

TLOU ENERGY LIMITED**25 February 2019**

Tlou Energy Limited
("Tlou" or "the Company")**Production testing underway at Lesedi**

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'), has commenced production testing at its Lesedi 3 development pod. Excellent progress is also being made on drilling operations at the second development pod, Lesedi 4.

Highlights

- The Lesedi 3 development pod has been completed with surface production equipment now installed and operational;
- The Lesedi 4A lateral well has been successfully drilled;
- Drilling is underway at the Lesedi 4B lateral well, being the final well in the current program;
- The Company will provide further updates as both production testing and drilling operations progress.

Operations update

Drilling operations at the Lesedi 3 development pod were completed earlier this month. Production equipment has been installed and production testing is now underway. Production testing involves de-watering and lowering of the pressure in the coal seam to achieve gas flow. Testing procedures will continue over the coming months with initial performance data expected in Q2 2019.

Drilling has also been completed on the first of two lateral sections (Lesedi 4A) of the Lesedi 4 development pod. Lesedi 4A was drilled ~1,435m measured depth and successfully intersected with vertical production well Lesedi 4P. Drilling of the second lateral well (Lesedi 4B) is ongoing. This well is planned to be the final well in the current drilling phase. The Company will provide further updates as the drilling operations progress.

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Drilling Operations at Lesedi 4A, Botswana, February 2019

Background to the development well drilling program

The Company commenced drilling of development wells at its gas field in late 2018. The wells are being drilled as 'dual lateral pods', comprising a single vertical production well intersected by two lateral wells. The lateral wells are being 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. Pod One is designated 'Lesedi 3' and comprises a vertical production well ('Lesedi 3P') and two lateral wells ('Lesedi 3A' & 'Lesedi 3B'). Pod Two is designated 'Lesedi 4',

The development drilling program is being conducted in accordance with health and safety requirements and is consistent with the Company's approved environmental impact statement. If results are positive, these wells will form part of the Company's initial gas-to-power project which will include installation of transmission lines and grid connection.



Lesedi 3P Development Well

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The gas-to-power tender submitted by the Company to the government of Botswana (as per the market announcement on 10 October 2018) is still being assessed by government. The Company remains confident that an update will be provided in the near term.

For further information regarding this announcement please contact:

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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 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 and has a 100% interest in a Mining Licence and nine Prospecting Licences covering an area of ~8,300 Km² in total. The Lesedi and Mamba Projects already benefit from significant independently certified 2P gas Reserves of

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~41 BCF. In addition, 3P gas Reserves of ~427 BCF and Contingent Gas Resources of ~3,044 BCF provide significant additional potential.

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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Lesedi and Mamba CBM Project permits and surrounding power infrastructure

