



Tlou Energy Limited
210 Alice Street
Brisbane QLD 4000
Phone: +61 7 3012 9793
Fax:- +61 7 3003 0675
Info@tlouenergy.com

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8 June 2018

Dear Shareholder

2018 Non-Renounceable Entitlement Offer – Letter to Ineligible Shareholders

Tlou Energy Limited (**Company**) announced on 6 June 2018 a one (1) for six (6) partly-underwritten non-renounceable pro-rata offer to Eligible Holders to subscribe for fully paid ordinary shares in the Company (**New Shares**) at an issue price of A\$0.10 (£0.0575) per New Share (**Issue Price**) to raise approximately A\$5.5 million (£3.2 million) (before transaction costs) (**Entitlement Offer**).

The Entitlement Offer is partly underwritten by Taylor Collison Limited (ACN 008 172 450) up to A\$1.37 million.

In addition, the Company has also announced that it has completed a placement of new ordinary shares in the Company with professional and sophisticated investors in the UK and Australia (**Placement**) to raise approximately an additional \$2.5 million (£1.4 million) (before transaction costs) through the issue of 24,752,582 new ordinary shares (**Placement Shares**). The Placement Shares will be issued within the Company's existing ASX Listing Rule 7.1 placement capacity.

Application will be made for the admission of the Placement Shares to trading on ASX, AIM and BSE, with admission to trading on AIM expected to occur at 8.00 a.m. on Wednesday, 20 June 2018 (London time), ASX quotation on Wednesday, 20 June 2018. The Placement Shares will not be eligible for the Entitlement Offer.

The net proceeds of the Entitlement Offer and Placement will be used primarily 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 as well as general working capital expenses.

Treatment of Ineligible Shareholders

This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor is it an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

In accordance with ASX Listing Rule 7.7.1(b), the Company advises that you will not be entitled to participate in the Entitlement Offer and the Company will not be offering the opportunity to subscribe for New Shares to you.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you qualified as an Eligible Holder.

The Company has determined pursuant to Listing Rule 7.7.1(a), and section 9A(3) of the Corporations Act that it would be unreasonable to make offers to shareholders in countries other than Australia, New Zealand and the United Kingdom in connection with the Entitlement Offer having regard to:

- a) The relatively small number of shareholders located in other jurisdictions where the Entitlement Offer would be made;
- b) The number and value of the shares that they hold; and
- c) The cost to the Company of complying with the applicable legal and regulatory requirements in such other countries.

According to our records you do not satisfy the criteria to qualify as an Eligible Holder.

Therefore, the Company is unfortunately unable to extend to you the opportunity to participate in the Entitlement Offer. You will not be sent a copy of the Offer Booklet.

For further information regarding the Entitlement Offer please contact the Company Secretary:

Solomon Rowland
Ground Floor
210 Alice Street
Brisbane QLD 4000
Telephone: +61 7 3012 9793
Email: info@tlouenergy.com
Website: <http://tlouenergy.com/>

Yours sincerely

Tony Gilby
Managing Director
Tlou Energy Limited

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