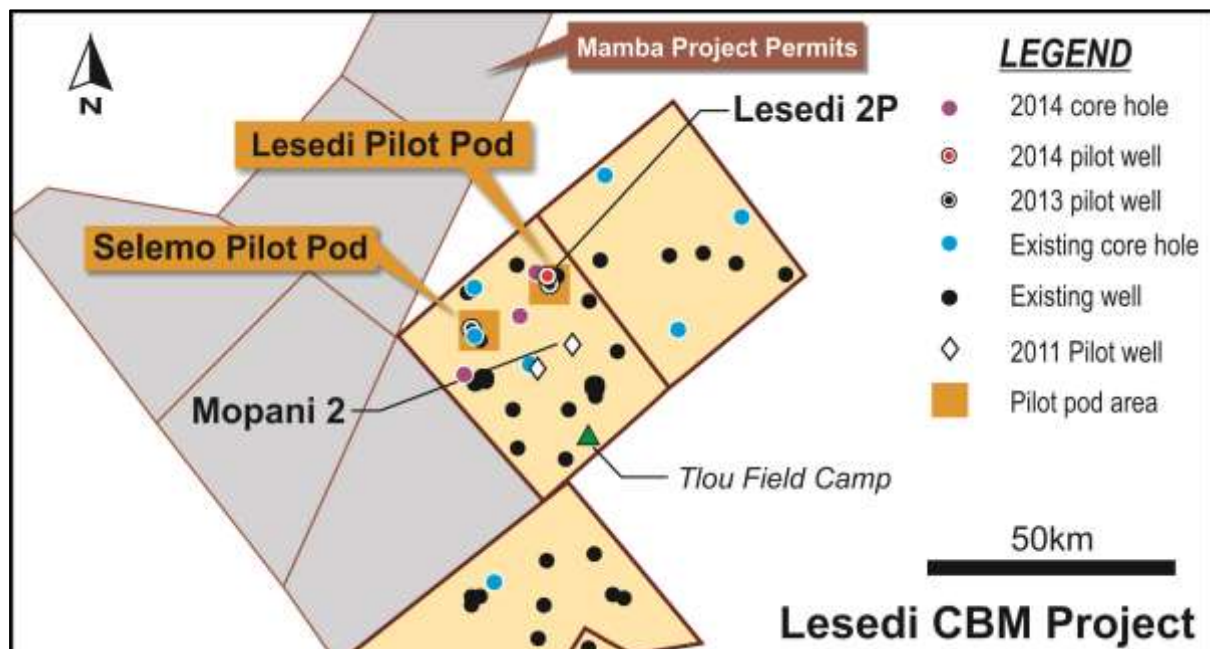


TLOU ENERGY LIMITED**30 April 2015****OPERATIONAL REPORT - QUARTER ENDING 31 MARCH 2015****HIGHLIGHTS**

- Selemo Pilot long term step rate test program continues;
- PLs 001-003 (Lesedi CBM Project Area) renewed for a further two years;
- Contingent Resources Upgrade for the Lesedi CBM Project completed;
- Gas sales co-operation agreement signed with CNG Holdings; and
- Co-operation agreement signed with General Electric and IK Holdings.

TLOU ENERGY LIMITED PROJECTS**Botswana**

PLs 001-003/2004 and PLs 35 & 37/2000 – Lesedi CBM Project Area, Botswana
Tlou Energy Limited 100%



Activities during the quarter focused on continuing the production testing of the Company's pilot operations. At the Selemo pilot pod, a long term step rate test program was underway in order to refine the reservoir characterization parameters for the target Morupule Coal Seam. This data will be integrated into the current reservoir

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model to provide optimization for well design and field development layout as well as provide input into defining predevelopment reserves for Lesedi CBM project.

Planning also commenced for a Selemo expanded pilot pod drilling program which will see additional horizontal pilot well pods drilled adjacent to the current Selemo Pilot. These pods will consist of a vertical pumping well each having a single inseam lateral intersection well. Equipment and materials have been mobilised in anticipation of the drilling program beginning during the next quarter. The aim of the expanded Selemo pilot pod program is to maximise reservoir drainage area, measure long-term gas flow potential and achieve reserve certification in advance of field development.



