29 October 2020

Tlou Energy Limited

("Tlou" or "the Company")

OPERATIONAL REPORT - QUARTER ENDING 30 SEPTEMBER 2020

Tlou Energy Limited is an ASX, AIM and BSE listed company focused on delivering power in Botswana and southern Africa through the exploration and development of gas and solar. The Lesedi Power Project ("Lesedi") is the Company's most advanced project with plans to develop gas and solar power generation assets and the sale of electricity into the regional power grid.

Transmission Line

Detailed design and engineering of the 66kV overhead line and 66kV line feeder bay extension at the Serowe substation continued during the quarter. The Lesedi generation site is located approximately 100 Km from the town of Serowe where connection to the power grid is proposed. This Transmission line is a key item to unlock the value of Tlou's assets. Once connected to the grid and generation assets are in place, Tlou can produce power from gas and solar (subject to any outstanding approvals) to deliver first revenue from electricity sales. The Environmental and Social Impact Assessment for the transmission line has been completed, as well as route alignment and associated surveys.

The Company plans to construct the ~100 Km transmission line as soon as possible. Work on the engineering and design of the line has been done in consultation with Mott MacDonald engineering consultants in Gaborone. This work includes preparation of pre-qualification documents with the objective of short-listing bidders to be invited to tender for construction of the transmission line and associated infrastructure.

The Company has received numerous pre-qualification applications which are now being assessed. Once a shortlist of successful applicants is in place, these groups will be issued with tender documents and requested to submit their final proposals. This is expected to be completed later this year.

Project Finance

Project finance discussions continued during the quarter. The Company is currently seeking funding for development of the Lesedi power project. The project is proposed to be developed in two phases.

Phase one involves transmission line construction, transformers, grid connection, electricity generators and potentially the drilling of additional gas wells. Initial generation is proposed to be up to 2MW of electricity. Funding required for phase one is ~USD $10m.

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Phase two funding is for the expansion of electricity generation up to 10MW. This will involve drilling additional gas wells and the purchase of additional electricity generators. Funding required for phase two is ~USD $20m.

The Company is evaluating both debt and equity funding options or a mix of both. Indicative proposals have been received and as the Company currently has sufficient funds in the bank for its general working capital and consequently is not under any financial pressure to conclude a funding package for the Lesedi power project, the Company will carefully weigh up all options before making a decision on the most appropriate financing option.

Capital Raised

During the quarter the Company successfully completed an entitlement offer and placement raising A$3.0 million (~£1.65 million, ~BWP 24 million). The entitlement offer and placement comprised the issue of 75,018,854 new ordinary shares at a price of A$0.04 (£0.022, BWP0.32). At the end of the quarter the Company had cash of approximately A$3.575m.

The Company's share capital is comprised of 525,199,039 Ordinary Shares. There are no shares held in Treasury. Therefore, the total number of Ordinary Shares with voting rights is 525,199,039. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company.

Project Areas

The Company has three project areas in Botswana:

- Lesedi Project – *Gas & Solar Development, Exploration & Evaluation*
- Mamba Project – *Exploration & Evaluation*
- Boomslang Project – *Exploration & Evaluation*

Lesedi Project Area, Botswana

Licences: Mining Licence 2017/18L, Prospecting Licences 001 & 003/2004 and 35 & 37/2000
Ownership: Tlou Energy Limited 100%

The Lesedi project covers an area of approximately 3,800 Km^2 and consists of four Coal and Coal Bed Methane (CBM) Prospecting Licences (PL) and a Mining Licence. The Mining Licence area is currently the focal point for the Company's operations and includes the Lesedi production wells or 'pods'.

The Lesedi project is the Company's most advanced project. Plans are in place to install solar photovoltaic (PV) panels and gas-fired electricity generators and connect to the power grid in Botswana. The project has full environmental approval which includes gas extraction, electricity generation and construction of transmission lines. In addition, the Company has approval for 20MW of solar generation. CBM power is ideal for use in conjunction with solar projects. A generation license has also been granted by the Botswana Energy Regulatory Authority (BERA). This licence has a 15-year term and is valid for both solar and gas-fired generation.

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Tlou's mining licence is required by an operator to develop a CBM asset. This licence spans a large 900 Km^2 area and is valid until 2042.

Tlou has the only independently certified CBM gas reserves in Botswana, with 252 Billion Cubic Feet (BCF) of 3P gas Reserves certified in the Lesedi project area. In addition, the 3C Contingent Gas Resources are approximately 3 Trillion Cubic Feet (TCF).

Initial development of the Lesedi project is planned to be up to 10MW of power. This is designed to be a hybrid of solar power and gas-fired power. Gas-fired power can provide back-up power when solar is not available. The location of the Central Processing Facility (generation site) at the Lesedi project is approximately 100 Km from the electricity grid. The Company is planning to construct a 100 Km transmission line and is in the process of securing funding to do so.

