

TLOU ENERGY LIMITED**20 February 2018**

Tlou Energy Limited**("Tlou" or "the Company")****Tlou achieves a further material increase in Gas Reserves**

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 announce a very significant and material upgrade of its 2P & 3P gas Reserves. This Reserves assessment has been independently certified by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd ("**SRK**").

Highlights:

- **2P (Proved and Probable) Gas Reserves increased 944% to 40.8 billion cubic feet ('BCF') (previously 3.9 BCF), and;**
- **3P (Proved, Probable and Possible) Gas Reserves increased by 63% to 426.6 BCF (previously 261.1 BCF).**

Tlou Managing Director Tony Gilby said, "This very significant upgrade in gas Reserves reinforces the commerciality of the Lesedi and Mamba Projects. The recent seismic survey and core-hole drilling campaign, along with the Selemo pilot wells producing sustained gas flows for a substantial period of time, confirms that there is huge gas production potential for Tlou's area. Ongoing work to assess this potential continues in tandem with planning for connection to the regional power grid.

We believe that the Lesedi and Mamba projects represent a very valuable resource for Tlou's shareholders. This Reserves upgrade provides continued confidence for the Company to invest in additional appraisal activities aimed at further increasing certified gas Reserves. Adding Reserves, and planning for grid connection, reinforces the Company's objective to become the first company to sell power generated by CBM gas in Botswana."

In accordance with the Society of Petroleum Engineers ("**SPE**") 2007 Petroleum Resource Management System ("**PRMS**") Guidelines, as well as the 2011 Guidelines for Application of the PRMS approved by the SPE, SRK has attributed Gas Reserves to Tlou's 100% interest in the Lesedi and Mamba Project permits using the deterministic method of petroleum Reserves estimation as at 31 December 2017.

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The table below, in Billion Cubic Feet (BCF) and Petajoules (PJ), summarises the changes to the Company's Reserves position for Lesedi and Mamba as at 31 December 2017.

Table 1: Lesedi and Mamba Independent Gas Reserves Certification (Lower Morupule seam only)

Tlou Interest (100%)	Gas Reserves (BCF) ^{1 & 2}			Gas Reserves (PJ) ^{2 & 3}		
Category	1P	2P	3P	1P	2P	3P
01 January 2017 certification by SRK	0.17	3.9	261.1	0.14	3.2	242.7
31 December 2017 certification by SRK	0.35	40.8	426.6	0.31	35.7	373.7
Increase	0.19	36.9	165.5	0.17	32.5	131.0
Increase (%)	113%	944%	63%	126%	1007%	54%

Notes to Tables 1 above:

- 1) Tlou's Gas Reserves have not been adjusted for fuel or shrinkage and have been calculated at the wellhead (which is the reference point for the purposes of ASX Listing Rule 5.26.5) for the Lower Morupule seam only.
- 2) Gas volumes are expressed in billions of cubic feet (BCF) at standard temperature and pressure and in Petajoules (PJ).
- 3) The energy content of the gas at 31 December 2017 was determined by SRK as 0.876 PJ per billion cubic feet for the Lower Morupule coal seam based on core-hole gas composition in the individual areas where Reserves were certified.

SRK has consented to the information in this announcement being released.

Additional information in relation to the gas Reserve estimates for ML 2017/18L, PL001/2004 (Lesedi CBM Project) and PL's 238/2014, 239/2014, 240/2014, 241/2014 (Mamba CBM Project), which is the subject of this announcement, and required to be disclosed pursuant to Chapter 5 of the ASX Listing Rules, is set out in Appendix 1 of this announcement.

The Reserves assessment received from SRK represents an updated independent certification that is based on SRK's review of exploration activities conducted in 2017 (comprising the ~260 km 2D seismic survey and thickness data but not yet gas compositions from two new core-holes) and, consistent with the prior Reserves assessments (announced to the market on 12 October 2016 and 15 February 2017 respectively), relates only to the Lower Morupule coal seam. It should be noted that the final gas and coal analysis of the three recently drilled core-holes have not yet been incorporated in this Reserves assessment whilst the samples continue to be analysed. SRK considers the preliminary gas results suggest there will be no material impact (other than improved confirmation) when the final data is available.

