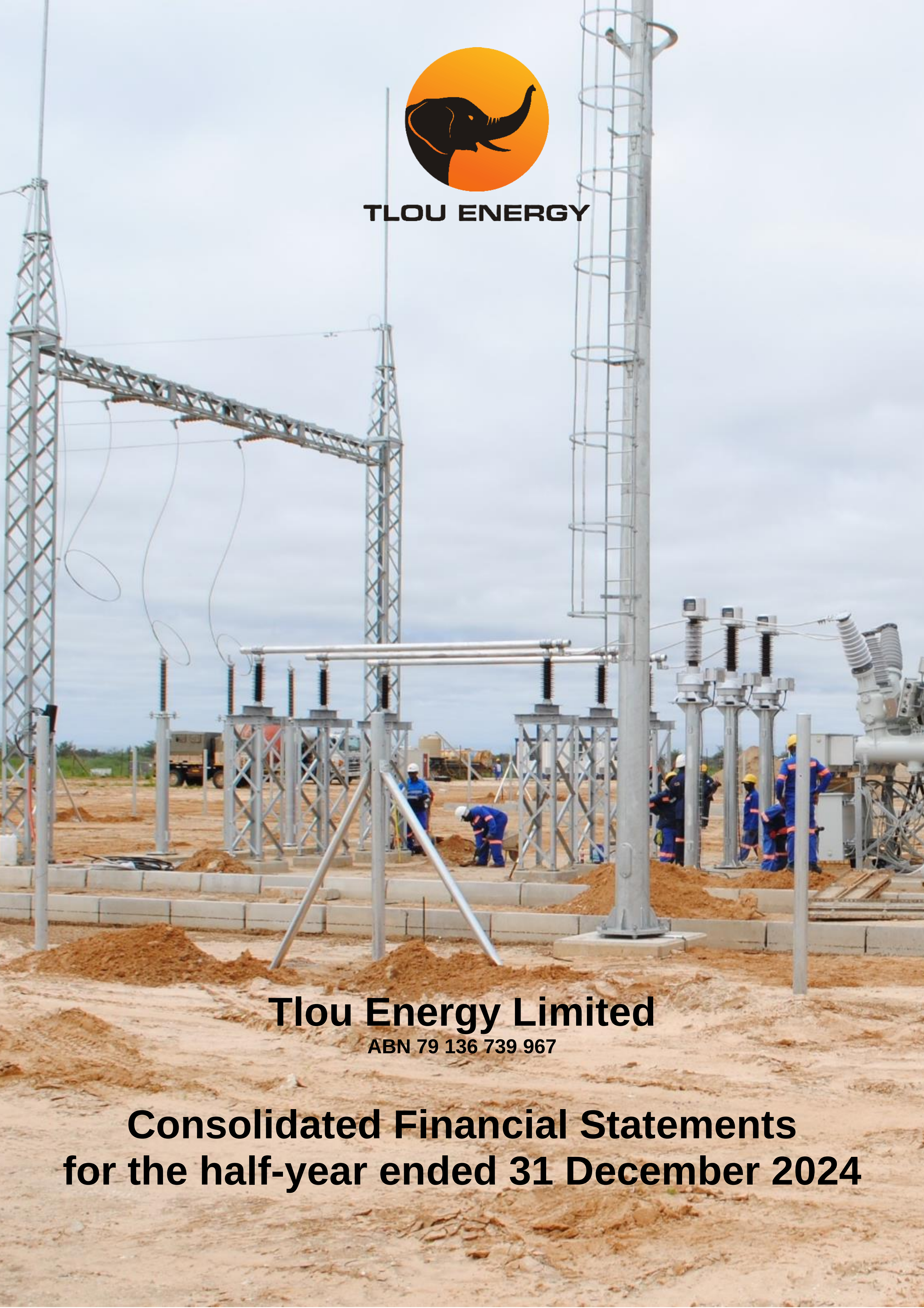

TLOU ENERGY

Tlou Energy Limited

ABN 79 136 739 967

Consolidated Financial Statements for the half-year ended 31 December 2024

Corporate Directory

ABN	79 136 739 967
Directors	Martin McIver Anthony Gilby Gabaake Gabaake Colm Cloonan Hugh Swire
Company Secretary	Solomon Rowland
Administration & Registered Office	210 Alice Street Brisbane QLD 4000 Australia
Telephone:	+61 7 3040 9084
Auditors	BDO Audit Pty Ltd Level 10 12 Creek Street Brisbane QLD 4000
Bankers	Westpac Banking Corporation GPO Box 3433 Sydney NSW 2001
Share register	Australian Securities Exchange Ltd (ASX Code: TOU) Botswana Stock Exchange (BSE Code: TLOU)

Contents

Directors' report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of Tlou Energy Limited (referred to hereafter as the 'Company' or "Tlou") and the entities it controlled at 31 December 2024.

Directors

The names of the directors who held office at any time during the half-year and up to the date of this report are:

Martin McIver	Non-Executive Chairman
Anthony Gilby	Managing Director & Chief Executive Officer
Gabaake Gabaake	Executive Director
Colm Cloonan	Finance Director
Hugh Swire	Non-Executive Director

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the consolidated entity is to explore and evaluate power solutions in Sub-Saharan Africa through Coalbed Methane (CBM) gas-fired power. No revenue from these activities has been earned to date, as the consolidated entity is still in the exploration and evaluation or pre-development stage.

There have been no significant changes in the nature of the group's principal activities during the half-year.

Review and results of operations

The loss for the half-year after income tax amounted to $3,766,513 (December 2023 loss $1,821,374). Information on operations and results during the period are set out below.

Lesedi Project

The project area has four Prospecting Licenses (PL) and a Production Licence which is the focus area for the development of Tlou's independently certified gas reserves and contingent resources. The table below summarises the status of the Lesedi licences:

Licence	**Expiry**	**Status**
Production Licence 2017/18L	August 2042	Current
PL 001/2004	March 2026	Current
PL 003/2004	March 2026	Current
PL 035/2000	March 2025	Current
PL 037/2000	March 2025	Current

PL renewal applications are submitted three months prior to expiration. Renewal applications were submitted for PL035/2000 and PL037/2000 in December 2024.

