

TLOU ENERGY LIMITED**27 February 2017**

Tlou Energy Limited**("Tlou" or "the Company")****Tlou announces development partner for CBM to Power Project**

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 it has signed a binding Heads of Agreement (**Agreement**) with Independent Power Corporation PLC (**IPC**) to jointly develop Tlou's proposed (up to) 100 MW CBM to power project (**IPP Project**).

Highlights:

- **Tlou partners with Independent Power Corporation PLC (IPC) for its proposed (up to) 100 MW CBM to power project;**
- **IPC is a power development company, specialising in high efficiency, low emissions, gas fired power plants;**
- **As part of entering into the Agreement, IPC has received letters of interest for in-principle funding support for the power and infrastructure requirements of the IPP Project; and**
- **IPC will contribute to costs of the RFP under the Agreement.**

As announced on the ASX and AIM markets on 10 January 2017, Tlou has received a request for proposal (**RFP Tender**) to tender for and develop a CBM power plant of up to 100 MW 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 from the Ministry of Mineral Resources, Green Technology and Energy Security (**MMRGTES**).

Under the Agreement with IPC, Tlou and IPC will jointly finalise work on a detailed proposal for submission to MMRGTES 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. The IPP Project will be supplied with gas from Tlou's Lesedi CBM Project in Botswana.

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Tlou Managing Director Mr Tony Gilby, said “Tlou is strengthening its position as the leading gas to power company in Botswana with the announcement of IPC as our preferred development partner. IPC brings power generation experience and funding partners to the project that significantly enhances its viability. With an expanding gas reserves base, environmental approval for the upstream component of the proposed development and now a power development partner, we are in a very strong position.

We look forward to working with IPC to bring the commercialisation of the Company’s gas reserves to fruition for the benefit of Botswana and our shareholders”.

About IPC

IPC is a British power development company, specialising in high efficiency, low emissions, gas fired power plants. Since its formation in 1995 it has developed and operated over 4,500 MW of generation capacity. IPC, through its subsidiary company Independent Power Operations Limited, also provides a complete operations and maintenance service for power generation and distribution assets, acting as technical operator for power plants worldwide. Of particular relevance to Tlou’s proposed Botswana CBM to power project, IPC has considerable experience operating in Africa including the development of power projects in Angola, Ghana and South Africa. IPC is owned by its Managing Director, Peter Earl, and Swiss based projects group, TOMÉ International AG.

IPP Project Development Strategy

Tlou and IPC’s strategy with respect to the RFP Tender comprises:

- An initial pilot power project of up to 10 MW of generation capacity (using modular reciprocating engines);
- Grid connection of the initial project; and
- Expansion up to 100 MW of generation capacity and associated infrastructure (using gas turbine units that can be installed in a combination of open and combined cycle configuration, many of which are currently operating successfully throughout Africa).

An important consideration for Tlou in entering into the Agreement is that IPC has a relationship with General Electric (GE) in the United Kingdom spanning over 20 years for procurement and supply of GE power turbines and equipment. This UK based procurement relationship has the added benefit that it will enable the IPP Project to meet local UK content rules which are required for project funding and support from UK and European credit export agencies.

TLOU ENERGY LIMITED**IPC Funding Support for the IPP Project**

In connection with entering into this Agreement with Tlou, IPC commenced discussions with a number of its project development and funding partners and has received letters of interest from selected parties for in-principle funding support for the IPP Project, including:

- Grant funding for the feasibility costs of the grid connection;
- Debt funding of the initial 10 MW power engines;
- Funding of the power lines to effect the required grid connection; and
- Equity and debt funding for the power turbines for the larger (up to) 100 MW project.

Key Terms of the Agreement

The key terms of the Agreement are summarised below:

- Tlou and IPC to jointly develop the IPP Project;
- IPC to prepare a feasibility study for the IPP project to the satisfaction of both parties;
- Tlou and IPC to jointly prepare the RFP Tender response to submit to MMRGTES;
- IPC to arrange funding on behalf of the IPC and Tlou sufficient to support the RFP Tender;
- IPC and Tlou to bear its own costs in fulfilling its obligations under the Agreement;
- IPC commitment to fund half of external costs incurred to prepare the RFP Tender, up to US\$200,000; and
- the Agreement provides for exclusivity up to 31 December 2017, unless terminated earlier by either party.

