

TLOU ENERGY LIMITED



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6 June 2018

Tlou Energy Limited

("Tlou" or "the Company")

Tlou completes an equity placement to raise £1.4 million (A\$2.5 million) and launches a non-renounceable entitlement offer to raise up to a further £3.2 million (A\$5.5 million)

Key Points:

- **Placement completed raising £1.4 million (A\$2.5 million) which was well supported by new investors and existing shareholders;**
- **Funds raised and existing capital will be used to undertake an accelerated production well drilling programme, including lateral production pods at the Company's Lesedi CBM Project, additional core-hole drilling, progression of power purchase negotiations, regulatory requirements including environmental and licencing approvals, further fieldwork and for working capital;**
- **Entitlement Offer for an aggregate of up to 54,911,938 new ordinary shares at a price of £0.0575 (A\$0.10) to raise up to approx. £3.2 million (A\$5.5 million);**
- **The Entitlement Offer is partially underwritten for up to A\$1.37 million; and**
- **Directors are participating in the Entitlement Offer with commitments in place for A\$0.55 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 £1.4 million (A\$2.5 million) placement of new ordinary shares (the "Placement").

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The Company also recognises and is grateful for the continued support received from shareholders and is pleased to announce the launch of an entitlement offer for an aggregate of 54,911,938 new ordinary shares (“Offer Shares”) at a price of £0.0575 (A\$0.10) (the “Issue Price”) to raise up to approx. £3.2 million (A\$5.5 million) (the “Entitlement Offer”). Eligible shareholders may subscribe for 1 fully paid ordinary share for each 6 fully paid ordinary shares held at 7.00 pm (AEDT) / 6.00 pm (BST) on 15 June 2018 (the “Record Date”).

Placement

The Placement comprises the issue of 24,752,582 new ordinary shares (the “Placement Shares”), representing 6% of the enlarged share capital, at an issue price of £0.0575 or A\$0.10 per share to sophisticated and professional investors in Australia and the United Kingdom. The Placement Shares will rank equally with Tlou’s existing issued ordinary shares including the right to receive all dividends and other distributions declared, made or paid after their date of issue. The Placement price represents a discount of 26.8% to the closing mid-market price on AIM on 5 June 2018, being the latest practicable date prior to the date of this announcement.

The proceeds of the placement, of approximately \$2.5 million, will be received by 20 June 2018. Application will be made for admission of the Placement Shares to trading on ASX and AIM, with admission to trading on AIM expected to occur at 8.00 a.m. on 20 June 2018 (London time) and ASX quotation on 20 June 2018.

Following Admission of the Placement Shares, the Company’s total issued share capital will comprise 354,224,575 ordinary shares (each carrying one right to vote). The Company holds no shares in treasury. This figure of 354,224,575 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 Guidance and Transparency Rules.

The Placement Shares will be issued within the Company’s existing Listing Rule 7.1 placement capacity and, as such, shareholder approval will not be required.

Use of Funds

The net proceeds of the Placement and the Entitlement Offer, along with existing cash, will mainly be applied by Tlou towards:

- Drilling of production pods;
- Core-hole drilling;
- Regulatory approvals; and
- Working Capital.

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The Company intends to drill the production pods in the second half of 2018, subject to the level of participation in the Entitlement Offer, with dewatering to be completed prior to production testing, installation and commissioning of power generation facilities planned for 2019. The proposed production pods, referred to as Dual Lateral Pods, consist of two lateral or horizontal wells that intersect a vertical well. They will be drilled in an area identified as an ideal location for initial project development, where quality seismic and core-hole data exists. In addition, the reserve certifiers have indicated that drilling of production pods in a slightly different orientation to existing wells has the potential to enhance gas production rates. Subject to results, the planned pods could provide sufficient gas for the first 2 MW of power generation from the Lesedi project. The work program, if successful, could de-risk the project even further and add to the Company's independently certified gas reserves at the Lesedi CBM project.

Funding is also planned to be used towards further core-hole drilling operations, using the core-drilling rig recently purchased by the Company. Additional core-hole data can upgrade the existing data control over the project and also aid further reserves and contingent resources expansion.

Progressing environmental and licencing requirements for project development is also planned. This includes the Environmental Impact Assessment for the downstream component (transmission lines, gas and potential solar generation) of the project. The Company has already secured approval for upstream development (i.e. field operations including drilling of production wells and further exploration wells).

The Company will also continue negotiations to secure offtake or power purchase agreements with interested parties. The Company is in discussions with personnel within Botswana to secure approval for a pilot project that would facilitate connection of Lesedi project to the local power grid. These negotiations are well advanced, and the Company is extremely confident that a positive outcome can be achieved. Also, the Company is awaiting a re-tender proposal from Botswana's Ministry of Mineral Resources Green Technology and Energy Security ('the Ministry') for the development of up to 100 MW of CBM fuelled power plants in Botswana. Indications to date suggest that the re-tender documentation is expected in the near term.