The proposed off-taker (purchaser) of the power generated by Tlou is the national energy utility, Botswana Power Corporation (BPC). The Company has agreed a Power Purchase Agreement (PPA) with BPC for the first 2MW of power. A submission has also been made to secure a PPA for up to 10MW.

The status of the Lesedi area licences is as follows:

Licence	Expiry	Status
Mining Licence 2017/18L	August 2042	Current
PL 001/2004	March 2021	Current
PL 003/2004	March 2021	Current
PL 035/2000	September 2022	Current
PL 037/2000	September 2022	Current

Mamba Project Area, Botswana

Licences: Prospecting Licences 237-241/2014

Ownership: Tlou Energy Limited 100%

The Mamba project consists of five Coal and CBM PL's covering an area of approximately 4,500 Km^2. The Mamba area is situated adjacent to Tlou's Lesedi project and is on-trend with the asset that has produced the encouraging results observed to date. In the event of a gas field development by Tlou, the Mamba area provides the Company with flexibility and optionality.

Independently certified 3P Gas Reserves of 175 BCF are already in place at the Mamba project. The Mamba project is in the exploration and evaluation phase with further operations required on these licences. The next stage of development is likely to be core-hole drilling and a seismic survey of the area. Positive results from these operations could expand the reserves footprint across the Mamba project area.

The Mamba area has the potential to become a separate revenue generating development project in addition to the proposed development at Lesedi, with solar and gas-fired generation a possibility subject to approvals.

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Geographically, the Mamba project area is approximately 50 Km closer to the Orapa Power station than the Lesedi project area. The potential exists that a gas pipeline could be constructed to supply gas from the Mamba project to the 90MW Orapa Power station.

The status of the Mamba area licences is as follows:

Licence	Expiry	Status
PL 237/2014	September 2021	Current
PL 238/2014	September 2021	Current
PL 239/2014	September 2021	Current
PL 240/2014	September 2021	Current
PL 241/2014	September 2021	Current

Boomslang Project Area, Botswana

Licence: Prospecting Licence 011/2019

Ownership: Tlou Energy Limited 100%

The Company's most recently acquired Prospecting Licence, PL011/2019 designated "Boomslang", is valid for an initial term of 3 years. The licence area is approximately 1,000 Km^2 and is situated adjacent to the Company's existing licences. The Boomslang area is also located on-trend with the asset that has produced the encouraging results observed to date at the Lesedi project.

The Boomslang licence area provides the Company further flexibility and optionality for development of different projects.

There have been no ground operations completed in the Boomslang area as the Company is awaiting confirmation of environmental approval to commence exploration activities. This approval was expected earlier this year but has been delayed. Once approved and subject to available funds initial exploration work is planned for this area. Similar to the Lesedi and Mamba areas and subject to results, the Boomslang project could produce solar and gas-fired power.

The status of the Boomslang area licence is as follows:

Licence	Expiry	Status
PL 011/2019	March 2022	Current

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.

By Authority of the Board of Directors

Mr. Anthony Gilby

Managing Director

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Company Information

Tlou Energy is focused on delivering power solutions to Botswana and southern Africa to alleviate some of the chronic power shortage in the region. Tlou is currently developing projects using gas and plans to combine this with solar power to provide a cleaner base load power source.

Botswana has a significant energy shortage and generally relies on imported power and diesel generation to fulfil its power requirements. Tlou's Lesedi power project provides investors with access to a compelling opportunity to displace expensive, carbon intensive diesel and imported coal-fired electricity with a more environmentally friendly alternative.

In addition to plans for cleaner energy, the Company is also committed to developing community projects in Botswana adding real value to peoples' lives in a region with sparse services and where few opportunities exist for the local population. The Company aims to assist communities to become self-sustaining, develop business opportunities, improve access to education and create opportunities for self-employment and wealth creation.

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.

The project is significantly de-risked. The Company is producing gas, has a Mining (or development) Licence valid to 2042 and 10 Prospecting (or exploration) Licences. The Company also has environmental approval for both 20MW of solar power and 20MW of gas-fired power generation. The Company's project acreage covers an area spanning approximately 9,300 Km^2.

Tlou's Lesedi and Mamba projects already benefit from significant independently certified 2P gas Reserves of ~41 Billion Cubic Feet (BCF). In addition, 3P gas Reserves of ~427 BCF and Contingent Gas Resources of ~3,043 BCF provide significant additional potential.

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The Company is planning an initial scalable power project. Following successful implementation of this first scalable project, the Company looks forward to evaluating longer-term prospects for the delivery of additional electricity to Botswana and to neighbouring countries.

Forward-Looking Statements

This announcement may contain certain forward-looking statements. Actual results may differ materially from those projected or implied in any forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results. No representation is made that any of those statements or forecasts will come to pass or that any forecast results will be achieved. You are cautioned not to place any reliance on such statements or forecasts. Those forward-looking and other statements speak only as at the date of this announcement. Tlou Energy Limited undertakes no obligation to update any forward-looking statements.

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