13 August 2018

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

Operations Update and RFP bidders meeting

Tlou Energy Limited is pleased to provide an update on preparations for the upcoming pilot production well program and the pre-tender bidders meetings in relation to the Government of Botswana’s Request for Proposal (‘RFP’) for the development of up to 100MW of Coal Bed Methane (‘CBM’) power plants in Botswana.

Key Points:

- Equipment arriving onsite ahead of drilling of lateral and vertical pilot production wells;
- Spudding of first well expected to occur in September once critical long lead items are onsite;
- Pre-tender bidders meeting was positive and Tlou is now working towards submitting its proposal.

Pilot production program

The Company is scheduled to commence a pilot well drilling program this quarter. The proposed pilot wells, referred to as ‘dual lateral pods’, consist of two lateral or horizontal wells that intersect a vertical well, with up to three pods anticipated to be drilled under the program.

The pods will be drilled in areas identified as being potentially highly suited for initial project development, where quality seismic and core-hole data exists. In addition, Tlou’s reserve certifiers have indicated that drilling of production pods in a different orientation to existing wells has the potential to enhance gas production rates. A key objective of the program is to achieve enhanced gas flow rates in the area proposed for initial project development. In addition, and if successful, the work program could further de-risk the project and add to the Company's independently certified gas reserves at the Lesedi CBM project.

Long lead items have been ordered and are due onsite in the near term. Tlou has also purchased additional equipment for the program to bring the operations more under the Company’s control. This will drive future operational efficiencies and cost savings. Tlou has steadily built up the operational equipment it owns. These assets, along with Tlou’s experienced operations team, reduce the
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Company’s reliance on mobilising expensive third-party equipment and personnel for drilling operations. This can also increase local experience and create further employment opportunities. The development of the CBM industry and creation of sustainable jobs within Botswana is a key focus for the Company.

Spudding (commencement) of the first well under the planned drilling program is expected in September. Following drilling of the pods, wells will proceed to dewatering and, subject to successful dewatering, gas production. Due to the current workload in the field, planned core-hole drilling is now more likely to begin following completion of the pilot production pods.

Pre-tender bidders’ meeting

Botswana’s Ministry of Mineral Resources Green Technology and Energy Security (‘the Ministry’) has issued a Request for Proposal (‘RFP’) for development of up to 100MW of CBM fuelled power plants in Botswana, as announced on 27 July 2018.

As part of this RFP, a compulsory pre-tender meeting with representatives of the Procuring Department has taken place at the Ministry’s office. Tlou’s management believes that the meeting was positive and there appears to be continued government goodwill to advance the project. Tlou requested clarification of some terms in the RFP documents and were pleased with the responses received. While the Company will submit a comprehensive bid, the RFP is a very detailed and regulated process so there is no guarantee of success. The Company will continue to push other objectives including negotiating directly with potential off-takers and becoming a member of the Southern African Power Pool.

The closing date for submission of a response to the RFP is 12 September 2018. Tlou’s submission will outline an initial project of up to 10MW of generation including project feasibility, proposed field development, installation of power generation facilities and supply of power into the grid. If successful in the RFP and following implementation of the initial project, the Company would look at expansion.

Tlou’s Lesedi CBM project is well advanced, with significant CBM gas reserves in place, environmental approval for upstream development, and a Mining Licence which allows the Company to commence development operations. Management considers that Tlou is therefore ideally placed to deliver a project under the RFP process should the application be successful.

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.
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Company Information

Tlou Energy is focused on delivering Gas-to-Power solutions in Botswana and southern Africa to alleviate some of the chronic power shortage in the region. Tlou is developing projects using coal bed methane (‘CBM’) natural gas. Botswana has a significant energy shortage and generally relies on expensive imported power and diesel generation to fulfil its power requirements. As 100% owner of the most advanced gas project in the country, the Lesedi CBM Project, Tlou Energy provides investors with access to a compelling opportunity using domestic gas to produce power and displace expensive diesel and imported power.

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 including individuals with successful track records in the CBM industry.

Since establishment, the Company has significantly de-risked the project in consideration of its goal to become a significant gas-to-power producer. The Company flared its first gas in 2014, holds a Mining Licence and nine Prospecting Licences, covering an area of ~8,300Km² in total, and the Lesedi Project already benefits from significant independently certified Contingent Gas Resources of ~3.2 trillion cubic feet (3C) and independently certified Gas Reserves of ~261 billion cubic feet (3P).

The Company is planning an initial scalable gas-to-power project. Following successful implementation of this first scalable project, the Company looks forward to evaluating longer-term prospects for the delivery of electricity generated from CBM in Botswana to neighbouring countries.