

TLOU ENERGY LIMITED**23 August 2016**

Tlou Energy Limited**("Tlou" or "the Company")****Co-operation Agreement renewed with General Electric and IK Holdings**

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') projects, is pleased to announce that it has renewed a Co-operation Agreement ("the Agreement") with General Electric International Inc. ("GE") and IK Holdings Pty Ltd ("IK Holdings") for the delivery of a proposed gas to power solution for Botswana.

The Agreement provides the framework for co-operation between the parties in relation to sharing of infrastructure and technical support for the delivery of:

- A new 50MW power generation facility for which Tlou has been approved by the Government of Botswana to negotiate gas supply, construction and operation (as announced to the market on 5 July 2016);
- Gas supply to the existing 90MW Orapa power station owned by Botswana Power Corporation; and
- A proposed 300MW gas-fired power project to be developed by IK Holdings and GE.

GE is a world-leader in the design, construction, operation and maintenance of power generation facilities. It has a material portfolio of gas compression, CNG plants, LNG plants and water treatment as well as operating and maintenance experience. GE is currently known to be involved in every LNG project in production in Australia.

IK Holdings is an Australian company established with the primary purpose of developing new sources of gas-fired power in Botswana. The directors and senior management of IK Holdings have considerable experience in the delivery of gas to power, primarily in Australia and have been prequalified by the Botswana Ministry of Mines, Energy and Water Resources (MMEWR) to submit a tender offer for a 300MW greenfield independent power plant. IK Holdings' tender is the only gas-fuelled solution that has been prequalified by the MMEWR.

The Agreement has an expiry date of 30 November 2016 and may be terminated at any time by any party. The Agreement does not bind any party to enter into any formal commercial arrangements, however provides a framework for co-operation to finalise the respective project tender processes and approvals and the roles and commercial outcomes for each party.

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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 ('Lesedi'), 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 with gas flaring at its Selemo wells. It holds 10 prospecting licences covering an area of ~8,300Km² and the Lesedi project already benefits from significant, independently certified contingent resources of ~3.3 trillion cubic feet (TCF) (3C). Following completion of the current gas flow tests at Selemo the Company is looking to book certified gas reserves, thereby becoming the first company in Botswana to do so.

The first planned gas-to-power solution is expected to be delivered through a scalable project with the Botswana Government. Following successful implementation of this project the Company plans larger projects to provide further power to Botswana and the southern African region.

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