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The current Reserves assessment by SRK (which is the subject of this announcement) does not include an updated review and assessment of Contingent Resources in the Lesedi or Mamba Project areas, which will be the subject of a later review. As such, the Contingent Resources of the Company (as assessed by SRK in 2015) and shown in Table 2 below in accordance with ASX Listing Rule 5.25.3, have been amended by SRK to deduct the volume of prior Contingent Resources converted to the Reserves category.

Table 2: Tlou Net Gas Reserves and Resources for all tenements and seams (BCF)

Tlou 100% interest – 31 December 2017									
Location	Project	Tlou Interest	Gas Reserves (BCF) ¹			Gas Contingent Resource (BCF) ²			Gas Prospective Resource (BCF) ³
			1P	2P	3P	1C	2C	3C	
Karoo Basin Botswana	Lesedi CBM (Lower Morupule coal) (ML 2017/18L PL001/2004)	100%	0.34	25.2	252	4.6	45.6	331	-
Karoo Basin Botswana	Lesedi CBM (all coal seams) (ML 2017/18L PL001/2004) ⁴	100%	0.34	25.2	252	4.6	214	3,043	-
Karoo Basin Botswana	Mamba CBM (Lower Morupule coal (PL238/2014 PL239/2014 PL240/2004 PL241/2014)	100%	0.01	15.5	175	n/a ⁵	n/a ⁵	n/a ⁵	-
Karoo Basin Botswana	PL003/2004, PL035/2000, PL037/2000	100%	-	-	-	-	-	-	8,596 ⁶

Notes to Table 2 above:

Gas Resource numbers have been rounded to the nearest tenth for amounts less than 100 BCF, otherwise to the nearest whole number. Refer to Competent Persons Statement in Appendix 2 of this Announcement.

1) Tlou's Gas Reserves have not been adjusted for fuel or shrinkage and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).

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2) *Contingent Gas Resources are (100%) Unrisked Gross and are derived from the SRK certification at 31 March 2015 for all coal seams (as previously announced by Tlou on 9 April 2015) with adjustment for the gas volumes which have now been certified by SRK in the Gas Reserves category.*

3) *ASX Listing Rule 5.28.2 Statement relating to Prospective Resources:*

The estimated quantities of petroleum gas that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

4) *The Gas Reserves and Contingent Gas Resources for all coal seams in PL001/2004 and ML 2018/18L shown in the second row of Table 2 includes the numbers for the Lower Morupule coal seam which are shown in the first row of Table 2.*

5) *The current Reserves assessment by SRK which is the subject of this announcement did not include a review and assessment of additional Contingent Resources in the Lesedi Project Area or Contingent Resources in the Mamba Project area.*

6) *Prospective Gas Resources are (100%) Unrisked Gross and are derived from a report to Tlou from Netherland, Sewell and Associates Inc (NSAI) dated 16th February 2012 regarding certification for all coal seams located in the remaining prospecting licences (as previously announced by Tlou in its prospectus dated 20 February 2013).*

Overview of SRK

SRK is an independent, international group providing specialised consultancy services with expertise in petroleum studies and petroleum related projects. In Australia, SRK has offices in Brisbane, Melbourne, Newcastle, Perth and Sydney. SRK has completed Reserves and Resource assessments for a number of clients in Australia.

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TLOU ENERGY LIMITED**APPENDIX 1 - ADDITIONAL INFORMATION REQUIRED UNDER CHAPTER 5 OF THE LISTING RULES****Description of Land Area, Tenure and Economic Interest *LR 5.25.5, 5.31.3 & 5.31.7***

Tlou has a 100% interest in and operates ten prospective CBM licences in Botswana which are considered to be prospective for coalbed methane. The licence ML 2017/18L (previously PL 002/2004) forms part of the Lesedi Project area. ML 2017/18L is located in the Karoo-Kalahari Basin, Botswana, which contains a significant proportion of Southern Africa's known coal deposits.

