

**TLOU ENERGY LIMITED****15 February 2017**

---

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

**Tlou achieves significant increase in Gas Reserves**

---

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") is pleased to announce a significant upgrade of Reserves for the Lesedi CBM Project ("Lesedi") and initial Reserves for the Mamba Project in Botswana. This latest Reserves assessment has been independently certified by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd ("SRK").

**Highlights:**

- **44% increase in 2P (Proved and Probable) Gas Reserves to 3.9 billion cubic feet (BCF)**
- **390% increase in 3P (Proved, Probable and Possible) Gas Reserves to 261 BCF**
- **The increases comprise:**
  - **additional certified Reserves in the Lesedi Project area (PL 002) based on a southern extension of the Selemo pilot area; and**
  - **initial certified Reserves in the Mamba Project area (PL's 238 and 240) based on a western extension of the Selemo pilot area.**

Tlou Managing Director Tony Gilby said, "This significant upgrade in Reserves reinforces the commerciality of the Lesedi Gas Project. The success of the Selemo pilot in producing sustained gas flows for a substantial period suggests that there is significant gas production potential for the area. Our ongoing work to assess this continues in tandem with our planning for the staged delivery of a commercial CBM power facility, for which we have received a detailed Request for Proposal from the Government of Botswana.

We are very pleased to have received the first gas Reserves in the Mamba Project area, which demonstrates the upside available within our portfolio. Together, we believe that the Lesedi and Mamba projects will continue to develop into a valuable resource for Tlou shareholders as we work towards increasing the certified gas Reserves in both areas. Furthermore, the Company is on track to become the first gas to power producer in Botswana."

## TLOU ENERGY LIMITED



In accordance with the Society of Petroleum Engineers (“SPE”) 2007 Petroleum Resource Management System (“PRMS”) Guidelines, as well as the 2011 Guidelines for Application of the PRMS approved by the SPE, SRK has attributed Gas Reserves to Tlou’s 100% interest in the Lesedi and Mamba Project permits using the deterministic method of petroleum Reserves estimation as at 1 January 2017.

The table below, in billion cubic feet (BCF) and petajoules (PJ), summarises the changes to the Company’s Reserves position for Lesedi and Mamba as at 1 January 2017.

**Table 1: Lesedi and Mamba Independent Gas Reserves Certification (Lower Morupule seam only)**

Tlou Interest (100%) Category	Gas Reserves (BCF) <sup>1</sup>			Gas Reserves (PJ) <sup>2</sup>		
	1P	2P	3P	1P	2P	3P
01 January 2017 certification by SRK	0.17	3.9	261.1	0.14	3.2	242.7
26 September 2016 certification by SRK	0.1	2.7	52.9	0.1	2.1	42.2
<b>Increase</b>	<b>0.07</b>	<b>1.2</b>	<b>208.2</b>	<b>0.04</b>	<b>1.1</b>	<b>200.5</b>

**Notes to Tables 1 above:**

- 1) Tlou’s Gas Reserves have not been adjusted for fuel or shrinkage and have been calculated at the wellhead (which is the reference point for the purposes of ASX Listing Rule 5.26.5) for the Lower Morupule seam only.
- 2) The energy content of the gas was determined by SRK at different quantities for the Lower Morupule coal seam based on corehole gas composition in the individual areas where Reserves were certified.

SRK has consented to the information in this announcement being released.

Additional information in relation to the Gas Reserve estimates for PL002/2004 (Lesedi CBM Project) and PL’s 238/2014 and 240/2014 (Mamba CBM Project), which is the subject of this announcement, and required to be disclosed pursuant to Chapter 5 of the ASX Listing Rules, is set out in Appendix 1 of this announcement.

The Lesedi Reserves Statement received from SRK represents an updated independent certification that is based on SRK’s review of regional data surrounding the Selemo pilot area to the south and, consistent with the prior Reserves assessment (announced to the market on 12 October 2016), relates only to the Lower Morupule coal seam.

## TLOU ENERGY LIMITED



The Mamba Reserves Statement received from SRK represents an initial independent certification that is based on SRK's review of regional data to the west of the Selemo pilot area and relates only to the Lower Morupule coal seam. In both cases, the Reserves estimates in these southern and western extension areas were based on the high level of stratigraphic continuity of the Lower Morupule coal seam and data about the reservoir and gas quality from prior corehole data and seismic activity.

