

TLOU ENERGY LIMITED**29 April 2019**

**Tlou Energy Limited
("Tlou" or "the Company")****OPERATIONAL REPORT - QUARTER ENDING 31 MARCH 2019**

Tlou Energy Limited is an ASX, AIM and BSE listed company focused on delivering power in Botswana and southern Africa through the development of coal bed methane ('CBM').

Key points:

- New highly prospective 1,000 Km² Boomslang CBM Prospecting Licence awarded;
- Drilling operations completed successfully at the Lesedi CBM project, on time and on budget;
- Production testing underway at the Lesedi 3 and Lesedi 4 production wells;
- Receipt of confirmation that the Company's tender proposal has passed eligibility and technical sections. Financial section currently being assessed and a definitive result on the process is expected in near term;
- Capital raising totalling A\$4.1 million completed post quarter, end with sophisticated and institutional investors in Australia and Botswana, adding significantly to the existing cash balance of A\$2.5m at the end of the period.

The Company's main priorities remain to:

- Secure a clear pathway towards a Power Purchase Agreement in Botswana, which could facilitate connection to the local power grid and access to the Southern African Power Pool;
- Confirm gas flows at the Lesedi project following the recently drilled production pods; and
- Prove up additional gas Reserves and contingent Resources across the Lesedi, Mamba and Boomslang project areas.

Lesedi CBM Project Area, Botswana

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

Ownership: Tlou Energy Limited 100%

The Lesedi project covers an area of approximately 3,800 Km² and consists of four Coal and CBM Prospecting Licences (PL) and a Mining Licence. The Mining Licence area is currently the focal point for the Company's operations and includes the Lesedi development wells which are currently de-watering following the recent drilling program.

TLOU ENERGY LIMITED

The status of the Lesedi area licences is as follows:

Licence	Expiry	Status
Mining Licence 2017/18L	August 2042	Current
PL 001/2004	March 2021	Current
PL 003/2004	March 2021	Current
PL 035/2000	September 2020	Current
PL 037/2000	September 2020	Current

Mamba Project Area, Botswana

Licences: Prospecting Licences 237-241/2014

Ownership: Tlou Energy Limited 100%

The Mamba project consists of five Coal and CBM PL's covering an area of approximately 4,500 Km². 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 licences is as follows:

Licence	Expiry	Status
PL 237/2014	September 2019	Current
PL 238/2014	September 2019	Current
PL 239/2014	September 2019	Current
PL 240/2014	September 2019	Current
PL 241/2014	September 2019	Current

Renewal applications for the Mamba licences will be submitted in June 2019.

Boomslang Project Area, Botswana

Licences: Prospecting Licence 011/2019

Ownership: Tlou Energy Limited 100%

During the Quarter, the Company was awarded a new Coal and CBM PL by the Department of Mines at the Ministry of Mineral Resources, Green Technology and Energy Security in Botswana. The new licence, PL011/2019 designated "Boomslang" is valid for an initial term of 3 years. The licence area is approximately 1,000 Km² and is situated adjacent to the Company's existing licences. The Boomslang area is located on-trend with the encouraging results observed to date at the Lesedi project and is considered to be highly prospective.

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With initial development operations ongoing at the Lesedi gas field, the award of the Boomslang licence area (similar to the Mamba area) provides the Company with additional flexibility and optionality.

The status of the Boomslang area licence is as follows:

Licence	Expiry	Status
PL 011/2019	March 2022	Current

Development well drilling program

The Company commenced drilling of two development wells in the Lesedi project area in late 2018. The wells were drilled as 'dual lateral pods', comprising a single vertical production well intersected by two lateral wells. Lateral wells are 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'.

During the quarter the drilling program was completed, having been carried out efficiently and safely as a result of the excellent work of the Company's field personnel. The Lesedi 3 and 4 development pods are located adjacent to the Company's proposed central gas gathering and power generation facility.

Following intersection of the lateral and vertical production wells, a significant amount of gas was observed bubbling from the production wells. This occurred on both the Lesedi 3P and 4P intersects but particularly on Lesedi 4P. In the Lesedi 4 development pod, the Company targeted the upper portion of the coal seam. This may be very significant for future drilling campaigns and, when combined with recently evaluated structural trends, may provide the key to unlocking significant amounts of new gas reserves.

Prior to starting the program, the Company purchased a significant amount of drilling equipment which enabled Tlou to control costs and timing of the program. The net result is that the drilling program was completed on time and in line with budget. This is a significant achievement and demonstrates the Company's ability to deliver a cost effective and timely program in the Kalahari Desert.

The Company anticipates first gas pressure increase (leading to initial gas flow) at the production pods to be available in Q2 2019 and will update the market accordingly.

TLOU ENERGY LIMITED**Government tender update**

On 10 October 2018 the Company submitted its comprehensive response to the Request for Proposal (RFP) for the Development of a Maximum of 100 MW of Coal Bed Methane Fuelled Power Plants in Botswana.

The submission outlined a staged development commencing with up to 10 MW of generation as well as outlining project feasibility, proposed field development, installation of power generation facilities and supply of power into the grid in Botswana. If the proposal and the initial project are successful, the Company would look to expand further. The tender is being assessment based on Eligibility, Technical and Financial criteria.

During the quarter, Tlou received confirmation that its proposal has passed both the eligibility and technical sections and that the financial proposal, being the final stage of the RFP process, is currently being assessed. The Company expects a definitive result on the process to be received in the coming weeks.

Corporate

Following the end of the quarter, the Company has successfully completed targeted private placements to sophisticated investors in Botswana and Australia ("Placements"). The Placements raised approximately A\$4.1 million (~£2.2 million or ~BWP30.1 million) before costs. In addition to the A\$2.5m cash on hand at the end of the quarter the Company is now in a very comfortable cash position to proceed with its planned exploration and appraisal work over the coming year.

Following the Placements, the Botswana Public Officers Pension Fund (BPOPF) are now the Company's largest shareholder, with 47,230,769 shares representing a 10.49% holding of the Company.

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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.

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 over its Mining Licence and ten Prospecting Licences covering an area of ~9,300 Km² in total. The Lesedi and Mamba Projects already benefit from significant independently certified 2P gas Reserves

TLOU ENERGY LIMITED

of ~41 BCF. In addition, 3P gas Reserves of ~427 BCF and Contingent Gas Resources of ~3,043 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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Tlou project permits and surrounding power infrastructure

