

TLOU ENERGY LIMITED**20 May 2019**

Tlou Energy Limited
("Tlou" or "the Company")**Confirmation of Tender approval**

Tlou Energy Limited can confirm that the Company has now received written confirmation from the government of Botswana that it has been chosen as a preferred bidder for the Development of a "Maximum of 100 MW of Coal Bed Methane Fuelled Power Plants in Botswana".

Highlights

- Tlou Energy Limited has been selected as a preferred bidder for the CBM tender
- The Company will now work with the government to finalise all the project agreements
- An enormous step forward for the Company in the development of its Gas-to-Power project

Tlou's Managing Director, Mr Tony Gilby commented, "The approval of the Company's tender represents great progress for Tlou. The proposal that we submitted was very competitive and we welcome this decision by the Government. We look forward to working together to deliver a successful power project. The effort put in by our team over recent years has been phenomenal and this result makes it all worthwhile. The Company will now progress with additional work on the ground to deliver a Gas-to-Power solution that can bring significant benefits to the country and to our shareholders. I look forward to updating the market as we continue to develop the project."

Request for Proposal (RFP)

In October 2018 the Company submitted its comprehensive response to the Request for proposal (RFP) for the Development of a Maximum of 100 MW of Coal Bed Methane Fuelled Power Plants in Botswana.

The Company's submission outlined a staged development commencing with up to 10MW of generation as well as outlining project feasibility, proposed field development, installation of power generation facilities and supply of power into the grid in Botswana.

The RFP was assessed across three different criteria, Compliance, Technical and Financial. Of the competing bidders, Tlou's proposal received the highest pass mark for the compliance and technical stage. The financial stage required the calculation of a Levelised Cost of Energy (LCOE) for the project, with Tlou's proposal having the most competitive LCOE. This was possible due to Tlou's ability to operate efficiently using very experienced personnel coupled with the geological knowledge gained over many years of operating in Botswana. Upon successful completion of the initial project, the Company would look to expand further.

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An initial staged 10MW development was selected to facilitate the success of the downstream project by requiring relatively minimal up-front capex. This reduces risk and therefore limits the downside for Tlou, its shareholders and the government.

Tlou used the electricity guide price provided by the government in the Company's tender of approximately USD \$0.12 per kWh. At this price a 10MW project could generate gross revenue of approximately USD \$10 million per annum.

Tlou considers the first 10MW as a pilot power generation project. Revenues from this project could facilitate rapid future expansion, which could be enormous based on the Contingent Gas Resources already in place at Tlou's project acreage.

The transmission line component of the downstream power generation project represents the bulk of the capex required and will be designed to transmit upwards of 20MW of electricity into the grid.

Milestones

The RFP approval is another very significant milestone for the company which include:

- Establishing the first Independently Certified Gas Reserves in the country with enough 2P Gas Reserves already in place to complete the proposed 10MW power project;
- Flowing gas from the Selemo Pilot for approximately 2 years;
- Generating electricity from the Selemo Pilot gas for several months;
- Being awarded the first Mining Licence for CBM gas in the country;
- Obtaining upstream environmental approval for over 200 production wells, water handling, seismic, gas gathering pipelines and a processing facility;
- Successfully acquiring the first seismic program in the country specifically targeting CBM gas;
- Successfully completing two gas production pods (Lesedi 3 & 4) in early 2019;
- Obtaining downstream environmental approval for 20MW of gas fired power generation coupled with 20MW of solar plus a transmission line to connect to the grid.

Additional Achievements

- Drilled numerous wells since Tlou operations commenced;
- Tlou holds approximately 9,000 Km² 100% owned licence area, with enormous scope for Gas Reserve expansion;
- The Company has built an experienced in-county operational workforce;
- Landholder agreements are either in-place or being finalised;
- Botswana based investors are now the largest shareholder group in the Company aligning the country's interest with that of the broader shareholder base.

TLOU ENERGY LIMITED**Financing**

The Company's cash balance was approximately AUD \$6.5 million at the end of March 2019. The Company has no debt. The Company is well funded through to 2H 2020 and has sufficient funds to carry out planned drilling and seismic activities, that have the potential to further increase existing Gas Reserves.

Downstream funding primarily relates to transmission lines, which will be designed to transmit in excess of 20MW of electricity from the proposed power generation facility to the Serowe sub-station. This has the potential to make future generation expansion both rapid and low cost.

Tlou has already received indications of funding support from a number of existing strategic investors as well as from Botswana Development Corporation (BDC). The Company will look to source the lowest cost of capital for the downstream development.

Upcoming work program/milestones:

- Flow gas (post de-watering) from the recently completed production wells;
- Conduct further operations across the Lesedi, Mamba and Boomslang project areas;
- Finalise the funding package for the downstream development.

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 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 and has a 100% interest over its Mining Licence and ten Prospecting Licences covering an area of ~9,300 Km² in total. The Lesedi and Mamba Projects already benefit from significant independently certified 2P gas Reserves of ~41 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 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.

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