

TLOU ENERGY LIMITED**17 September 2018**

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

Tlou Energy Limited, the ASX, AIM and BSE listed company focused on developing gas-to-power projects in southern Africa using coal bed methane ("CBM") natural gas from its gas field in Botswana, is pleased to provide an update on field operations at its Lesedi CBM project.

Key Points:

- **Pilot production well locations have been agreed, scouted and inspected;**
- **Site preparation work has commenced for the first pilot production well;**
- **The Company is currently waiting on the final pieces of equipment to arrive onsite prior to spudding the first well in October.**

Pilot well drilling program

Tlou Energy Limited is set to commence drilling of pilot production wells at its gas field in Botswana. If successful, these wells will form part of the Company's initial gas-to-power project which will include installation of transmission lines and grid connection. Further details on the proposed initial project are outlined below.

Preparations are currently underway with pre-mobilisation activities to ensure adequate site clearing and construction of well-site facilities, as well as ensuring a nearby core-hole that has been drilled is adequately plugged and abandoned prior to spudding of the first well. To maximise efficiencies, the vertical production wells and top-hole sections of lateral wells will initially be drilled, once the last of the long lead items for this stage of the program are onsite which is scheduled for early October. Up to three production pods (comprising three wells per pod) are currently planned.

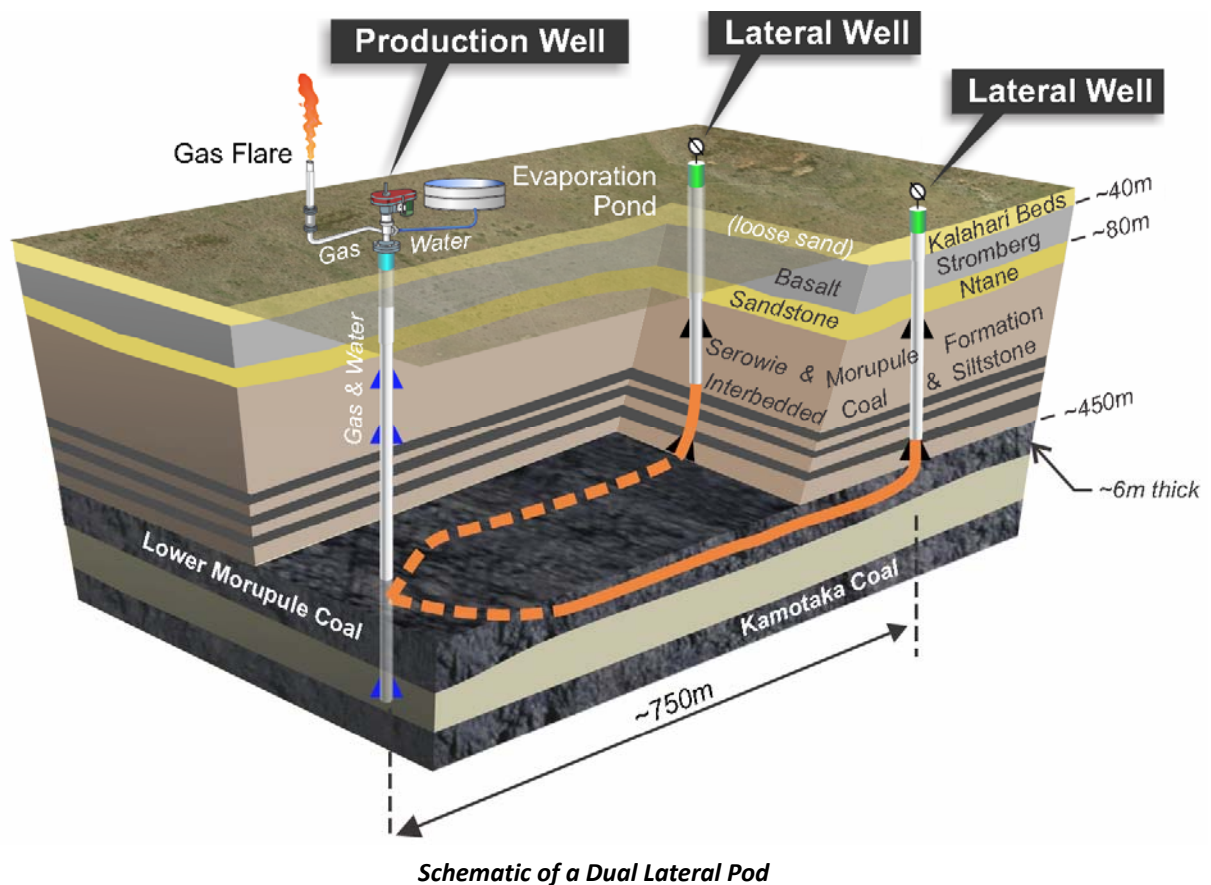
The pilot well drilling program is being conducted in accordance with health and safety requirements and are consistent with the Company's approved environmental impact statement. There are various stages to the program including:

- Selection of well locations, site clearing and preparation;
- Mobilisation of equipment and ordering of long lead items;
- Engagement of relevant contractors (drilling supervisors, directional drilling staff, engineers);

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- Field camp preparation;
- Drilling of top-hole (vertical) section of wells;
- Lateral well directional drilling and intersection with production well;
- Completion of wells including installation of well-head equipment;
- Pressure testing, dewatering; and
- Gas production, analysis and testing.

