

TLOU ENERGY LIMITED**5 July 2016**

50MW Power Project Approved by Botswana Government

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 provide an update on the on-going gas flow testing operations in progress at its Lesedi CBM Project in Botswana. The aim of the gas testing program is to provide evidence of a sustainable gas production rate achievable from the field and develop the first wells flowing commercial rates of gas in Botswana.

Key points:

- **Five times larger than the 10MW power plant originally applied for, demonstrating the strength of the government's support for the development of domestic sources of power**
- **Company is awaiting full details from the Ministry of Mines Energy and Water resources ('MMEWR') in Botswana with the project expected to be for 50MW**
- **Follows the recent announcement that the Government of Botswana has proposed that the delivery of 100 MW of CBM power be incorporated into its future generation supply plans**
- **This 50MW government off-take agreement creates a ready market for Tlou's independently certified contingent gas resources of ~3.3 trillion cubic feet (TCF) (3C)**

Note: All times quoted are referenced to Australian Eastern Standard Time (AEST) unless otherwise stated

Tlou Acting Managing Director Gabaake Gabaake said, "We are elated by this decision and look forward to receiving the full details from the MMEWR. Although we always planned to expand our project beyond the 10MW initially envisaged as being fast-tracked for development, a 50MW project is five times larger than expected and a fabulous result for the Company. Importantly it provides more certainty to our investment case to increase our power output as we develop our field.

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“A larger project also provides more options regarding project development as well as potential benefits from economies of scale. We also believe it has the potential to strengthen the range of parties interested in partnering to finance the project’s development. This is a significantly transformative outcome which we believe is testament to the fact that Lesedi is the most advanced CBM Project in Botswana and to our strong governmental relationships. We look forward to updating the market in due course as we make progress towards fulfilling our vision to become a significant provider of energy in the region.”

CBM Power Project Approval

In November 2015 Botswana’s Government Ministry of Minerals, Energy and Water Resources issued a request to submit technical information for the supply of emergency power to address the country’s chronic power deficiency and to assist fast tracking the development of the gas industry in the country. This is due to the fact that the country imports significant amounts of power from South Africa due to the continued and still unsuccessful remedial work taking place at Botswana’s Morupule A and B coal fired power stations.

The initial proposal submitted by Tlou Energy was for a 10MW gas-to-power pilot project. The expected 50MW project approval is a welcome development and in line with the Company’s plans to expand the Lesedi project to supply 50MW of power in the medium term in modular stages.

The application process involved approval by Botswana’s Government Cabinet, following which it was reviewed by the PPADB, which has confirmed the successful outcome. The next step is for the Company to receive full details from the MMEWR. Once received, Tlou will commence work on a detailed proposal for the supply of CBM power, including negotiations on the terms of an off-take agreement, network access and project funding.

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TLOU ENERGY LIMITED**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 and flared its first gas in 2014. 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 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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