



24 March 2020

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

Response to Prevailing Financial Market Conditions

Tlou Energy Limited is an ASX, AIM and BSE listed company focused on generating cleaner power in Botswana for supply into the local and regional power markets.

Response to Prevailing Financial Market Conditions

The current state of the financial markets and the Covid-19 outbreak is challenging for a number of companies and Tlou is no exception. It is difficult to predict just how long these difficult conditions will last and therefore the Company considers it to be commercially prudent to significantly reduce costs so that current funds last longer and so that more time is available to conclude ongoing commercial and project finance negotiations.

Consequently, Tlou will be implementing significant cost reductions across the Company. This includes senior management: Anthony Gilby (Managing Director) will reduce to 50% of his currently contracted rate backdated to 1 January 2020 and then 25% from 1 April 2020. Colm Cloonan (Finance Director), Gabaake Gabaake (Executive Director) and Solomon Rowland (General Manager) will reduce to 50% of their currently contracted rates backdated to 1 January 2020. Contracted rates are as per the Company's 2019 annual report released on 27 August 2019. The unpaid amounts will not be accrued nor payable by the Company at a later date.

Cost reductions will remain in place for the foreseeable future, with further reductions possible if considered necessary at a later date.

Lesedi 3 & 4 Production Pods

The Lesedi 3 and 4 production pods have been flowing gas for many months with sustained gas flow rates having been achieved from both pods.

Increased sustained gas flow rates are anticipated to take some considerable time, based on the currently available data, unless additional wells are drilled to facilitate the dewatering process. A decision to drill additional wells is being considered but no decision has yet been made.

In the coming weeks, the Company is intending to shut-in one or possibly both of the production pods as sufficient data has now been gathered indicating the presence of potentially commercial gas in the coal seams.

Shutting-in the wells reduces unnecessary expenditure and stops flaring of gas that could otherwise be converted to electricity and sold once the project has a Power Purchase Agreement (PPA) in place and is connected to the grid. Bringing the pods back on-line should not take too long given the current understanding of the production process gleaned from the comprehensive data base acquired.

The Company may continue to dewater Lesedi 4 (currently the most promising of the two pods) by converting the gas currently flowing into electricity using one of Tlou's existing gas-powered generators and thus driving the pumping equipment. This could be impacted by the availability of key personnel to visit the field operations due to health and safety concerns and travel restrictions as a result of Covid-19.

Tlou's Near Term Focus

The Company's near-term focus will be to bring the Interim (or Temporary) PPA to fruition followed by the full PPA as well as continue to seek project finance. The latter will be for grid connection, to drill additional wells to assist the dewatering of the field and flow more gas and for the addition of solar power to the generation mix.

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.

By Authority of the Board of Directors

Mr. Anthony Gilby
Managing Director

Company Information

Tlou Energy is focused on delivering Power solutions to Botswana and southern Africa to alleviate some of the chronic power shortage in the region. Tlou is currently developing projects using gas and plans to combine this with solar power to provide a cleaner base load power source.

Botswana has a significant energy shortage and generally relies on imported power and diesel generation to fulfil its power requirements. Tlou's Lesedi Power Project provides investors with access to a compelling opportunity to displace expensive, carbon intensive diesel and imported coal-fired electricity with a locally cleaner and more environmentally friendly alternative.

In addition to plans for cleaner energy, the Company is also committed to developing community projects in Botswana adding real value to peoples' lives in a region with sparse services and where few opportunities exist for the local population. This includes work to assist communities to become self-sustaining, develop business opportunities, improve access to education and create opportunities for self-employment and wealth creation.

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.

The project is significantly de-risked. The Company produced its first gas in 2014, has a Mining (or development) Licence valid to 2042 and 10 Prospecting (or exploration) Licences. The Company's project acreage covers a vast area spanning approximately 9,300 Km² in total.

Tlou's 'Lesedi' and 'Mamba' projects already benefit from significant independently certified 2P gas Reserves of ~41 Billion Cubic Feet (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 power project. Following successful implementation of this first scalable project, the Company looks forward to evaluating longer-term prospects for the delivery of additional electricity to Botswana and to neighbouring countries.

Forward-Looking Statements

This announcement may contain certain forward-looking statements. Actual results may differ materially from those projected or implied in any forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results. No representation is made that any of those statements or forecasts will come to pass or that any forecast results will be achieved. You are cautioned not to place any reliance on such statements or forecasts. Those forward-looking and other statements speak only as at the date of this announcement. Tlou Energy Limited undertakes no obligation to update any forward-looking statements.