Funds will also be used to cover working capital requirements including general and administrative costs across the Company's three stock exchange listings on ASX, AIM and BSE.

Tlou's Managing Director, Mr Tony Gilby commented, "This Placement provides significant momentum for Tlou to progress the Lesedi CBM Project with the objective of supplying the first gas-fired power in Botswana. We were very pleased with the introduction of a number of new investors to the Company along with continued support from existing shareholders in Australia and the UK.

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This raising facilitates significant progress in the field through drilling of what could effectively be the first development wells at the Lesedi project, with the advantage of progressing offtake and regulatory requirements in tandem. With offtake negotiations progressing very well, reinforcing the Company's confidence of securing an agreement, and regulatory requirements also on track, a successful drilling program would see the Company firmly on target towards getting first power into the grid as soon as possible."

Entitlement Offer

The Entitlement Offer will entitle each eligible holder to acquire, at their sole discretion and at an issue price of £0.0575 or A\$0.10 per share (the "Issue Price"), 1 fully paid ordinary share for every 6 fully paid existing ordinary shares held at 7.00 pm (AEDT) / 6.00 pm (BST) on 15 June 2018 (the "Record Date"). Shareholders whose address on the Company's register of members is in the United Kingdom, Australia or New Zealand or who are a shareholder that the Company has otherwise determined (in its absolute discretion) are eligible to participate in the Entitlement Offer. The Entitlement Offer is being conducted in accordance with section 708AA of the Corporations Act, as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and does not require a prospectus.

The Issue Price represents a discount of 26.8 per cent. to the closing mid-market price on AIM on 5 June 2018, and a discount of 23.1% to the closing price on ASX on 5 June 2018 being the latest practicable date prior to the date of this announcement. The maximum number of shares available under the Entitlement Offer is 54,911,938 ordinary shares and the Entitlement Offer will raise up to a further A\$5.5 million (approximately £3.2 million) if fully subscribed. The Offer Shares issued under the Entitlement Offer will rank equally with existing ordinary shares including the right to receive all dividends and other distributions declared, made or paid after their date of issue.

Excess Application Facility

Eligible shareholders who take up their full entitlement will be invited to apply for excess Offer Shares in the Entitlement Offer from a pool of those not taken up by other eligible shareholders ("Excess Application Facility"). There is no guarantee that applicants under the Excess Application Facility will receive all or any of the excess shares they apply for and the Company retains absolute discretion as to the allocation of the shares under the Excess Application Facility. The directors expect any remaining shortfall under the Entitlement Offer to be placed with institutional investors in conjunction with the announcement of the results of the Entitlement Offer.

The Entitlement Offer will not be open to shareholders who have registered addresses in countries outside United Kingdom, Australia or New Zealand where regulatory requirements make participation by the shareholder unlawful or impracticable.

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Entitlements are non-renounceable and will not be tradeable on ASX, AIM, or BSE or otherwise transferable. Eligible shareholders who do not take up their entitlements will not receive any value in respect of those entitlements that they do not take up (and their shareholding in Tlou Energy will be diluted).

Shareholders who are not eligible to receive entitlements will not receive any value in respect of the entitlements they would have received had they been eligible (and their shareholding in Tlou Energy will be diluted). Eligible shareholders will receive an Offer Booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer.

Further details of the Entitlement Offer are set out in the Offer Booklet which has been lodged with the ASX and will be available on the ASX website www.asx.com.au and on the Company's website www.tlouenergy.com. The Company has released an updated presentation which is available on the Company's website <http://tlouenergy.com/presentations>.

Underwriting Agreement

The Entitlement Offer is partially underwritten pursuant to an underwriting agreement with Taylor Collison Limited to a minimum subscription level of A\$1.37 million (approximately £0.8 million) (being a total of 13,700,000 Shares). The underwriter's obligations to underwrite any shortfall under the offer are subject to terms and conditions which are customary for these types of agreements.

Directors and PDMRs participation in the offer

Certain directors of the Company have committed to participating in the offer by taking up their entitlements and also in the sub-underwriting.

| | Number of Shares held* | Number of Offer Shares to be subscribed for as pro-rata entitlement | Number of shares under the sub- writing commitment | Sub-underwriting commitment |
|---------------|---------------------------|--|--|--------------------------------|
| Tony Gilby | 18,196,487 | 2,590,000 | 910,000 | \$91,000 |
| Colm Cloonan | 669,525 | 111,587 | 300,000 | \$30,000 |
| Hugh Swire | 3,064,366 | 510,727 | 990,000 | \$99,000 |
| Martin Mclver | 696,088 | 116,015 | - | - |

*Includes interests held by the directors, related parties and entities in which the directors have a controlling interest.