The Agreement is subject to both parties' board approval as to the satisfaction of the results of feasibility studies, funding support and the submission of the final RFP Tender.

For further information regarding this announcement please contact:

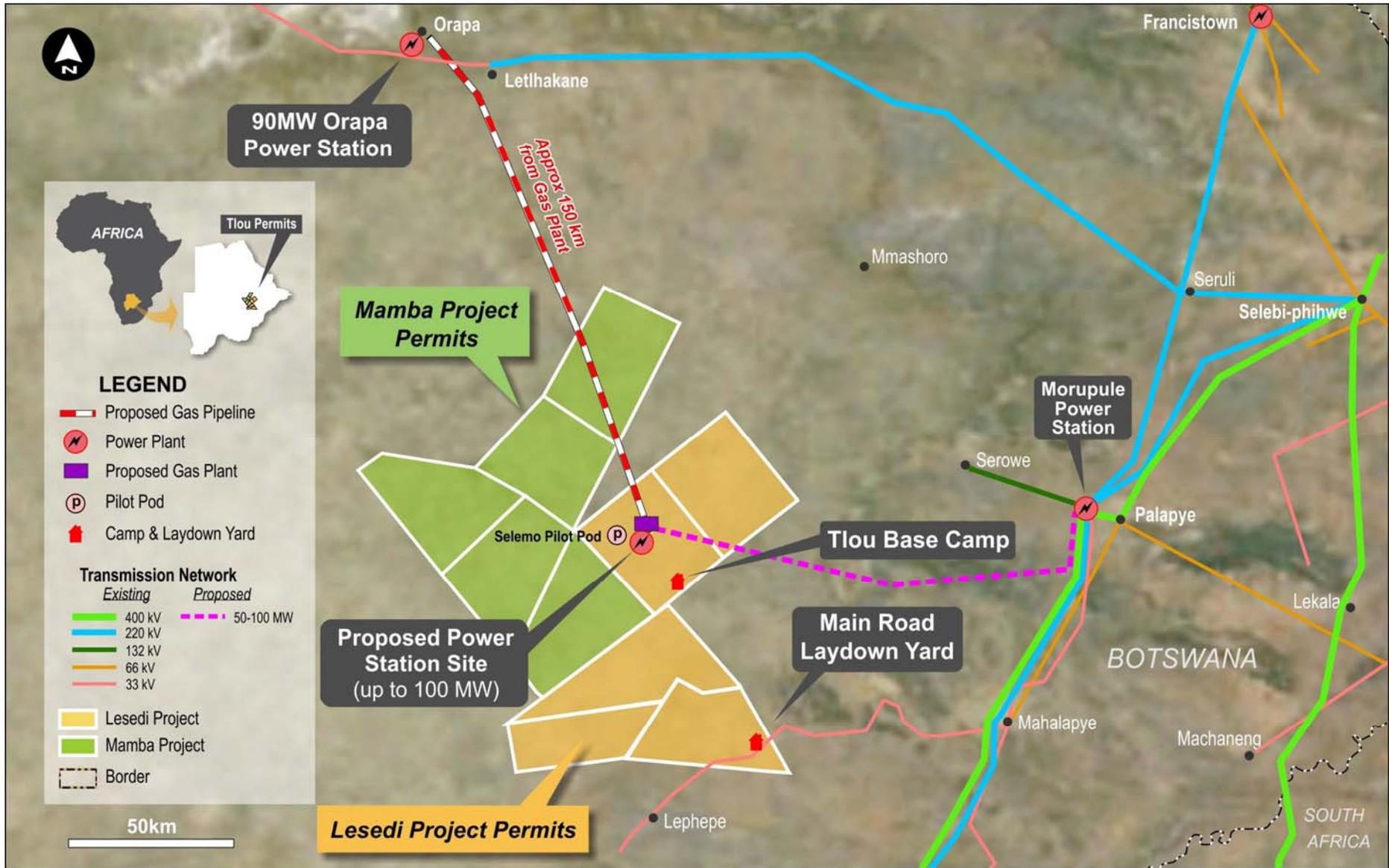
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APPENDIX 1 – LESEDI AND MAMBA CBM PROJECT PERMITS AND SURROUNDING POWER INFRASTRUCTURE



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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, 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 ~8,300Km² 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.