An updated Gas Reserve and Resource statement for all of Tlou's tenements as at 1 January 2017 is shown in Table 2 below, in accordance with ASX Listing Rule 5.25.3. It should be noted that the Reserves assessment by SRK (which is the subject of this announcement) did not include a review and assessment of Contingent Resources in the Mamba Project area.

**Table 2: Tlou Net Gas Reserves and Resources for all tenements and seams – BCF**

Tlou 100% interest									
Location	Project	Tlou Interest	Gas Reserves (BCF) <sup>1</sup>			Gas Contingent Resource (BCF) <sup>2</sup>			Gas Prospective Resource (BCF) <sup>3</sup>
			1P	2P	3P	1C	2C	3C	
Karoo Basin Botswana	Lesedi CBM (Lower Morupule coal) (PL002/2004)	100%	0.15	3.5	117	4.3	67.4	470	-
Karoo Basin Botswana	Lesedi CBM (all coal seams) (PL001/2004, PL002/2004) <sup>4</sup>	100%	0.15	3.5	117	4.3	235	3,183	-
Karoo Basin Botswana	Mamba CBM (Lower Morupule coal) (PL238/2014 PL240/2014)	100%	0.02	0.4	144	n/a <sup>5</sup>	n/a <sup>5</sup>	n/a <sup>5</sup>	-
Karoo Basin Botswana	PL003/2004, PL035/2000, PL037/2000	100%	-	-	-	-	-	-	8,596 <sup>6</sup>

**TLOU ENERGY LIMITED****Notes to Table 2 above:**

Gas Resource numbers have been rounded to the nearest tenth for amounts less than 100 BCF, otherwise to the nearest whole number. Refer to Competent Persons Statement in Appendix 2 of this Announcement.

- 1) Tlou's Gas Reserves have not been adjusted for fuel or shrinkage and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).
- 2) Contingent Gas Resources are (100%) Unrisked Gross and are derived from the SRK certification at 31 March 2015 for all coal seams (as previously announced by Tlou on 9 April 2015) with adjustment for the gas volumes which have now been certified by SRK in the Gas Reserves category.
- 3) ASX Listing Rule 5.28.2 Statement relating to Prospective Resources:  
The estimated quantities of petroleum gas that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
- 4) The Gas Reserves and Contingent Gas Resources for all coal seams in PL001/2004 and PL002/2004 shown in the second row of Table 2 includes the numbers for the Lower Morupule coal seam which are shown in the first row of Table 2.
- 5) The current Reserves assessment by SRK which is the subject of this announcement did not include a review and assessment of Contingent Resources in the Mamba Project area.
- 6) Prospective Gas Resources are (100%) Unrisked Gross and are derived from a report to Tlou from Netherland, Sewell and Associates Inc (NSAI) dated 16th February 2012 regarding certification for all coal seams located in the remaining prospecting licences (as previously announced by Tlou in its prospectus dated 20 February 2013).

**Overview of SRK**

SRK is an independent, international group providing specialised consultancy services, with expertise in petroleum studies and petroleum related projects. In Australia SRK has offices in Brisbane, Melbourne, Newcastle, Perth and Sydney. SRK has completed Reserves and Resource assessments for a number of clients in Australia.

For further information regarding this announcement please contact:

<b>Tlou Energy Limited</b>	+61 7 3012 9793
Tony Gilby, Managing Director	
Solomon Rowland, Company Secretary	
<b>Grant Thornton (Nominated Adviser)</b>	+44 (0)20 7383 5100
Samantha Harrison, Colin Aaronson, Harrison Clarke	

**TLOU ENERGY LIMITED**

TLOU ENERGY

<b>Brandon Hill Capital (Joint broker)</b>	+44 (0)20 3463 5016
Jonathan Evans, Alex Walker	
<b>Optiva Securities Limited (Joint broker)</b>	+44 (0)20 3137 1904
Jeremy King, Christian Dennis	
<b>St Brides Partners Limited (Public Relations)</b>	+44 (0) 20 7236 1177
Elisabeth Cowell, Lottie Brocklehurst	
<b>FlowComms Limited (Investor Relations)</b>	+44 (0) 7891 677 441
Sasha Sethi	

**TLOU ENERGY LIMITED****APPENDIX 1 - ADDITIONAL INFORMATION REQUIRED UNDER CHAPTER 5 OF THE LISTING RULES****Description of Land Area, Tenure and Economic Interest *LR 5.25.5, 5.31.3 & 5.31.7***

Tlou has a 100% interest in and operates ten prospective CBM licences in Botswana. The licence PL002/2004 forms part of the Lesedi Project area. PL002/2004 is located in the Karoo-Kalahari Basin, Botswana, which contains a significant proportion of Southern Africa's coal deposits. The most recent work in PL002/2004 has consisted of horizontal pilot well drilling in an area known as the Selemo pilot area.