Figure 1 – Selemo 1P gas flare

PLs 001-003/2004 - Renewed until 31 March 2017

In December 2014 Tlou Energy applied for Prospecting Licences 001-003/2004 (PLs 001-003/2004) to be renewed for a further two years until 31 March 2017. The Botswana Government has advised that Tlou's Energy's application for renewal has been successful. The Lesedi CBM Project is located in PLs 001-003/2004, hence they are important licences for the Company. It is Tlou Energy's intention to convert a significant area of PLs 001-003/2004 into a Mining Licence under Part VI of the Mines and Minerals Act 1999 once the requirements of the legislation have been met during 2015.

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Contingent Resources Upgrade

On 9 April 2015, Tlou Energy announced an upgrade to its certified Contingent Resources for the Lesedi CBM Project (refer table below). The upgrade include the first 1C certified CBM gas resources in Botswana and furthermore an increase of 2C and 3C contingent resources by 57% and 42% respectively. This very positive development reinforces Tlou Energy as the most advanced upstream gas company in Botswana.

Certified Contingent Resources Statement

Category	OGIP ⁽¹⁾ (BCF)	Unrisked Gross (100 Percent) (BCF)	Unrisked Net (100 Percent) (BCF)
Contingent Resources			
Low Estimate (1C)	7.6	4.9	4.9
Best Estimate (2C)	367.8	239.1	239.1
High Estimate (3C)	5,347.5	3,295.5	3,295.5
Prospective Resources⁽²⁾			
Low Estimate	2,459.5	644.1	644.1
Best Estimate	7,653.1	3,239.0	3,239.0
High Estimate	14,326.8	8,596.1	8,596.1

(1) OGIP = Original gas in place.

Source: SRK Consulting (Australasia) Pty Ltd. See Competent Person Statement – Contingent Resource Upgrade announcement 9 April 2015

(2) **ASX Listing Rule 5.28.2 Statement:** The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

TLOU ENERGY LIMITED**Commercialisation Activities**

The Company is actively advancing gas sales agreement negotiations which are a precursor for reserve certification. This will serve to underpin Tlou Energy's planned field development objectives at the Lesedi CBM Project in Botswana with the objective to supply gas to commercial end users and for power generation.

During the reporting period Tlou Energy entered into a gas sales co-operation agreement (Agreement) with CNG Holdings (Pty) Ltd, a South African based company which supplies compressed natural gas (CNG) to industrial users and vehicle fleets.

The Agreement provides the framework for delivery of the following commercial arrangements between the parties:

1. Power Generation:

- **Proof of Concept Project** – Tlou Energy's proposed gas to power (GTP) project to supply local power generation from pilot well ramp up gas (including supply of power to a nearby village and excess power to the local grid);
- **Additional GTP Projects** – Expansion of the proof of concept GTP project to supply up to 30 megawatts per annum of power generation (requiring approximately 2 petajoules of gas per annum) either to the local grid or directly to industrial customers in Botswana; and

- 2. Gas Sales Agreements:** Sale of gas by Tlou Energy to CNG Holdings (or nominated subsidiaries) for compression, transport and on-sale of CNG to industrial customers in Botswana and South Africa via road transport.

CNG Holdings has developed a significant CNG business in South Africa selling natural gas as CNG to industrial customers and vehicle fleets. CNG Holdings is seeking to expand its business into other markets.