Lesedi Gas-to-Power project

The past six months have marked significant progress for Tlou Energy with its flagship Lesedi Gas-to-Power Project ("Lesedi") advancing towards first power sales in 2025. Key milestones include the near completion of the Lesedi substation and continued optimisation of gas production. With Lesedi positioned as Botswana's leading gas project, Tlou is ideally placed to address the region's growing demand for reliable baseload power.

Located on a strategic 40km² site in Botswana's Central Sandveld, Lesedi is ideally placed to leverage market demand to scale rapidly. This strategic location provides ample space for expansion of Tlou's gas-to-power initiatives. Ongoing developments at Lesedi include the following key elements:

- Gas production
- Electricity generation
- Substation construction
- Transmission and sale of electricity

Directors' report continued

Gas Production

Gas is produced via lateral (horizontal) drilling techniques where one vertical production well is intersected by two lateral wells to form a Dual Lateral Production Pod ("Pod"). Currently, Tlou operates two Pods that are poised to support initial power generation.

During the reporting period Tlou focussed on dewatering the target coal reservoir to enhance gas flow rates with operations undertaken to achieve more consistent rates. A key issue addressed is the coal fines or particles that can cause the downhole pump to block and therefore constrain dewatering and gas production.

The Company is meticulously monitoring the dewatering process. This involves closely overseeing the drawdown of water from the production wells while limiting any issues that could affect gas flow. By maintaining stringent control over this process, Tlou aims to optimise gas extraction efficiency and enhance consistent gas production rates.

The next phase of production well drilling is scheduled for 1H25 subject to additional funding being secured.

Power Generation

The Company is in discussions with power generation suppliers to install power generators at Lesedi. One proposal is for the use of reciprocating 1,375 kW Cummins branded gas engines with GE generators. It is planned that power generators will be supplied and installed in phases, commensurate with gas production capacity.

1,375 kW generators can take up to 220m^3 of methane per hour with actual power generation output subject to various factors including the temperature and altitude.

