



**18 December 2020**

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

**Tender timetable, finance, and gas production update**

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Tlou Energy Limited is an ASX, AIM and BSE listed company focused on delivering power in Botswana and southern Africa through the exploration and development of gas and solar power. The Company's first proposed development is the Lesedi Power Project ("Lesedi").

**Key points**

- **Timetable for the 10MW Tender negotiations received**
- **2MW PPA and Grid Connection Agreement signed**
- **Project finance discussions are progressing**
- **Tenders have gone out for construction of transmission line and sub-stations**
- **Gas continues to flow at Lesedi 4P and displaying a gradual increase over time**

**10MW Tender timetable**

In 2018, Botswana's Ministry of Mineral Resources Green Technology and Energy Security ("MMGE") issued a Request for Proposal for Development of up to 100 MW of CBM fueled power plants in Botswana ("Tender").

The Company submitted a comprehensive response to the Tender which included 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. Upon successful completion of the initial project, the Company would look to expand.

Tlou was selected as a preferred bidder and MMGE was approved to engage in negotiations with Tlou in respect of the Tender. The Company have now received a timetable from MMGE for Tender negotiation which will commence in January 2021. The Company is looking forward to the advancement of this important milestone and successful conclusion ideally in the near term.

**Signed agreements**

Formalities having been completed for a 2MW Power Purchase Agreement (PPA) with Botswana Power Corporation (BPC) with the Company having received the signed PPA and Grid Connection Agreement. These agreements represent further significant progress for the Lesedi Power Project.

## **Project Finance**

The Company is currently seeking funding for development of Lesedi. The project is proposed to be developed in two phases.

Phase one involves transmission line construction, transformers, grid connection, electricity generators and potentially the drilling of additional gas wells. The ~100 Km transmission line will run from the Lesedi project to the town of Serowe where it will connect to the existing power grid. Initial generation is proposed to be up to 2MW of electricity. Funding required for phase one is ~USD \$10m which can be staged if necessary or prudent to do so.

Phase two funding is for the expansion of electricity generation up to 10MW. This will involve drilling gas wells and the purchase of additional electricity generation assets. Funding required for phase two is ~USD \$20m. Upon successful completion of phase one and two, the Company plans to expand the project beyond 10MW.

Project finance discussions continue to progress although this process is taking considerable time. A number of potential financiers would like to see the Tender process (as mentioned above) come to a successful conclusion before committing funds to the project. In the event of a successful outcome to the Tender negotiations, the Company expects to have additional funding options available.

It is worth noting however, that not all groups require the Tender to be completed first. Some financiers are looking at the potential upside once the project is connected to the grid regardless of the size on the initial 2MW pilot PPA. Discussions are ongoing and Tlou has recently conducted a field trip with one of these groups.

The Company is aware that the length of time these funding negotiations are taking may cause concern for some shareholders. While some issues outside the control of the Company have had an impact, management are focused on getting the best deal for the Company and this takes time given the variables involved.

## **Transmission line detailed design**

Detailed design and engineering of the 100 Km transmission line and associated infrastructure to connect Lesedi to the electricity grid has been completed by the Company's engineers Mott MacDonald. This work included selecting qualified parties to tender for construction of the transmission line and associated infrastructure. The qualified parties include groups from Botswana, India, China and South Africa.

Requests to tender were sent to the qualified parties in December, with responses to be received in the first quarter of 2021, with evaluation of bids and award of contracts planned to follow as soon as possible. Thereafter, construction can commence subject to finance.

### **Lesedi Gas production**

Gas continues to flow at the Company's production well Lesedi 4P. The Lesedi 4P gas rate has shown a steady increase over time while water rates are progressively decreasing. The continuous nature of the gas flow throughout the year with the steady incline being observed is very encouraging.

Gas flow rates are not anticipated to increase significantly until further drilling is carried out to assist with dewatering of the reservoir. Once further water can be removed from the system by additional wells, the gas should start to increase substantially.

The continuous gas flow reinforces the significant upside potential for shareholders and along with Tlou's plans for solar power, could create a new cleaner power opportunity for the region. Only the deeper gas target horizon (Morupule coal seam) has been explored to date with at least one other shallower potentially productive zone (Serowe coal seam) yet to be evaluated.

### **Community support**

The Company continues its work with local communities as part of its environmental, social and governance commitment. The Company is engaged in activities aimed at advancing the lives of the local population and regional communities.

Recently the Company provided support to Botswana's small stock initiative. This is aimed at helping farmers commercialise their production, increase Botswana's small stock herd and enable the country to meet local demand for meat as well as demands from other countries. The initiative can create sustainable jobs and generate wealth for the local population.

### **Forward plan**

While the past year has been challenging, the Company looks forward to a much more successful period ahead. Key areas that need to be advanced include:

1. Securing funds to advance the Lesedi power project. This will allow work to commence on transmission lines and set the Company towards initial generation and first revenue;
2. Completion of the Tender process and signing of a 10MW power purchase agreement;
3. Progressing solar development plans;
4. Drilling additional gas wells in the Lesedi project;
5. Completing further operations across the Mamba and Boomslang project areas.



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.

### **By Authority of the Board of Directors**

Mr Anthony Gilby  
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### **Company Information**

Tlou Energy is focused on delivering power solutions to Botswana and southern Africa to alleviate some of the chronic power shortage in the region. Tlou is currently developing projects using gas and plans to add solar power projects to provide a cleaner power source.

Botswana has a significant energy shortage and generally relies on imported power and diesel generation to fulfil its power requirements. Tlou's Lesedi power project provides investors with access to a compelling opportunity to displace expensive, carbon intensive diesel and imported coal-fired electricity with a more environmentally friendly alternative.

In addition to plans for cleaner energy, the Company is also committed to developing community projects in Botswana adding real value to peoples' lives in a region with sparse services and where few opportunities exist for the local population. The Company aims to assist communities to become self-sustaining, develop business opportunities, improve access to education and create opportunities for self-employment and wealth creation.

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.



The project is significantly de-risked. The Company produced its first gas in 2014, has a Mining (or development) Licence valid to 2042 and 10 Prospecting (or exploration) Licences. The Company's project acreage covers a vast area spanning approximately 9,300 Km<sup>2</sup> in total.

Tlou's 'Lesedi' and 'Mamba' projects already benefit from significant independently certified 2P gas Reserves of ~41 Billion Cubic Feet (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 power project. Following successful implementation of this first scalable project, the Company looks forward to evaluating longer-term prospects for the delivery of additional electricity to Botswana and to neighbouring countries.

### **Forward-Looking Statements**

This announcement may contain certain forward-looking statements. Actual results may differ materially from those projected or implied in any forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results. No representation is made that any of those statements or forecasts will come to pass or that any forecast results will be achieved. You are cautioned not to place any reliance on such statements or forecasts. Those forward-looking and other statements speak only as at the date of this announcement. Tlou Energy Limited undertakes no obligation to update any forward-looking statements.