

TLOU ENERGY LIMITED**31 August 2016**

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

Tlou completes oversubscribed equity placement to raise A\$3 million

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 the successful completion of a A\$3 million oversubscribed placement of new ordinary shares. The placement comprises the issue of 31,578,947 new shares (representing 15.4% of existing shares on issue) at an issue price of A\$0.095 or £0.055 per share to sophisticated and professional investors in Australia and the United Kingdom ("**Placement**"). The Placement shares will rank equally with Tlou's existing shares on issue.

The net proceeds of the Placement, along with existing cash, will be applied by Tlou to the on-going production testing at Selemo, achieving an initial independent reserves certification, completing environmental and mining licence approvals and working capital for its Lesedi CBM Project, the most advanced CBM project in Botswana.

The Placement price represents a discount range of 9% - 19% to the 20 day volume weighted average price for Tlou's shares traded on the ASX and AIM markets and was a result of discussions over several months with IK Botswana Investments Pty Ltd ("**IKBI**"), an Australian private company associated with IK Holdings Ltd, which is a party (along with General Electric International Inc.) to Tlou's recently announced Co-Operation Agreement. As part of the Placement, IKBI has agreed to subscribe for 7,115,000 new shares which represents 3.0% of the fully diluted shares following completion of the Placement.

The Placement shares will be issued within Tlou's existing placement capacity and as such, shareholder approval will not be required. Settlement of the Placement shares is expected to occur on 6 September 2016, with allotment on 7 September 2016. Application will be made for the admission of the Placement shares to trading on ASX and AIM ("**Admission**"). It is expected that AIM Admission will occur at 8:00 a.m. on 5 September 2016.

Tlou's Acting Managing Director, Mr Gabaake Gabaake commented, "This Placement along with the recently announced Co-operation Agreement with General Electric International Inc. and IK Holdings Ltd provides significant momentum for Tlou to progress the production testing at Selemo,

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with the objective of achieving initial reserves certification at Lesedi and the first gas to power project in Botswana. We were very pleased with the investment by IKBI and the continued support from our institutional and sophisticated shareholders in Australia and the UK”.

The Placement was managed by Brandon Hill Capital Limited and Optiva Securities Limited in the United Kingdom and Integra Advisory Partners Pty Ltd in Australia.

Following Admission, the total number of voting rights of the Company's ordinary shares will be 237,198,239. This figure of 237,198,239 ordinary shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

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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

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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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