Transmission Line

Electricity generated at Lesedi will be sold into the grid via the 66kV transmission line that has been constructed by the Company. Construction of the 100km line is complete with minor finishings, including connecting the line to the Lesedi substation and the installation of switch gear remaining. These final works will be completed before the line is energised.

The line is currently under care and maintenance. Once operational, it will grant Tlou access to the Botswana power market and the wider Southern African Power Pool providing the Company access to an enormous electricity market.

Substation

The generators will tie in with the transmission line via an electrical substation at Lesedi. The substation includes a 5MVA step-up transformer which will facilitate around 5MW of generation. Further transformers will be added as the project grows with the substation designed for expansion up to 25MW.

The substation's design is carefully aligned with the Company's strategic vision to facilitate the rapid expansion of generation capacity. The Company aims to scale up generation as gas production increases, contingent upon securing additional power purchase agreements and funding.

Directors' report continued

Other Project Areas

In addition to the Lesedi project the Company has two other areas of interest adjacent to Lesedi known as the Mamba and Boomslang projects.

Mamba Project

The Mamba project is in the exploration and evaluation phase with further operations required on the licences. It consists of five Prospecting Licences covering an area of approximately 4,500 km^2. The Mamba area is situated adjacent to Lesedi. In the event of successful drilling results at Mamba, it is envisioned that this area would be developed as a separate project from Lesedi. The Mamba area provides the Company with flexibility and optionality. The status of the Mamba licences is as follows:

Licence	Expiry	Status
PL 237/2014	December 2025	Current
PL 238/2014	December 2025	Current
PL 239/2014	December 2025	Current
PL 240/2014	December 2025	Current
PL 241/2014	March 2026	Current

Further work on the Mamba project is proposed once the Lesedi project is in production. The next stage of operations is likely to include a seismic survey and the drilling of core-holes.

Boomslang Project

Prospecting Licence, PL011/2019 designated “Boomslang”, is approximately 1,000 km^2 and is situated adjacent to the Company’s existing licences. To date, the Company has not carried out ground operations in the Boomslang area. Like the Mamba project the first stage of operations is likely to include a seismic survey following by core-hole drilling. The status of the Boomslang licence is as follows:

Licence	Expiry	Status
PL 011/2019	June 2026	Current

Significant changes in the state of affairs

During the half-year ended 31 December 2024, there were no other significant changes to the state of affairs of the consolidated entity other than those stated above and disclosed in the financial report and notes thereof.

Matters subsequent to the end of the half-year

On 31 January 2025, all 16,350,000 performance rights lapsed.

Other than the matters discussed in this report, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the group, the results of those operations or the state of affairs of the group in subsequent financial periods.

Directors' report continued

Likely developments, risks and expected results of operations
The Company has drilled wells in the Lesedi project area and plans to drill further wells to produce CBM gas. These wells are designed to achieve sufficient gas flow rates for the Company's initial project development. The gas flow rates from these wells are vitally important to assess the viability and commerciality of the Lesedi project. However, at the date of this report the level of gas that may be produced from the project, if gas flow rates can be sustained, and if gas production rates will be at commercial rates is not yet known. Further wells will also be required to produce sufficient gas for the planned Lesedi project.

The Company is evaluating additional projects such as solar power and high-density computational facilities including crypto currencies. These projects may be subject to regulatory approvals. No guarantee can be given in relation to the results of the Company's operations, gas flow rates, regulatory approvals being granted or the ability to secure the funds required to progress all or any of the Company's existing or planned operations.

The Company is subject to risks which may have a material adverse effect on operating and financial performance. Tlou's Risk Management Policy can be found on the Company's website. It is not possible to identify every risk that could affect the business or shareholders. Any actions taken to mitigate these risks cannot provide complete assurance that a risk will not materialise or have a material adverse effect on the business, strategies, assets or performance of the Company. A list of risks currently considered material and mitigation strategies are set out below. This is not an exhaustive list and risks are outlined in no particular order.

