director	
Solomon Rowland, Company Secretary	
<b>Grant Thornton (Nominated Adviser)</b>	+44 (0)20 7383 5100
Samantha Harrison, Colin Aaronson, Harrison Clarke	
<b>Shore Capital (Joint Broker)</b>	+44 (0) 207 408 4090
Jerry Keen, Mark Percy, Toby Gibbs	
<b>FlowComms Limited (Investor Relations)</b>	+44 (0) 7891 677 441
Sasha Sethi	

### 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.

## **TLOU ENERGY LIMITED**



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 ~8,300Km<sup>2</sup> 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.



## TLOU ENERGY LIMITED



TLOU ENERGY

