

TLOU ENERGY LIMITED**29 September 2016**

Tlou Energy Limited**(‘Tlou’ or ‘the Company’)****Environmental Impact Statement Approved**

Tlou Energy Limited, the AIM and ASX listed company focused on delivering power in Botswana and Southern Africa through the development of coal bed methane (‘CBM’) projects, is pleased to announce that Botswana’s Department of Environmental Affairs (‘DEA’) has approved the Environmental Impact Statement (‘EIS’) submitted by the Company in December 2015 for its Lesedi CBM Project (‘Lesedi’), following a public review.

Key points:

- **EIS approval is a major achievement and facilitates application for a Production Licence (‘Mining Licence’) for a 50MW project at Lesedi, moving the Company through the exploration phase into development**
- **The authorisation is for all the specified project activities in the EIS application**
- **DEA considers that the EIS adequately addressed the relevant impacts associated with the proposed development at Lesedi**

Tlou Executive Director Gabaake Gabaake said, “We continue to deliver milestones which de-risk our development of a 50MW CBM project at Lesedi and the granting of the EIS is good news for the Company, for the Lesedi project and for the people of Botswana. The EIS is a prerequisite for the Mining Licence which, when granted, provides security of tenure over our licences. Environmentally there is a need in Botswana for the development of a relatively clean, low carbon energy source to replace the use of diesel in the production of electricity. CBM from the Lesedi project provides one component of a future clean energy mix. The effort put in by our team and our environmental consultants, Ecosurv, has been exceptional. I would like to thank them for all the work that has led to this environmental approval. We will continue to progress the project and I look forward to updating the market in due course.”

Environmental Impact Statement

In 2014 the Company commenced work on its application for an EIS. This addresses the social and environmental context of the area surrounding the planned wellfield development project at Lesedi and CBM exploration activities in Tlou’s Mamba and Lesedi areas.

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Key components of both the gas field development and exploration activities are as follows:

| Gas field development & processing facilities | Exploration activities |
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| <ul style="list-style-type: none"> • Installation of production pods | <ul style="list-style-type: none"> • Core hole drilling |
| <ul style="list-style-type: none"> • A central facility for the gathering and beneficiation of gas and water | <ul style="list-style-type: none"> • Implementation of pilot testing pods |
| <ul style="list-style-type: none"> • Installation of a new base camp and associated facilities | <ul style="list-style-type: none"> • Drilling of stratigraphic boreholes |
| <ul style="list-style-type: none"> • Associated pipe work for transportation of gas/water to the centralised treatment facility | <ul style="list-style-type: none"> • Seismic reflector surveying |
| <ul style="list-style-type: none"> • Associated pipe work for transportation of gas from the treatment facility to a power facility | <ul style="list-style-type: none"> • Water boreholes for exploration needs |
| <ul style="list-style-type: none"> • Installation of permanent or semi-permanent access roads | <ul style="list-style-type: none"> • Use of fly camps and installation of temporary roads for exploration |

The DEA has confirmed the EIS for Tlou's proposed CBM development has been approved and adequately identified and assessed anticipated impacts associated with the proposed activity. An approved EIS is essential prior to the application for a Mining Licence in Botswana. A Mining Licence is required prior to the commencement of full field development. The Company currently holds Prospecting (or exploration) Licences which usually run for terms of two or three years, whereas a Mining Licence runs for 20 - 30 years, thereby ensuring security of tenure.

The granting of a Mining Licence will highlight the progress being made by the Company as it transitions from exploration and appraisal towards development. This will be another key project milestone which, along with the gas testing program, the recently announced 50MW project approval and progress towards booking initial gas reserves around the Selema pilot wells, shows that the Company is making significant progress in its aim to deliver CBM power in Botswana and Southern Africa.

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Company Information

Tlou Energy is an AIM and ASX listed company focused on delivering power in Botswana through the development of coal bed methane ('CBM') projects. Botswana has a severe energy shortage and is currently relying on expensive imported power and diesel generation to deliver its requirements. However, as the 100% owners of the most advanced gas project in the country, the Lesedi CBM Project ('Lesedi'), Tlou Energy provides investors with access to a compelling immediate and longer term opportunity using domestic gas to produce power and displace the expensive diesel and import market.

The Company is led by an experienced Board, management and advisory team including individuals with successful track records in the Australian CBM industry.

Since establishment in 2009 the Company has significantly de-risked the project in consideration of its goal to become a significant gas to power producer. The Company has the most advanced CBM project in Botswana with gas flaring at its Selemo wells. It holds 10 prospecting licences covering an area of ~8,300Km² and the Lesedi project already benefits from significant, independently certified contingent resources of ~3.3 trillion cubic feet (TCF) (3C). Following completion of the current gas flow tests at Selemo the Company is looking to book initial certified gas reserves, thereby becoming the first company in Botswana to do so.

The first planned gas-to-power solution is expected to be delivered through a scalable project with the Botswana Government. Following successful implementation of this project the Company plans larger projects to provide further power to Botswana and the southern African region.

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