Risk	Description	Mitigation
Funding	The Company will need to raise additional debt and/or equity funds to support its ongoing operations or implement its planned activities and strategies. This includes but is not limited to funding to complete the infrastructure necessary to connect to the power grid and generate electricity at the Lesedi project and funds to facilitate drilling of additional gas wells to deliver sufficient gas for development of the proposed 10MW power project and any additional projects. There can be no assurance that such funding will be available when required or on satisfactory terms or at all. Inability to find sufficient funds may result in the delay or abandonment of certain activities which would likely have an adverse effect on the Company's progress.	The Company has operated in Botswana for over a decade with extensive local and international relationships with investors who have supported the Company. The Company actively manages its capital requirements and maintains close relationships with potential investors. The Company continues to explore sources of equity capital as well as long-term and short-term debt or mezzanine capital.
Health and Safety	The project operations are in a remote location, in a sometimes-harsh environment and involves the use of heavy machinery and equipment.	The Company employs highly skilled and experienced personnel where possible. The Chief Operations Officer is supported by a dedicated Safety, Health and Environment (SHE) officer and a paramedic is also on duty at all times at the field operations. The Company has a training and safety management system and external audits of the safety management system are conducted. All visitors to site are given a safety briefing.

Directors' report continued

Freedom to Operate	The Company has licences to operate over 8,000 square km and has had continued access to key licence areas when required. Negative sentiment towards the project or industry may impair Tlou's freedom to operate. Changes to key Government personnel and/or national policy could also impact ability to operate effectively.	The Company continues to support regular and extensive Government engagement activities to interest and educate lawmakers to the country's natural resource opportunities as well as keep up to date with changing national power strategies and requirements. Tlou supports and interacts with a wide network of local stakeholders including farmers and landowners to try and ensure that the needs of the community are being met and that the project can provide benefits for all stakeholders including providing long term and sustainable employment opportunities.
Environment	Botswana's natural habitat, water and wildlife needs to be protected. Botswana rigorously enforces its environmental regulations so the risk of fines or other liabilities for noncompliance is commensurately high.	Tlou has full environmental approval in place for development of the gas-to-power project. The Company aims to not just meet environmental requirements but exceed them. The Company uses local specialists to support its ongoing permit renewals, environmental assessments and licence applications. Continual monitoring of actual and potential impacts on the environment is practiced to try and ensure that any impact on the natural habitat is eliminated or minimised.
Climate	Climate change initiatives could have an impact on Tlou's operations in the future. Climate initiatives could have a material impact on fossil fuel projects such as Tlou's Lesedi gas-to power project.	Tlou's Lesedi gas-to-power project aims to be part of a power market in sub-Saharan Africa that will move away from carbon intensive coal and diesel fired power generation. While also a fossil fuel, gas can be a transitional fuel that could assist with providing base load power until such time that sustainable and/or renewable power sources can provide reliable 24-hour base load power. The Company is aware that it may need to adapt its process to meet future climate needs and will continue to assess new information as it becomes available.
Power Sales	The Company has signed a 10MW Power Purchase Agreement (PPA) with Botswana Power Corporation (BPC) with the aim for first power to be supplied into the national grid in 2025. There is a risk that the grid connection infrastructure, sustainable gas flows, or availability of generators could be delayed thereby postponing first power sales. No other agreements are currently in place for sale of power or gas to other parties.	The Company works closely with its contractors and engineers to progress infrastructure projects in a timely manner. Management continues to explore opportunities with other potential customers across the region, potentially via the Southern African Power Pool or within Botswana. Additionally, the Company aims to diversify its products including potentially producing solar power and developing high-density computational facilities including crypto currencies.

