NEWS RELEASE

Kalahari GeoEnergy Ltd

("Kalahari" or the "Company")

Kalahari GeoEnergy announces positive update on their ongoing Geothermal Resource Assessment of their Kafue Trough Target

Kalahari GeoEnergy Ltd, the Zambian based geothermal exploration company, is pleased to provide an update on the ongoing exploration of their geothermal targets within the Kafue Trough.

The Kafue Trough

The Kafue Trough is a sedimentary basin filled by the Permian-aged Karoo sequence, overlying metamorphic Basement rocks; it is located to the west of Lusaka and extends westward into the Barotse Basin. The Company has to-date identified six Geothermal Resource Areas, including Bwengwa River.

Bwengwa River

The surface manifestations of the Bwengwa River Geothermal Resource Area include geothermal springs that extend over 7km and lie on the southern bounding fault of the Kafue Trough. Ongoing exploration has to-date included the drilling of 5 (five) temperature gradient holes totalling 1,980m.

Results confirm a geologic setting conducive for geothermal hydrothermal systems and also give a strong probability of a medium-low enthalpy geothermal resource that can support a power generation project of at least 10MW. Heat-in-place, power density and heat flow methods were used, providing a consistent estimated usable resource capacity in the range of 10-20MW.

The Bwengwa River Geothermal Resource Area contains compelling evidence of the three key elements required for hosting a hydrothermal system: temperature, permeability and water. Evidence for minimum reservoir temperature from 130^0 C to more than 150^0 C is provided by both fluid chemistry and temperature gradient holes. Permeability is confirmed by the discharge of the hot springs along the regional bounding fault and the associated geologic structures. The reservoir is in fractured basement rocks at a shallow to medium depth adjacent to the bounding fault. The source of water is local meteoric water that is plentiful.

Work Programme

In order to test the conceptual geothermal reservoir model for the Bwengwa River Geothermal Resource Area, further characterize the geothermal reservoir temperature, permeability, size and confirm initial estimates of reservoir capacity, the Company will drill up to four additional exploration holes. These holes will be designed as slim wells and will be targeted to encounter 130^O to 150^OC geothermal fluids near the top of the reservoir. If the wells and subsequent testing are successful, the results will be used in a feasibility study that could be completed by July 2017.

The Kafue Trough is highly prospective for additional geothermal resources similar to Bwengwa River; it is therefore considered realistic that ongoing exploration may well significantly increase the current estimated resource capacity.

The Company's exploration work, which is conducted in accordance with geothermal industry standards and best practice, has included the drilling of temperature gradient wells together with geology, geophysics and geochemistry. Exploration results have been reviewed by Geologica Geothermal Group Inc. an international geothermal resource exploration and resource assessment consultancy.

Peter Vivian-Neal, the CEO comments that "*Results obtained in 2015 provide further confidence that Bwengwa River has the characteristics of a viable geothermal resource for power production".*

"The current indication of a 10MW, or greater, power project, to be generated using binary technology, represents a positive step towards the Company's objective of producing geothermal power. Ultimately, geothermal power may provide a valuable component in Zambia's drive to increase generation capacity and distribution".

"It is of note that under the Australian Geothermal Resource and Reserve Code, the Company's resource would be currently defined as 'Indicated'. The work to be undertaken this year is planned to raise this to a 'Proven and Probable' reserve for use in the intended feasibility study".

Regulatory Market

Zambia and the surrounding countries are currently facing severe energy deficits. Additional generating capacity and distribution is considered essential for Zambia to achieve its development goals The Zambian Government and other relevant institutions are taking determined measures to engage the private sector and diversify the power industry. The Company recognises that the necessary regulatory frame-work is in place and there is precedent, for the private sector production, transmission and sale of electrical power in Zambia. There are ongoing initiatives to adopt cost reflective tariffs.

Geothermal Energy in Zambia

Zambia hosts a number of geological structures including non-volcanic extensional basins, hot granites and in the north, part of the East African Rift System, that are recognised as being prospective for geothermal energy. Historic work identified a number of prospective targets and a Zambian-Italian joint venture built a geothermal pilot plant on the Lake Tanganyika Rift structure in the 1980's.

Geothermal power is sustainable, operates at a high capacity and is environmentally benign. In addition, the direct application of heat for agro-industrial processes could have a significant impact in strengthening food security at a time of uncertainty as to the effects of climate change.

About Kalahari Energy Ltd:

Formed in 2010, Kalahari Energy is a privately owned, Zambian-registered, exploration company whose objective is to be an Independent Renewable Energy Power Producer. The management and its' consultants have wide-ranging experience in exploration, development and energy utilisation.

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