



16 April 2020

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

OPERATIONAL REPORT - QUARTER ENDING 31 MARCH 2020

Tlou Energy Limited is an ASX, AIM and BSE listed company focused on delivering power in Botswana and southern Africa through the exploration and development of gas and solar.

Power Purchase Agreement (PPA)

Just after the end of the quarter, the Company announced that an interim 2MW CBM Pilot PPA has been agreed between the Company and Botswana Power Corporation (BPC) with the interim PPA now undergoing final regulatory formalities. The commercial terms of the agreement remain confidential. This PPA is seen as a major step forward for the Company.

The interim PPA facilitates connection to the power grid and first revenue for the Company. A pathway to revenue generation is key for the Company and once connected to the grid, expansion of the project is expected to be relatively straightforward.

The project has been largely de-risked following the granting of the PPA.

Regulatory approvals are in place that facilitate project development including:

- A Mining Licence for gas development valid until 2042;
- Environmental Impact Assessment (EIA) approval for upstream development comprising production wells, water handling, seismic, gas gathering pipelines and a gas processing facility;
- EIA approval for downstream development comprising 20MW of gas fired power generation and 20MW of solar generation;
- EIA approval for power station site and transmission line;
- Generation Licence approval from Botswana Energy Regulatory Authority (BERA). The Company is awaiting detailed licence terms;
- Serowe Sub-Land Board approval for transmission line wayleave application (subject to compensation agreements). In addition the route survey has been completed.

The Company submitted a proposal to Botswana's Ministry of Mineral Resources Green Technology and Energy Security (MMGE) in 2018 for the development of a 10MW CBM Gas-to-Power plant. The 10MW proposal is separate to the 2MW interim PPA. BPC and MMGE continue to assess the 10MW proposal and will advise the Company in due course.

Response to Prevailing Financial Market Conditions

The Covid-19 outbreak and the impact on financial markets is challenging for many companies including Tlou and the government of Botswana has declared a State of Emergency. It is difficult to predict just how long the impact of Covid-19 will last and the ultimate effect it may have on the Company.

Therefore, Tlou considers it to be prudent to significantly reduce overheads so that existing funds last longer and to enable the Company more time to conclude commercial and project finance negotiations. 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.

During the quarter, the Company proposed 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 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.

Solar Power

The Company is advancing its plans for development of solar power. Solar generation can work as a standalone project or in addition to the planned gas fired generation. Both solar and gas can be used together to provide reliable base load power, with solar generation during daylight hours and gas fired power used when solar is unavailable. This approach would further reduce carbon dioxide emissions compared to Botswana's existing coal and diesel fired generation.

The Company has engaged with potential suppliers and consultants to prepare the design of the solar project and will provide further details to the market in the near term.

Forward plan

While on-the-ground access is restricted, the Company can constructively advance project finance and the 10MW PPA negotiations.

In relation to project finance, discussions with potential project finance partners progressed during the quarter with the Company evaluating debt or equity funding or a mix of both. Tlou’s objective is to source the lowest cost of capital with the least risk going forward.

The Company currently plans to secure the funds required for the electrical transmission lines over the next few months with work ideally able to commence on the ground in the second half of 2020 (subject to current travel restrictions being lifted). Initial focus will be on construction of the transmission lines given that this is currently the principal next step in the continuum of project risk reduction.

Project areas

The Company has three project areas in Botswana:

- Lesedi Project – *Development, Exploration*
- Mamba Project – *Exploration*
- Boomslang Project – *Exploration*

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 3 and 4 production wells or ‘pods’.

The Lesedi project is the Company’s most advanced project, with plans in place to install gas-fired electricity generators and connect to the power grid in Botswana. The project has full environmental approval which includes gas extraction, electricity generation and construction of transmission lines. In addition, the Company has approval for 20MW of solar generation. CBM power is ideal for use in conjunction with solar projects.

Tlou has the only CBM Mining Licence in Botswana. A mining licence is required by an operator to develop a CBM asset. This licence spans a large 900 Km² area and is valid until 2042 so the Company has security of tenure over the project.

Tlou has the only independently certified CBM gas reserves in Botswana, with 252 Billion Cubic Feet (BCF) of 3P gas Reserves certified in the Lesedi project area. In addition, the 3C Contingent Gas Resources are approximately 3 Trillion Cubic Feet (TCF). The potential upside from further successful development of this area is substantial.

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 asset that has produced 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. Geographically, the Mamba Project area is approximately 50 Km closer to the Orapa Power station than the Lesedi Project area.

Independently certified 3P Gas Reserves of 175 BCF are already in place at the Mamba project. Further core-hole drilling and a proposed seismic survey of the area could significantly expand the reserves footprint across the Mamba project area.

The Mamba area has the potential to become a separate revenue generating development project in addition to the proposed development at Lesedi.

The status of the Mamba area licences is as follows:

Licence	Expiry	Status
PL 237/2014	September 2021	Current
PL 238/2014	September 2021	Current
PL 239/2014	September 2021	Current
PL 240/2014	September 2021	Current
PL 241/2014	September 2021	Current

Boomslang Project Area, Botswana

Licence: Prospecting Licence 011/2019

Ownership: Tlou Energy Limited 100%

The Company's most recently acquired Prospecting 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 also located on-trend with the asset that has produced the encouraging results observed to date at the Lesedi project and considered to be highly prospective.

The Boomslang licence area provides the Company further flexibility and optionality for development of different projects.

The Company is awaiting confirmation of environmental approval to commence exploration operations in the Boomslang area. This is expected to be granted in mid-2020, thereafter and subject to funding initial exploration operations are planned for this area.

The status of the Boomslang area licence is as follows:

Licence	Expiry	Status
PL 011/2019	March 2022	Current

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

For further information regarding this announcement please contact:

Tlou Energy Limited	+61 7 3012 9793
Tony Gilby, Managing Director	
Solomon Rowland, General Manager	
Grant Thornton (Nominated Adviser)	+44 (0)20 7383 5100
Colin Aaronson, Harrison Clarke, Samantha Harrison, Seamus Fricker	
Shore Capital (Broker)	+44 (0) 207 408 4090
Jerry Keen, Toby Gibbs	

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 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.