Since the last announcement was made detailing a Reserves assessment for PL 002/2004, the designation of the Licence has been changed to ML 2017/18L.

Previous work in ML 2017/18L included horizontal pilot well drilling in an area known as the Selemo pilot area. In order to further consolidate and expand the defined Reserves, Tlou undertook a 2D seismic geophysical survey with a total length of about 260 kilometres (which was completed in November 2017) and three subsequent core-holes. This work has facilitated an upward revision of the stated Reserves (including 1P, 2P and 3P gas estimates) both in the vicinity of the present well locations and along the seismic lines where the target coal was imaged and mapped.

The gas Reserves reported in this announcement for the Lesedi Project area ML 2017/18L and PL001/2004 have been calculated net of a Government royalty of 3% of wellhead revenue and a royalty payable to the previous owner Sekaname Pty Ltd of ZAR2.00 per 1,000 standard cubic feet (SCF) produced at the wellhead or 12.5% of the wellhead selling price of the gas produced (less certain transport and logistical costs), whichever is greater. Only the Government royalty of 3% is applicable to PL238/2014, 239/2014, 240/2014, 241/2014 i.e. the Mamba Project area.

There have been no other changes to the material economic assumptions detailed in the Company's announcement of 15 February 2017.

Overview of Operatorship of Production *LR 5.31.2*

Tlou has been the operator of ML 2017/18L and PL001/2004 since 2009 and PL238/2014, 239/2014, 240/2014, 241/2014 since 2014.

Lesedi Gas Project *LR 5.31.4* and Previous Lesedi Gas Project Contingent Resource Upgrade *LR 5.34*

Since the last announcement detailing a Reserves upgrade, a large amount of technical data has been obtained over the wider Lesedi and Mamba project areas, particularly in the ML 2017/18L permit area.

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This data comprised the 2D seismic geophysical survey and core-holes in order to better understand the commercial nature of the gas resource.

The Reserves certification report has been prepared by SRK utilising a deterministic estimation method. New technical data from the 2D seismic survey and core-hole drilling results secured since the gas Reserves report by SRK in February 2017, demonstrated the high level of stratigraphic continuity of the Lower Morupule coal seam and confirmed data about the reservoir and gas quality. This has resulted in an upgrade of gas Reserves (refer Table 1) certified by SRK for the Lesedi and Mamba CBM Projects.

Estimated Quantities (in aggregate) to be recovered *LR 5.31.5*

There have been no other changes to the assumptions detailed in the Company's announcement of 15 February 2017 as regards to estimated quantities to be recovered.

Statement in relation to Undeveloped Petroleum Reserves *LR 5.31.6*

The Lesedi CBM Project continues in the appraisal phase with three working pilot wells in the Seleemo area situated in ML 2017/18L. It is likely that further wells will be required to continue to obtain data on coal and gas parameters before a development decision can be made. Future drilling work will be focused based on the new high quality seismic control. Therefore, at this point in time, it is not possible to detail when development is anticipated. It is likely that further conversion of Contingent Resources to 2P and 3P Reserves and re-classification of 3P Reserves to 2P Reserves will be required before a development decision can be finalised.

The Lesedi Reserves and Contingent Resource volumes presented in this report reflect an update to the prior Reserve and Contingent Resource estimates released by Tlou in February 2017.

The Lesedi CBM Project currently has no gas transportation infrastructure in place. Powerline infrastructure, which is owned by the Botswana Government, exists to the east of the Lesedi Project (see Appendix 3). Depending on the scale of any Lesedi development, this infrastructure may not be sufficient for Lesedi and additional infrastructure may be required and would be considered under any Lesedi development plan.