The wells will be drilled as 'dual lateral pods', comprising of a single vertical production well, intersected by two lateral wells. The lateral wells will be drilled through the gassy coal seam with gas extracted from this coal produced through the vertical production well where it can be gathered and used for power generation.



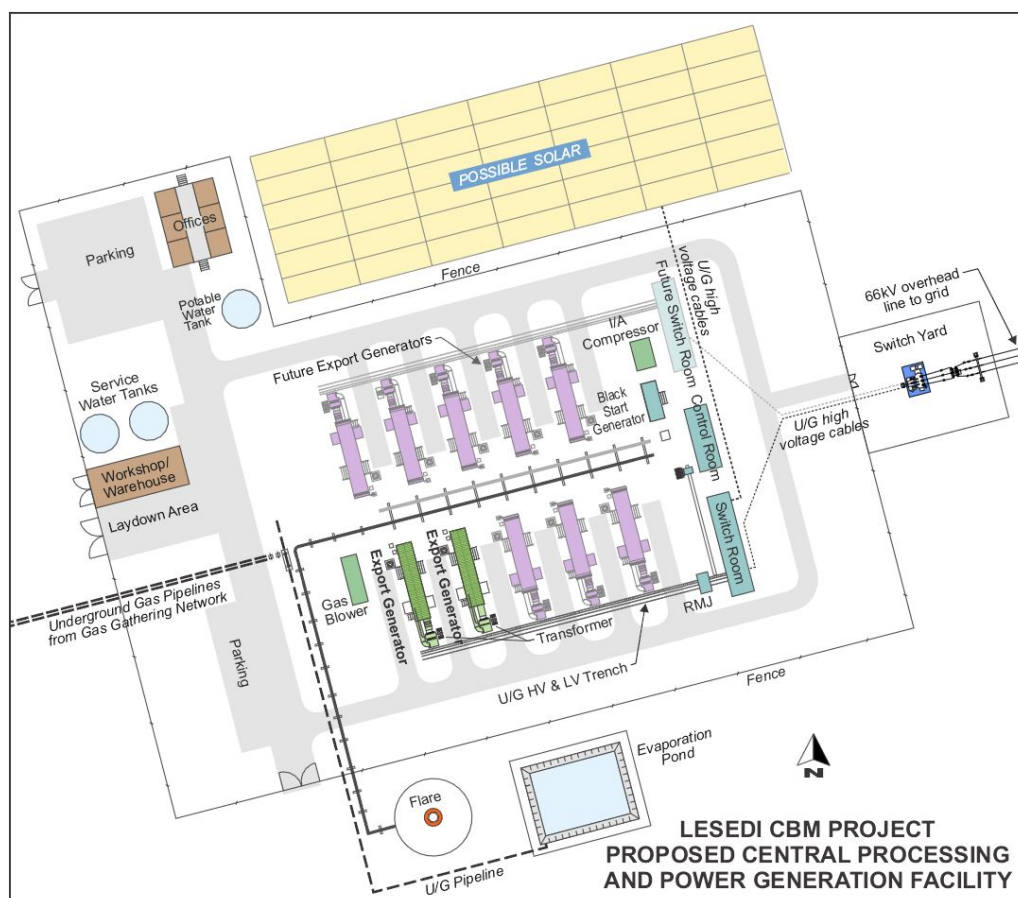
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Initial gas-to-power project

Tlou is planning a gas-to-power project whereby gas from the Company's Lesedi CBM project will be used for power generation, and this power sold into the power market within Botswana and/or across the Southern African Power Pool (SAPP).

An initial development of up to 10 MW is planned. This will start with the first 2 MW of power which can then be expanded thereafter as further drilling is conducted and additional gas becomes available. With significant gas reserves already in place, the Company can readily expand upon successful implementation of the initial project.



Proposed initial project power generation facility, with the first 2 MW in green

The dual lateral pods will be located in the area where the initial gas-to-power project will be situated, subject to success.

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The Lesedi CBM project will require connection to the local power grid. This connection is planned to be made at the town of Serowe, which is located approximately 100 Km from the Lesedi CBM project. A draft transmission line route has been determined with negotiations ongoing with the regional and local land boards and the environmental impact assessment approval process continuing.

The Company plans to sell power to potential customers, either on the “spot market” or through Power Purchase Agreements (PPA) with one or more customers. Sale of power is planned to be through the Botswana power grid which facilitates the sale of power within Botswana and regionally via the SAPP. Other options available to the Company to sell gas include potential Compressed Natural Gas (CNG) or small scale Liquefied Natural Gas (LNG) projects that have been proposed to the Company by third parties including the use of natural gas as feedstock for manufacturing.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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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

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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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