Directors' report continued

Geological Risk	The Company has over 8,000 square km of licence areas part of which has not had significant CBM operations to date. There remains significant geological risk in these areas and subject to operational results these areas may not be commercial.	Tlou has invested in seismic surveys and core hole drilling to identify areas of lower risk prior to conducting further exploration and evaluation. This strategy is planned for undeveloped areas of the project. After a decade of operating in the region and supported by external resource certifications, the operations team have and continue to develop an excellent knowledge of the geological area to help de-risk future exploration and evaluation operations.
Remote Operations	The Company operates over 100km from established medical and engineering support facilities in the closest urban area which increases costs and risks as well as requiring adequate insurance.	The Company has on-site paramedic support and has invested in its own stock of equipment so that it can operate as autonomously as possible over a greater range of activities. A purpose-built field operations camp is in place which is suitable for full development of the initial 10MW project and for further expansion.
People	The Company may lose key executives and management. The Company operates in a competitive environment in relation to talented corporate and technical personnel.	The Company continues to search for skilled staff to grow the team to satisfy the Company's needs and ideally to have a lead person and back-up support person for all key positions. In addition, implementation of appropriate staff training and succession plans is a key target. The Company offers incentives and development opportunities for key executives and management to attract the best talent to the Company.

Environmental regulation

The Directors are satisfied that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. The Directors are not aware of any breaches of these requirements and to the best of their knowledge, all activities have been undertaken in compliance with environmental regulations.

Rounding of amounts

The company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest dollar in accordance with the instrument.

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2024 has been received and is attached to this report.

Signed in accordance with a resolution of the Board of Directors.

Anthony Gilby
Managing Director

Brisbane
10 March 2025

Auditor's independence declaration

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY R J LIDDELL TO THE DIRECTORS OF TLOU ENERGY LIMITED

As lead auditor for the review of Tlou Energy Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tlou Energy Limited and the entities it controlled during the period.

R J Liddell
Director

BDO Audit Pty Ltd

Brisbane, 10 March 2025

Consolidated statement of comprehensive income
for the half-year ended 31 December 2024

	Note	Consolidated Dec 2024 $	Dec 2023 $
Interest income		**1,724**	11,383
Expenses			
Employee benefits expense		**(683,533)**	(640,430)
Depreciation expense		**(53,230)**	(56,351)
Foreign exchange gain/(loss)	2	**(959,718)**	207,437
Interest expense		**(1,305,882)**	(484,393)
Share based payment expense		**(7,897)**	(28,751)
Professional fees		**(163,699)**	(144,539)
Occupancy costs		**(10,771)**	(7,800)
Other expenses	2	**(573,014)**	(676,181)
Fair value gain/(loss) on financial instruments		**(10,493)**	(1,749)
LOSS BEFORE INCOME TAX		**(3,766,513)**	(1,821,374)
Income tax		**-**	-
LOSS FOR THE PERIOD		**(3,766,513)**	(1,821,374)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**2,548,987**	(1,877,010)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		**2,548,987**	(1,877,010)
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(1,217,526)**	(3,698,384)

Earnings per share

	Cents	Cents
Basic loss per share	(0.3)	(0.2)
Diluted loss per share	(0.3)	(0.2)

Notes to the consolidated financial statements are attached.

Consolidated statement of financial position as at 31 December 2024

	Note	Consolidated Dec 2024 $	Consolidated June 2024 $
CURRENT ASSETS			
Cash and cash equivalents		**499,131**	2,517,135
Trade and other receivables	3	**786,986**	497,667
Other current assets	4	**766,384**	660,372
TOTAL CURRENT ASSETS		**2,052,501**	3,675,174
NON-CURRENT ASSETS			
Exploration and evaluation assets	5	**77,445,291**	71,994,040
Other non-current assets		**602,640**	578,927
Property, plant and equipment		**1,284,079**	1,284,618
TOTAL NON-CURRENT ASSETS		**79,332,010**	73,857,585
TOTAL ASSETS		**81,384,511**	77,532,759
CURRENT LIABILITIES			
Trade and other payables	6	**2,527,068**	1,434,675
Convertible notes	8	**13,768,764**	8,417,722
Derivatives		**149,948**	139,455
Short term loan	7	**1,900,000**	480,000
Lease liabilities		**20,566**	18,822
Provisions		**497,225**	511,970
TOTAL CURRENT LIABILITIES		**18,863,571**	11,002,644
NON-CURRENT LIABILITIES			
Convertible notes	8	**-**	3,785,480
Lease liabilities		**8,801**	18,654
Provisions		**134,000**	134,000
TOTAL NON-CURRENT LIABILITIES		**142,801**	3,938,134
TOTAL LIABILITIES		**19,006,372**	14,940,778
NET ASSETS		**62,378,139**	62,591,981
EQUITY			
Contributed equity	9	**131,011,488**	130,015,701
Reserves		**(6,859,239)**	(9,416,123)
Accumulated losses		**(61,774,110)**	(58,007,597)
TOTAL EQUITY		**62,378,139**	62,591,981

Notes to the consolidated financial statements are attached.