Prospecting Licences PL238/2014 and PL240/2014 form part of the Mamba Project area. PL0238/2014 and PL240/2014 are located in the Karoo-Kalahari Basin, Botswana, which contains a significant proportion of Southern Africa's coal deposits. The most recent work in PL0238/2014 and PL240/2014 has consisted of desk top analysis of existing geological data comprising stratigraphic corehole and seismic geophysical data.

PL002/2004 was most recently renewed for a further 2-year term on 1 April 2015. The next renewal date for the permit is due 31 March 2017 unless the licence area is converted to a Mining Lease (ML) prior to this date.

PL238/2014 and PL240/2014 were most recently issued for a 3-year term on 1 July 2014. The next renewal date for the permit is due 30 June 2017 unless the licence area is converted to a Mining Lease (ML) prior to this date.

The Gas Reserves reported in this announcement for the Lesedi Project area PL002/2004 have been calculated net of a Government royalty of 3% of wellhead revenue and a royalty payable to the previous owner Sekaname Pty Ltd of ZAR2.00 per 1,000 standard cubic feet (SCF) produced at the wellhead or 12.5% of the wellhead selling price of the gas produced (less certain transport and logistical costs), whichever is greater.

The Gas Reserves reported in this announcement for the Mamba Project area PL238/2014 and PL240/2014 have been calculated net of a Government royalty of 3% of wellhead revenue.

**Overview of Operatorship of Production *LR 5.31.2***

Tlou has operated all assets on PL002/2004 since 2009.

## TLOU ENERGY LIMITED



Tlou has operated all assets on PL238/2014 and PL240/2014 since 2014.

### **Lesedi Gas Project LR 5.31.4 and Previous Lesedi Gas Project Contingent Resource Upgrade LR 5.34**

A large range of technical data has been obtained over the wider Lesedi project area, particularly in the PL002/2004 Block, in order to understand the commercial nature of this resource. Core laboratory analysis, with wireline log analysis has been undertaken with a range of both short and long term flow testing methods which include drill stem tests (DST), wireline conveyed flow testing tools (MDT) and wells, completed with progressive cavity pumps, put on long term pilot testing to achieve both water and gas flow rate measurements while a reservoir pressure drop around the general area of the pilot wells is being achieved.

The Reserves certification report has been prepared by SRK utilising a deterministic estimation method. New technical data from the Selemo pilot program secured since the initial Gas Reserves report by SRK in October 2016 the high level of stratigraphic continuity of the Lower Morupule coal seam and confirmed data about the reservoir and gas quality has resulted in the upgrade of Gas Reserves (refer Table 1) certified by SRK for the Lesedi CBM Project.

Due to the large amount of technical data, the performance of the initial Selemo pilot program, and the relatively close proximity of Lesedi to the Botswanan electricity network, SRK is of the opinion that 1P, 2P and 3P Reserves volumes are justified and warranted.

### **Mamba Gas Project LR 5.31.4**

The Mamba Gas Project Area is adjacent to the Lesedi Gas Project Area. A large range of technical data has been obtained over the wider Lesedi Project area, particularly in the PL002/2004 Block, in order to understand the commercial nature of this resource. Core laboratory analysis, with wireline log analysis has been undertaken with a range of both short and long term flow testing methods which include drill stem tests (DST), wireline conveyed flow testing tools (MDT) and wells, completed with progressive cavity pumps, put on long term pilot testing to achieve both water and gas flow rate measurements while a reservoir pressure drop around the general area of the pilot wells is being achieved. Further geological work re-examining existing aeromagnetic and seismic data as well as core analysis from the Mamba Gas Project Area has also been undertaken.

The Reserves certification report has been prepared by SRK utilising a deterministic estimation method. New technical data from the Selemo pilot program secured since the initial Gas Reserves report by SRK in October 2016, as well as the geological work re-examining technical data from the

## TLOU ENERGY LIMITED



Mamba Gas Project Area has resulted in the initial certification of Gas Reserves (refer Table 1) certified by SRK for the Mamba CBM Project.

Due to the large amount of technical data, the performance of the initial Selemo pilot program, and the relatively close proximity of Mamba to the Botswanan electricity network, SRK is of the opinion that 1P, 2P and 3P Reserves volumes are justified and warranted.