As announced by Tlou on the ASX and AIM markets on 29 September 2016, Botswana's Department of Environmental Affairs ("DEA") has approved the Environmental Impact Statement ("EIS") submitted by the Company in December 2015 for its Lesedi CBM Project as well as its CBM exploration activities in the Mamba Project area. The DEA considers that the EIS adequately addressed the relevant impacts

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associated with the proposed development at the Lesedi Project and the proposed CBM exploration activities at the Mamba Project.

Material Economic Assumptions LR 5.31.1

The material economic assumptions used by SRK to calculate the estimates of gas Reserves for the Lesedi and Mamba CBM Projects referred to in this announcement are as follows:

- Production data derived from the currently producing Selemo Wells (Selemo 1P, 1AR, 4P);
- Data obtained from the 2017 appraisal program comprising the ~260km 2D seismic survey and two subsequent core-holes;
- The initial development plan for a proposed 50MW power generation project;
- A number of wells drilled by Tlou within the area increasing the confidence in the continuity and consistency of net coal within the area;
- Development well spacing is assumed to be 150 metres;
- Capital expenditure per well has been derived from the most recent drilling and completion campaign in the Selemo area with some savings assumed for a larger, longer term production drilling campaign and estimates for downstream capital such as power plants and transmission lines;
- Economic considerations in confirming commerciality of the relevant Reserves include deducting from estimated revenues the estimated operating costs, royalties and taxes and future capital expenditure investment, and;
- Net gas pricing assumptions used to estimate Tlou's share of future revenues have been derived from the current and longer term energy pricing market in the region.

TLOU ENERGY LIMITED**APPENDIX 2 - COMPETENT PERSON STATEMENT AND ASX LISTING RULES CHAPTER 5 - REPORTING ON OIL AND GAS ACTIVITIES**

The estimate of Reserves and Contingent Resources in ML2017/18L, PL001/2004, PL238/2014, 239/2014, 240/2014, 241/2014 as part of the Lesedi and Mamba CBM Project areas provided in this announcement (refer certification in Table 1 and Table 2) is based on, and fairly represents, information and supporting documentation determined by Dr Bruce Alan McConachie of SRK Consulting (Australasia) Pty Ltd in accordance with Petroleum Resource Management System guidelines. Dr McConachie is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd, and is a qualified person as defined under the ASX Listing Rule 5.42. Dr McConachie is a member of the American Association of Petroleum Geologists, as well as being a member of The Society of Petroleum Engineers. Dr McConachie has consented to the publication of the Reserve and Contingent Resource estimates for Lesedi in the form and context in which they appear in this announcement.

The Contingent Gas Resource estimates for ML 2017/18 and PL001/2004 provided in this statement were originally released to the market in the Company's announcement of 9 April 2015, and were estimated using the deterministic method with the estimate of Contingent Resources for ML 2017/18 and PL001/2004 not having been adjusted for commercial risk.

Tlou confirms that it is not aware of any new information or data that materially affects the information included in the two announcements referred to above and that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

ASX Listing Rule 5.28.2 Statement relating to Prospective Resources:

The estimated quantities of petroleum gas that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Prospective Gas Resources are (100%) Unrisked Gross and are derived from a report to Tlou from Netherland, Sewell and Associates Inc (NSAI) dated 16th February 2012 regarding certification for all coal seams located in the remaining prospecting licences (as previously announced by Tlou in its prospectus dated 20 February 2013).

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. The Lesedi Project already benefits from significant independently certified Contingent Gas Resources of ~3 trillion cubic feet (3C), and independently certified Gas Reserves of ~427 billion cubic feet (3P) and ~41 billion cubic feet (2P).

The Company is planning an initial scalable gas-to-power project. Following successful implementation of this first scalable project, the Company plans to expand to provide further power across the southern African region.

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APPENDIX 3 – LESEDI AND MAMBA CBM PROJECT PERMITS AND SURROUNDING POWER INFRASTRUCTURE