Consolidated statement of changes in equity
for the half-year ended 31 December 2024

	Contributed Equity	Share Based Payments Reserve	Foreign Currency Translation Reserve	Convertible Equity Reserve	Accumulated Losses	Total
	$	$	$		$	$
Consolidated						
Balance at 1 July 2023	121,509,325	1,257,455	(10,602,223)	-	(53,755,990)	58,408,567
Loss for the period	-	-	-	-	(1,821,374)	(1,821,374)
Other comprehensive income, net of tax	-	-	(1,877,010)	-	-	(1,877,010)
Total comprehensive income	-	-	(1,877,010)	-	(1,821,374)	(3,698,384)
Transactions with owners in their capacity as owners						
Share based payments	-	28,751	-		-	28,751
Conversion feature of the convertible loans	-	-	-	1,304,931	-	1,304,931
Shares issued, net of costs	614,893	-	-	-	-	614,893
	614,893	28,751	-	1,304,931	-	1,948,575
Balance at 31 Dec 2023	122,124,218	1,286,206	(12,479,233)	1,304,931	(55,577,364)	56,658,758

	Contributed Equity	Share Based Payments Reserve	Foreign Currency Translation Reserve	Convertible Equity Reserve	Accumulated Losses	Total
Balance at 1 July 2024	**130,015,701**	**1,303,276**	**(12,024,330)**	**1,304,931**	**(58,007,597)**	**62,591,981**
Loss for the period	**-**	**-**	**-**	**-**	**(3,766,513)**	**(3,766,513)**
Other comprehensive income, net of tax	**-**	**-**	**2,548,987**	**-**	**-**	**2,548,987**
Total comprehensive income	**-**	**-**	**2,548,987**	**-**	**(3,766,513)**	**(1,217,526)**
Transactions with owners in their capacity as owners						
Share based payments	**-**	**7,897**	**-**	**-**	**-**	**7,897**
Shares issued, net of costs	**995,787**	**-**	**-**	**-**	**-**	**995,787**
	995,787	**7,897**	**-**	**-**	**-**	**1,003,684**
Balance at 31 Dec 2024	**131,011,488**	**1,311,173**	**(9,475,343)**	**1,304,931**	**(61,774,110)**	**62,378,139**

Notes to the consolidated financial statements are attached.

Consolidated statement of cash flows
for the half-year ended 31 December 2024

	Note	Consolidated Dec 2024 $	Dec 2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST and VAT)		**(1,431,334)**	(1,380,521)
Interest received		**1,724**	11,383
NET CASH USED IN OPERATING ACTIVITIES		**(1,429,610)**	(1,369,138)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		**(2,998,619)**	(8,102,594)
Payment for property, plant and equipment		**(32,829)**	(126,548)
NET CASH USED IN INVESTING ACTIVITIES		**(3,031,448)**	(8,229,142)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	9	**995,787**	564,977
Proceeds from borrowings		**1,420,000**	3,000,000
Issue costs		**-**	(64,084)
Payments of lease liabilities		**(10,704)**	(9,328)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**2,405,083**	**3,491,565**
Net decrease in cash held		**(2,055,975)**	(6,106,715)
Cash at the beginning of the period		**2,517,135**	6,848,717
Effects of exchange rate changes on cash		**37,971**	(12,271)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**499,131**	729,731

Notes to the consolidated financial statements are attached.

Notes to the consolidated financial statements
for the half-year ended 31 December 2024

Note 1. Material accounting policies

Introduction

Tlou Energy Limited (Tlou) is a company domiciled and incorporated in Australia. The Financial Report for the half-year ended 31 December 2024 consists of the Financial Statements of Tlou Energy Limited and the entities it controlled during the period ('Consolidated Entity' or the 'Group').