### **Estimated Quantities (in aggregate) to be recovered LR 5.31.5**

There have been no other changes to the assumptions detailed in the Company's announcement 12 October 2016 as regards to estimated quantities to be recovered.

### **Statement in relation to Undeveloped Petroleum Reserves LR 5.31.6**

The Lesedi CBM Project continues in the appraisal phase with three working pilots in the Selemo area situated in the southern part of the block. It is likely that further wells will be required to continue to obtain data on coal parameters, in particular in the northern and more eastern parts of the block, before a development decision can be made. Therefore, at this point, it is not possible to detail when development is anticipated. It is likely that further conversion of Contingent Resources to 2P and 3P Reserves, and migration of 3P Reserves to 2P Reserves will be required before a development decision can be finalised.

The Lesedi Reserves and Resource volumes presented in this report reflect an update to the prior Reserve and Resource estimates released by Tlou in September 2016.

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. The initial proposal submitted by Tlou was for a 10MW gas-to-power pilot project. As announced on the ASX and AIM markets on 10 January 2017, Tlou received a request for proposal to tender for and develop a CBM power plant of up to 100MW at the Lesedi CBM Project. The application process involved approval by Botswana's Government Cabinet, following which it was reviewed by the Public Procurement and Asset Disposal Board and then the receipt of the request for proposal. The next step is for the Company to finalise work on a detailed proposal for submission to the Botswana Government for the supply of CBM power in modular stages, including negotiations with various third parties on the terms of an off-take agreement, network access and project funding.

## TLOU ENERGY LIMITED



The Lesedi CBM Project currently has no gas transportation infrastructure in place. Infrastructure, which is owned by the Botswana Government, exists approximately 70km to the east of the Lesedi Project (see Appendix 3 below). Depending on the scale of any Lesedi development, this infrastructure may not be sufficient for Lesedi and additional infrastructure may be required and would be considered under any Lesedi development plan.

As announced by Tlou on the ASX and AIM markets on 29 September 2016, 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 as well as its CBM exploration activities in the Mamba Gas Project area. The DEA considers that the EIS adequately addressed the relevant impacts associated with the proposed development at the Lesedi Project and the proposed CBM exploration activities at the Mamba Project.

### **Material Economic Assumptions LR 5.31.1**

The material economic assumptions used by SRK to calculate the estimates of Gas Reserves for the Lesedi and Mamba CBM Projects referred to in this announcement are as follows:

- Production data derived from the currently producing Selemo Wells (Selemo 1P, 1AR, 4P);
- The initial development plan for a proposed 50MW power generation project;
- A number of wells drilled by Tlou within the area increasing the confidence in the continuity and consistency of net coal within the area;
- Development well spacing is assumed to be 150 metres;
- Capital expenditure per well has been derived from the most recent drilling and completion campaign of the Selemo area with some savings assumed for a larger, longer term production drilling campaign and estimates for downstream capital such as power plants and transmission lines;
- Economic considerations in confirming commerciality of the relevant Reserves include deducting from estimated revenues the estimated operating costs, royalties and taxes, and future capital expenditure investment; and
- Net gas pricing assumptions used to estimate Tlou's share of future revenues have been derived from the current and longer term energy pricing market in the region.

