

**22 October 2018**

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

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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:**

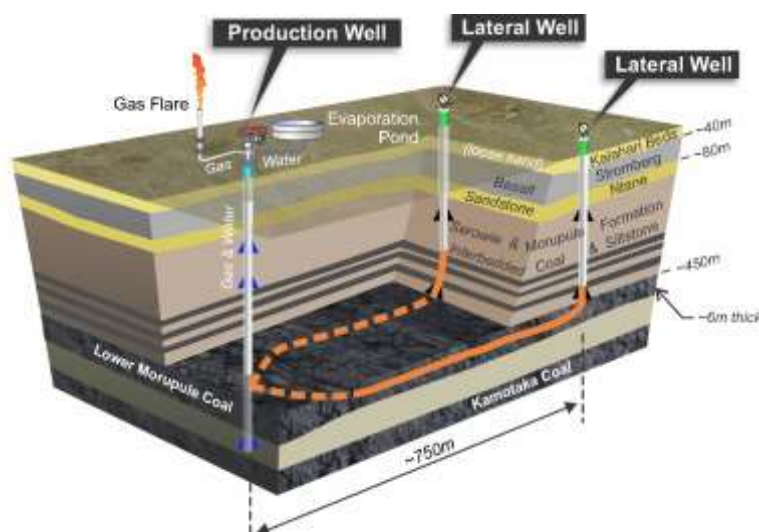
- **Commencement of drilling operations at the Lesedi CBM project;**
- **Vertical well 'Lesedi 3P' is the first of the planned production drilling program;**
- **Program aims to provide gas flow data in the area where the initial project development is proposed.**

**Commencement of Drilling operations**

Tlou Energy Limited has commenced drilling operations at the Lesedi CBM Project ('Lesedi'), with the first well named 'Lesedi 3P' being spudded on Tuesday 16 October. The rig was set up, conductor section of the well was drilled and casing set. This was followed by laying out of the bottom hole assembly, running 18" casing into the well and cementing it into place. The well is planned to be drilled to a proposed total depth for Lesedi 3P of 580m.

Tlou will drill the Lesedi production wells as 'dual lateral pods', comprising a single vertical production well intersected by two lateral wells. This will be followed by production testing with the potential to ultimately convert a significant portion of the currently established gas Resources to Reserves and to deliver gas to a proposed central processing facility and power station located in close proximity.





The vertical wells along with the top-hole (vertical) sections of the lateral wells are being drilled first. Thereafter, the lateral (i.e. horizontal) sections of the wells will be drilled using specialist directional drilling equipment.

Once drilled, the wells will then be completed using a separate workover rig and surface facilities installed. Production start-up is targeted to commence in early 2019. The wells will be on production for an extended period of time to de-water and lower the pressure in the coal seam to achieve gas flow.

In tandem with the operations program, Tlou will continue work on the Environmental Impact Assessment for the power station and proposed transmission lines which is required to connect the Lesedi gas field to the power grid in Botswana.

In addition, the Company is working with the Botswana Energy Regulation Authority (BERA) to acquire a power generation license as well as furthering discussions in relation to offtake agreements.

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 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 ~8,300Km<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. 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.