Compliance with accounting standards

The half-year financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The half-year financial report does not include all the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report of the group for the year ended 30 June 2024 and any public announcements made by Tlou during the interim reporting period in accordance with the continuous disclosure requirements of the Corporation Act 2001.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs except for derivative financial instruments which are measured at fair value through profit or loss. The financial report is presented in Australian dollars.

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2024, except as noted below.

New and revised standards

A number of new or amended standards became applicable for the current reporting period. Except for the adoption of Amendments to AASB 101 *Presentation of Financial Statements,* the impact of the adoption of these standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

Amendments to AASB 101 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current.

The main Amendments to the classification requirements for liabilities that had a significant impact on the financial statements related to the convertible notes.

If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under AASB 132 *Financial Instruments: Presentation*. If the conversion feature is classified as a liability or a derivative liability, the entity must consider the existence of any early conversion options when determining the classification as current or non-current.

The Amendments are effective retrospectively. Therefore, an entity is required to restate the comparatives if the classification of any liability as current or non-current is changed as a result of the Amendments for the comparative period.

(i) Convertible notes – conversion feature is classified as a derivative liability

The conversion feature of the convertible notes is classified as a derivative liability. The noteholder has the right to exercise the option any time during the 5-year term by giving 90-day notice.

On adoption of the Amendments to AASB 101, since the conversion option is classified as a derivative liability, that conversion is considered to be settlement of the host liability and if the option may be exercised any time before the maturity of the liability, the Group does not have the right to defer settlement of the liability for at least twelve months after the end of the reporting period. As a result, the host liability is classified as current. The derivative liability is also classified as current.

Non-current liabilities therefore decreased, and current liabilities increased by a corresponding amount in the consolidated statement of financial position for 31 December 2024.

Non-current liabilities also decreased, and current liabilities increased by $8,557,177 in the restated comparative consolidated statement of financial position for 30 June 2024 comparatives, and by $8,208,016 at the beginning of the earliest comparative period, 1 July 2023.

Notes to the consolidated financial statements for the half-year ended 31 December 2024

Note 1 Material accounting policies (continued)
New and revised standards (continued)

Consolidated statement of financial position (extract)

	30-Jun-24	Increase (decrease)	30 June 2024 (restated)	01-Jul-23	Increase (decrease)	1 July 2023 (restated)
	$	$	$	$	$	$
Current Convertible notes	-	8,417,722	8,417,722	-	8,086,011	8,086,011
Current Derivatives	-	139,455	139,455	-	122,005	122,005
Total current liabilities	2,445,467	8,557,177	11,002,644	2,838,839	8,208,016	11,046,855
Non-current Convertible notes	12,203,202	(8,417,722)	3,785,480	8,086,011	(8,086,011)	-
Non-current Derivatives	139,455	(139,455)	-	122,005	(122,005)	-
Total non-current liabilities	12,495,311	(8,557,177)	3,938,134	10,379,813	(8,208,016)	2,171,797

(ii) Convertible loans – conversion feature classified as equity

The conversion feature of the convertible loans is classified as equity and as such the conversion feature, which may be exercised by the noteholder at any time, does not affect the convertible loan's classification as current or noncurrent. The Amendments to AASB 101 did not have an impact on the classification of the convertible loans in either the 31 December 2024 consolidated statement of financial position or 30 June 2024 comparative consolidated statement of financial position.

Notes to the consolidated financial statements for the half-year ended 31 December 2024

Note 1 Material accounting policies (continued)

Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates that the consolidated entity will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the half-year ended 31 December 2024, the Group incurred a loss of $3,766,513 after income tax and net cash used in operating activities was $1,429,610 and net cash used in investing activities was $3,031,448. At 31 December 2024 the Group had net current liabilities of $16,811,070 of which $13,768,764 related to convertible notes. Commitments due in the next 12 months amount to $323,904.