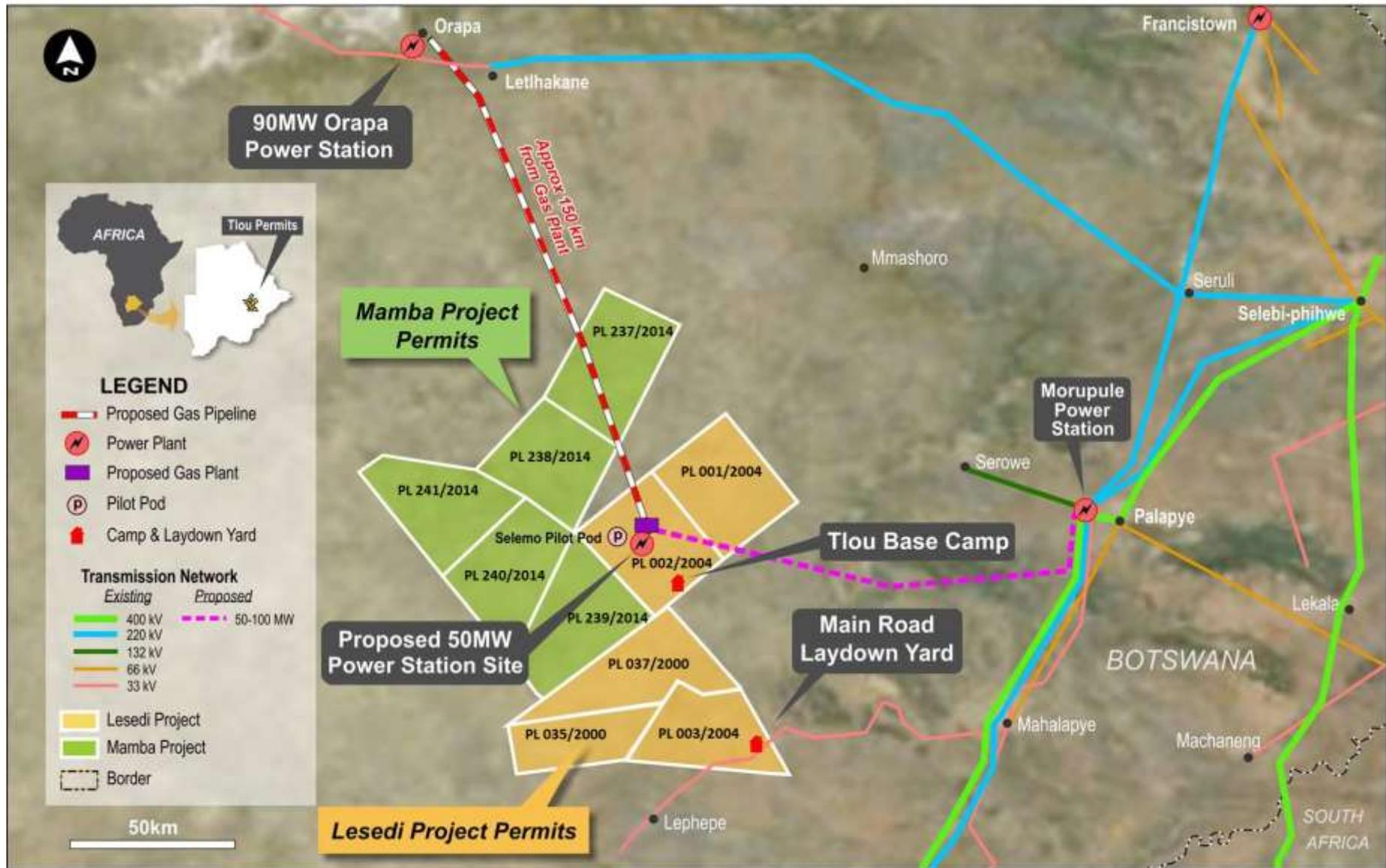
**TLOU ENERGY LIMITED****APPENDIX 2 - COMPETENT PERSON STATEMENT AND ASX LISTING RULES CHAPTER 5 - REPORTING ON OIL AND GAS ACTIVITIES**

The estimate of Reserves in PL002/2004, PL283/2014 and PL240/2014 and Contingent Resources in PL002/2004 as part of the Lesedi and Mamba CBM Project area provided in this announcement (refer certification in Table 1 and Table 2) is based on, and fairly represents, information and supporting documentation determined by Dr Bruce Alan McConachie of SRK Consulting (Australasia) Pty Ltd in accordance with Petroleum Resource Management System guidelines. Dr McConachie is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd, and is a qualified person as defined under the ASX Listing Rule 5.42. Dr McConachie is a member of the American Association of Petroleum Geologists, as well as being a member of The Society of Petroleum Engineers. Dr McConachie has consented to the publication of the Reserve and Contingent Resource estimates for Lesedi in the form and context in which they appear in this announcement.

The Contingent Gas Resource estimates for PL001/2004 and PL002/2004 provided in this statement were originally released to the market in the Company's announcement of 9 April 2015, and were estimated using the deterministic method with the estimate of Contingent Resources for PL001/2004 and PL002/2004 not having been adjusted for commercial risk.

Tlou confirms that it is not aware of any new information or data that materially affects the information included in the two announcements referred to above and that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

APPENDIX 3 – LESEDI AND MAMBA CBM PROJECT PERMITS AND SURROUNDING POWER INFRASTRUCTURE



**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, 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 ~8,300Km<sup>2</sup> 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.

The Company is planning an initial scalable gas-to-power project in Botswana. Following successful implementation of this first scalable project, the Company plans to expand to provide further power to Botswana and the southern African region.