

26 August 2020

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

Transmission line and funding update

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. The Company is pleased to provide an update following a recent site visit by Botswana Power Corporation (BPC), Mott MacDonald and the Company, conducted in relation to the proposed transmission line to connect Tlou's Lesedi Power project to the BPC electricity grid.

Transmission line detailed design

The Company has engaged Mott MacDonald engineering consultants to work on the detailed engineering and design of the proposed 66kV transmission line and steady progress has been made thus far.

To date a significant amount of work on the transmission line has been completed including:

- Successful definition of transmission line route in consultation with BPC and the relevant land boards;
- Conclusive results from route survey completion, confirmation of line route corridor width and surveying and recording of ground elevation along the route;
- Securing a wayleave (right of way) from the Serowe Substation to the proposed Power Plant; and
- The Environmental and Social Impact Assessment Plan for the project has been completed and the necessary statutory approvals obtained allowing the project to be implemented.

Implementation stage

Mott MacDonald are now working on the implementation stage of the proposed 66kV transmission line which includes:

- Detailed design of the 66kV Line, Serowe Extension substation and Power Plant intake substation; and
- Tender document specification including preparation of Pre-qualification (PQ) documents with the objective of Tlou selecting a short-list of pre-qualified bidders who will be invited to bid for construction.

The implementation stage is currently expected to be completed later this year, conditional on not experiencing undue delays outside Tlou's direct control e.g. delays in responses from third parties or further lockdowns imposed by the Botswana's government. Steps involved in the implementation stage are outlined below.

Ref.	Detail
1	Preparation of PQ documents for the 66kV transmission line, feeder bay extension and Power Plant Intake substation
2	Draft design brief for the above followed by BPC review and approval
3	Final Design Brief for the 66kV transmission line, feeder bay extension and Power Plant Intake substation
4	Draft performance specification, schedules and tender drawings for a request for quotes, followed by BPC review and approval
5	Final performance specification, schedules and tender drawings and updated pricing

Following completion of the above, the Company will request tenders for construction of the transmission line and associated works. Subject to the receipt of acceptable tenders, available funding and on-the-ground access, the Company plans to commence construction as soon as possible thereafter.

Mott MacDonald

Mott MacDonald are a global engineering, management, and development consulting firm with extensive experience in providing services across various sectors including building, transport, energy, oil and gas, and water projects. They have a global reach and have been operating in Botswana since 1977 where they have worked as government advisors on issues including investment in Botswana's power and water sectors. Further information is available at <https://www.mottmac.com/en-US/botswana>

Project finance

The Company is in discussion with potential providers of project finance including the Botswana Development Corporation (BDC) as announced previously. This has been and remains a slow process as the Company awaits a revised term sheet from BDC. Tlou will continue to pursue efforts with BDC to a logical conclusion because of the significant potential mutual benefits in partnering with the Government of Botswana's main agency for commercial and industrial development.

Simultaneously, several parties both within and external to Botswana are also engaged in discussions for development finance with a view to agreeing a suitable memorandum of understanding (MoU).

Securing this finance is the key objective for the Company at this point in time. Management are focused on getting the best possible deal either with BDC or another party and are also mindful of our shareholder's desire to see progress in the near term.

Tlou Energy MD Tony Gilby commented: "Mott MacDonald have been doing an excellent job and we are very pleased with progress to date. The lifting of some COVID-19 related restrictions enabled a recent productive site visit with Mott MacDonald and BPC and activity is increasing across both public and private sectors in Botswana.

The detailed design and engineering work is primarily desktop based and it is very pleasing to see the project coming to life as the technical work progresses. Our recent successful capital raising, strongly supported by our existing shareholders, means that we are fully funded to complete the detailed engineering and design, service corporate overheads and any necessary finance related due diligence costs if required by financiers and upon agreement of terms.

Project finance remains a key objective for the Company and we remain very focused on securing the necessary development funds to enable the construction of transmission lines and development of the power plant at Lesedi. Whilst we have been in advanced discussions with BDC for some time and await a response, shareholders should note that these financing conversations are not exclusive and that there are a number of ongoing positive discussions with other parties as well.

With regards to being able to sell power within Botswana and supplying to the grid, we are very well positioned at present: we agreed an interim 2MW Power Purchase Agreement with Botswana Power Corporation some months ago; the full 10MW tender has progressed to the Attorney General's chambers for legal review; in June we received our formal generation license from the Botswana Energy Regulation Authority for the generation of gas and solar power at Lesedi. Additionally, our grid Connection Agreement is also in the process of being finalised. We look forward to further progress in the coming months"

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
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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. The Company aims 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.