In respect of the sub-underwriting arrangement, each of the sub-underwriters will receive a fee of 3% of the sub-underwritten amount.

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Entitlement Offer Timetable

| Indicative Timetable for the Entitlement Offer * | |
|---|---|
| Activity | Date |
| Announcement of the Placement and Offer and lodgement of offer booklet, Appendix 3B and 708AA cleansing notice with the ASX | Wednesday, 6 June 2018 |
| Letter to Eligible and Ineligible Shareholders Re: The Offer | Friday, 8 June 2018 |
| Ex-entitlement Date | Thursday, 14 June 2018 |
| Record Date for entitlement under the Offer (7.00pm AEST in respect of Eligible Shareholders and 6 p.m. (BST) in respect of Eligible Depository Interest Holders) | Friday, 15 June 2018 |
| Issue Appendix 3B and Cleaning Notice for the Placing Shares Trading on Ex basis | Wednesday, 20 June 2018 |
| Admission and dealings in the Placing Shares commenced on AIM and CREST accounts credited with Placing Shares (in Depository Interest form) | 8 a.m. (BST) Wednesday, 20 June 2018 |
| Publication and mailing of the Offer Booklet and Entitlement and Acceptance Form | Wednesday, 20 June 2018 |
| Offer opens | Wednesday, 20 June 2018 |
| Entitlements and Excess CREST Offer Entitlements credited to stock accounts of Eligible Depository Interest Holders | Wednesday, 20 June 2018 |
| Recommended latest time for requesting withdrawal of Entitlements from CREST (to satisfy bona fide market claim only) | Tuesday, 27 June 2018 |
| Latest time and date for depositing Entitlements into CREST (to satisfy bona fide market claim only) | Wednesday, 28 June 2018 |
| Last day to extend the Offer Closing Date | Tuesday, 3 July 2018 |
| Closing date – latest time and date for settlement of CREST application and payment in full under the Offer (11 am BST) | Tuesday, 3 July 2018 |
| Closing date – latest time and date for receipt of completed Entitlement and Entitlement and Acceptance Forms and payment in full under the Offer (7pm AEST) | Friday, 6 July 2018 |
| Trading on deferred settlement basis on the ASX | Monday, 9 July 2018 |
| ASX and AIM notified of subscriptions for Offer Shares and Excess Shares | Wednesday, 11 July 2018 |
| Excess Shares Settlement | Thursday, 12 July 2018 |
| Allotment of Offer Shares issued under the Offer and Lodgement of Appendix 3B. | Friday, 13 July 2018 |

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|--|----------------------|
| Expected Despatch of Holding Statement and Normal ASX trading for Offer Shares issued under the Offer. | Monday, 16 July 2018 |
| Admission and commencement of dealings in Offer Shares on AIM and CREST accounts credited with Offer Shares (in Depository Interest form) (8 am BST) | Monday, 16 July 2018 |

Note: dates and times are indicative only and subject to change. Subject to compliance with the Corporations Act and the ASX Listing Rules, the Company reserves the right to: (i) not proceed with the Offer and return any applications moneys received (without interest); or (ii) vary the dates and times above including closing the Offer earlier or later.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

For further information regarding this announcement please contact:

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Company Information

Tlou Energy is focused on delivering Gas-to-Power solutions in Botswana and southern Africa to alleviate some of the chronic power shortage in the region. Tlou is developing projects using coal bed methane (“CBM”) natural gas. Botswana has a significant energy shortage and generally relies on expensive imported power and diesel generation to fulfil its power requirements. As 100% owner of the most advanced gas project in the country, the Lesedi CBM Project, Tlou Energy provides investors with access to a compelling opportunity using domestic gas to produce power and displace expensive diesel and imported power.

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The Company is listed on the Australian Securities Exchange, London's AIM market and the Botswana Stock Exchange and is led by an experienced Board, management and advisory team including individuals with successful track records in the CBM industry.

Since establishment, the Company has significantly de-risked the project in consideration of its goal to become a significant gas-to-power producer. The Company flared its first gas in 2014, holds a Mining Licence and nine Prospecting Licences, covering an area of ~8,300 km² in total. The Lesedi project already benefits from significant independently certified Contingent Gas Resources of ~3 trillion cubic feet (3C), and independently certified Gas Reserves of ~427 billion cubic feet (3P) and ~41 billion cubic feet (2P).

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

IMPORTANT NOTICE

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

This announcement does not constitute, or form part of, a prospectus relating to Tlou Energy Limited (the "**Company**"), nor does it constitute or contain any invitation or offer to any person, or any public offer, to subscribe for, purchase or otherwise acquire any shares in the Company or advise persons to do so in any jurisdiction, nor shall it, or any part of it form the basis of or be relied on in connection with any contract or as an inducement to enter into any contract or commitment with the Company.

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