

TLOU ENERGY LIMITED**28 April 2016****OPERATIONAL REPORT - QUARTER ENDING 31 MARCH 2016****Highlights**

- Long term gas testing at the Lesedi Coal Bed Methane Project is progressing well
- Sustained gas flow achieved post quarter end
- Changes in well pressures suggest gas production rates will continue to increase
- Positive indications received on gas-to-power project approval

TLOU ENERGY LIMITED PROJECTS**Lesedi CBM Project Area, Botswana**

PLs 001-003/2004 and PLs 35 & 37/2000

Tlou Energy Limited 100%

Operations

The Company is focused on delivering power in Botswana and Southern Africa through the development of coal bed methane ('CBM') projects. The Lesedi CBM Project ('Lesedi') is the most advanced CBM project in Botswana.

During the quarter the Company commenced gas production testing from the Selempo pilot wells, located in the Lesedi project area. The aim of the gas testing program is to provide evidence of a sustainable gas production rate achievable from the field and to develop the first wells flowing commercial rates of gas in Botswana.

The testing process includes:

Testing stage	Status
- reducing the water level in each of the three vertical production wells;	Achieved
- reaching the critical gas desorption point;	Achieved
- gas pressure building up in each well;	Achieved
- flowing and testing the gas production rates.	Continuing

TLOU ENERGY LIMITED



The wells being tested comprise the Selemo lateral production pod (Selemo 1), drilled in 2013, and two new lateral pods either side of it (Selemo 2 and 4) drilled in 2015. Dewatering operations commenced thereafter with all three pods reaching critical desorption pressure and steadily building wellhead pressure.

During this quarter, production testing centered on establishing a consistent gas flow from the production pilot. Long term testing on Selemo 1 commenced in February 2016, with Selemo 2 and 4 wells maintaining static fluid levels at the desorption point and shielding water from Selemo 1, the central well where initial gas has been flared.

Following shielding of Selemo 1 from water influx and gaining better understanding of the water producing capacity of the coal, the Company commenced drawdown on all wells, thereby expediting the process of achieving a sustained gas rate from the production pilot.

Along with providing evidence of gas production achievable from the field, the data being recorded will be incorporated into future field development plans and for independent reserve certification.

Production data to date is encouraging, with flow rates tracking well against the expectations of the Company's reservoir engineers prior to commencement of the testing process.

Post the end of the quarter, a sustained gas flow has been achieved at Selemo 1. This is a significant milestone and a key step in the process of achieving an economic flow rate. Gas rates are expected to grow over the coming months.

Downstream activities

Tlou has made significant progress on its downstream plans for the development of gas-to-power projects in Botswana. During the quarter, Tlou has continued discussions with a number of power development, investor and lender groups, with a strong appetite for African based energy projects.

There is considerable interest from these groups to partner with Tlou to initially develop a gas-to-power pilot project in Botswana and thereafter expand to supply this power deficient region.

TLOU ENERGY LIMITED



The Company has had positive discussions with the Botswana government in relation to its application for a gas-to-power project. Based on these discussions the Company is confident of a favourable response being received in the short term.

Mamba Project Area, Botswana

PLs 237-241/2014

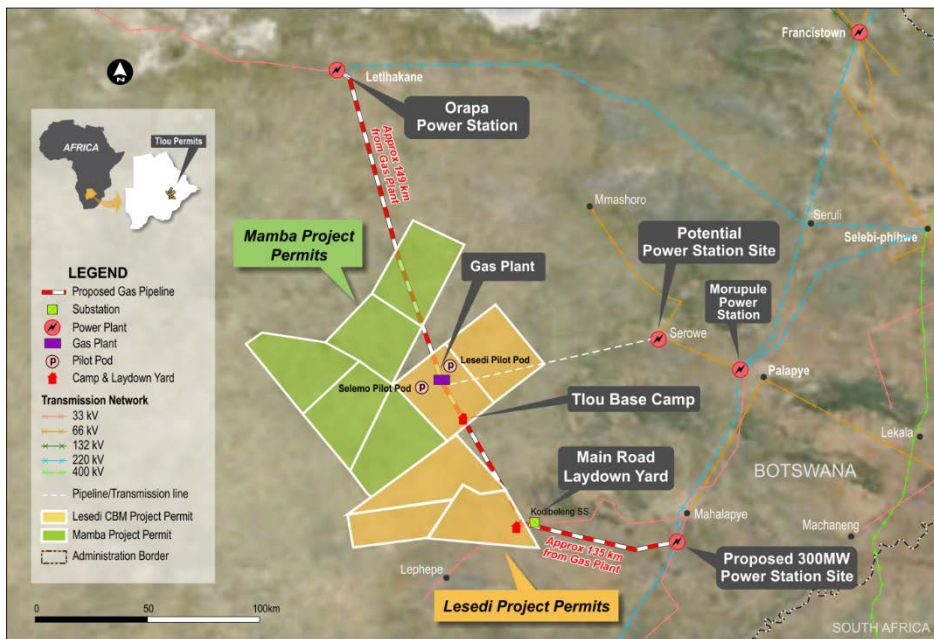
Tlou Energy Limited 100%

The Mamba project consists of five CBM permits in Botswana covering an area of approximately 4,500 km². The Mamba permits are considered to be highly prospective as they are situated adjacent to Tlou’s Lesedi CBM Project and are on-trend with the encouraging results observed to date. No operations were conducted in the tenement during the quarter. In the event of a gas field development by Tlou, the acquisition of the Mamba area provides the Company with considerable flexibility and optionality.

New Ventures

While Tlou is focussed on the Lesedi CBM project, the Company will continue looking at potential areas of expansion should the possibility arise.

* * *



TLOU ENERGY LIMITED**Tlou- Key Statistics (as at 31 March 2016)**

- ASX Code – TOU
- AIM Code- TLOU
- Shares on issue ~ 206 million
- Fully diluted ~ 218 million
- Cash balance ~ \$1.94 million (AUD)
- Debt = Nil
- Primary Focus is the Lesedi CBM Project in Botswana

Gabaake Gabaake

Acting Managing Director

Tlou Energy Limited

Website: www.tlouenergy.com

For further information regarding this announcement please contact:

Gabaake Gabaake, Acting Managing Director

Email: gabaake.gabaake@tlouenergy.com

Solomon Rowland, Company Secretary

Email: solomon.rowland@tlouenergy.com