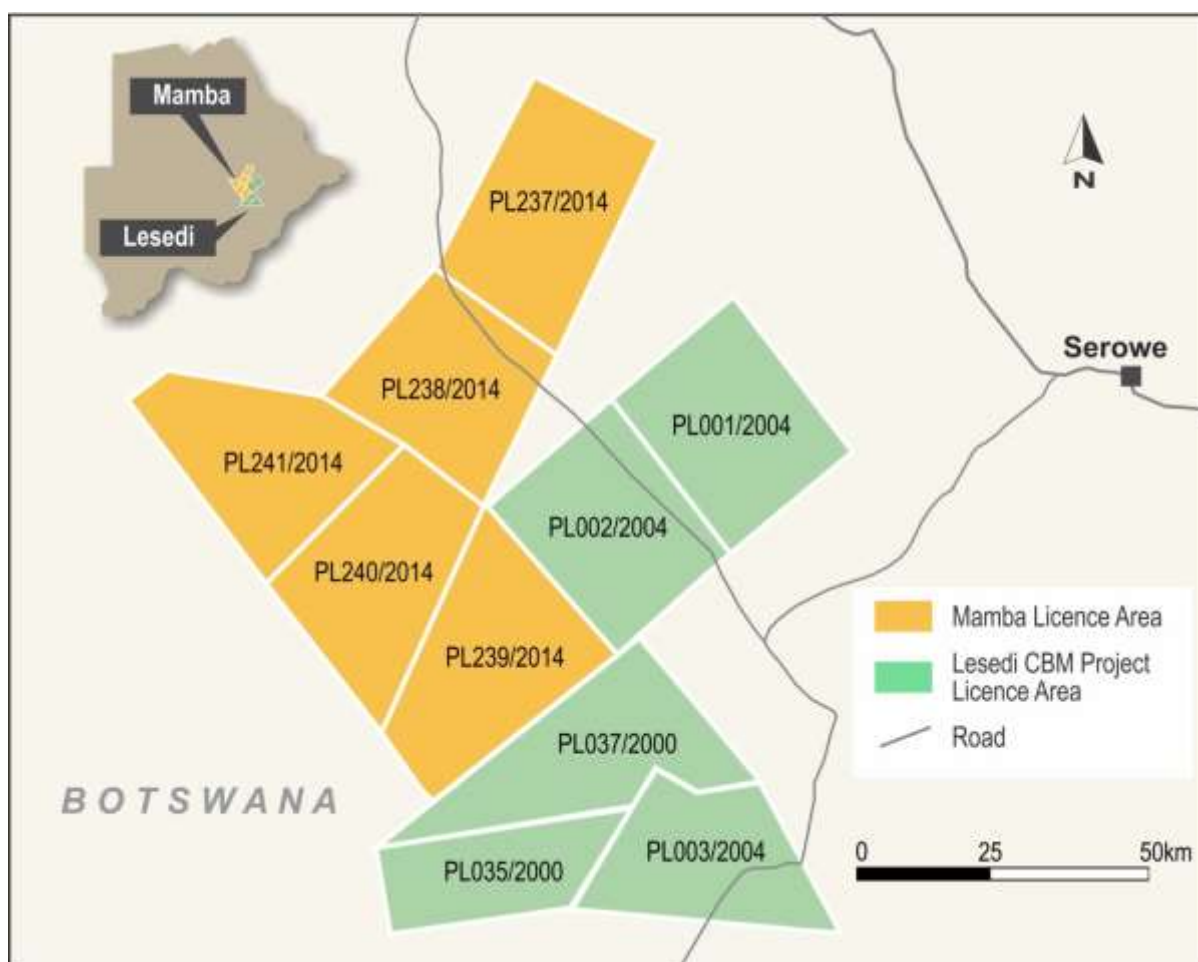
On 22 April 2015, Tlou Energy also announced that it has entered into a Co-operation Agreement (the Agreement) with General Electric International Inc. (GE) and IK Holdings Pty Ltd (IK Holdings) for the delivery of a proposed gas to power solution for Botswana.

The Agreement provides the framework for co-operation between the parties in relation to sharing of infrastructure for the supply of gas by Tlou Energy in relation to:

- The existing 90MW Orapa power station owned by Botswana Power Corporation; and
- A proposed co-located 300MW gas-fired power project to be developed by IK Holdings and GE.

TLOU ENERGY LIMITED**PLs 237-241/2014 – Mamba Project Area, Botswana
Tlou Energy Limited 100%**

In early July 2014, Tlou was awarded five new CBM permits in Botswana covering an area of approximately 4,500 km². The Mamba permits are considered to be highly prospective as they are situated adjacent to Tlou's Lesedi CBM Project and are on-trend with the encouraging results observed to date. In the event of a gas field development, the acquisition of the Mamba area provides the Company with considerable flexibility and optionality.



TLOU ENERGY LIMITED**NEW VENTURES**

Tlou is continuing discussions with relevant stakeholders in an effort to secure additional prospective CBM acreage over time.

Tlou– Key Statistics (as at 31 March 2015)

- ASX Code – TOU
- Shares on issue ~ 148 million
- Fully diluted ~ 163 million
- Cash balance ~ \$4.6 million (AUD)
- Debt = Nil
- Primary Focus is the Lesedi CBM Project in Botswana

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Tlou Energy Limited

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