The ability of the Group to continue as a going concern is dependent upon completing a capital raise or securing other forms of financing in the near term. These funds are required to continue development of planned power projects and to meet the consolidated Group's working capital requirements. The ability of the Group to continue as a going concern is also dependent upon further future capital raises.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Whilst acknowledging these uncertainties, the Directors have concluded that the going concern basis of preparation of the financial statements is appropriate considering the following circumstances:

- The Company's largest shareholder continues to support the company and has provided a loan facility that can be drawn down as required. $2,530,000 of this facility remains available at the date of this report following a drawdown of $470,000 in February 2025. This facility may also be increased in future subject to agreement with the shareholder. Further, the accrued interest of $664,549 included in trade and other payables in current liabilities won't be paid until such time when Tlou has sufficient funds available. This amount may also be settled in equity, subject to shareholder approval;
- The Company announced the signing of a non-binding Heads of Agreement with a data centre development company to establish high density computational facilities at Tlou's Lesedi site. Tlou are negotiating a binding agreement which would include funding to be provided to the Company to further gas production operations as well as a potential direct equity investment in the Company;
- Convertible notes with a maturity date of 24 January 2027 have been classified as current liabilities in the statement of financial position following the amendments to AASB 101 as disclosed in note 1 of this interim financial report;
- Existing shareholders and third parties remain interested in investing further funds in the Company and have requested to be kept up to date on progress with a view to providing project funding in the future;
- Included in trade and other payables in current liabilities are $420,799 which are payable to Directors and key management personnel. This balance will not be called upon until such time when Tlou has sufficient funds available. This amount may also be settled in equity, subject to shareholder approval; and
- Management continues to assess the possibility of raising funds through the equity markets.

At the date of this financial report, none of the above fund-raising options have been concluded and no guarantee can be given that a successful outcome will eventuate. The directors have concluded that as a result of the current circumstances there exists a material uncertainty that may cast significant doubt regarding the consolidated entity's and the Company's ability to continue as a going concern and therefore the consolidated entity and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments related to the recoverability and classification of recorded asset amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Notes to the consolidated financial statements for the half-year ended 31 December 2024 continued

Note 1 Material accounting policies (continued)

Fair values

The fair values of the Consolidated Entity's financial assets and financial liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

Accounting estimates and judgements

Critical estimates and judgements are continually evaluated and are consistent with those disclosed in the previous annual report.

Exploration & evaluation assets

The consolidated entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to reporting date.

Management has considered whether Tlou is still in the exploration and evaluation (E&E) phase or has moved into development. The projects should still be classified as E&E as the technical and commercial feasibility has not been established. In particular:

- whilst there has been independently certified gas reserves and contingent resources whether or not the reserve gas flow rates will be of a commercial quantity has not been established;
- funding for the commercialisation of reserves and for a commercial level of production has not been confirmed; and
- a final investment decision has not been made.

At the date of this report the Directors consider that Tlou is still in the E&E phase. While the Company has made significant progress during the reporting period, the three points above are still relevant, i.e. (i) commercial gas flow rates are yet to be established, (ii) agreed funding to commercialise the project is not yet in place, (iii) the Company has not reached a final investment decision. Based on these facts and despite the progress made to date the project remains in the E&E stage.

Notes to the consolidated financial statements for the half-year ended 31 December 2024 continued

Note 2. Expenses

Loss before income tax includes the following specific expenses:	Dec 2024 $	Dec 2023 $
Other expenses		
• Stock exchange and secretarial fees	**(281,582)**	(215,486)
• Engineers and consultants	**(76,838)**	(114,277)
• Investor relations	**(72,045)**	(110,036)
Unrealised foreign exchange gain/(loss)		
• Effect of foreign exchange movement on convertible notes	**(960,743)**	37,535

Note 3. Trade and other receivables

	Dec 2024 $	June 2024 $
Current		
Other receivables	**213**	220
GST/VAT receivable	**786,773**	497,447
	786,986	497,667

Note 4. Other current assets

	Dec 2024 $	June 2024 $
Deposits and prepayments	**766,384**	660,372
	766,384	660,372

Note 5. Exploration and evaluation expenditure

	Dec 2024 $	June 2024 $
Exploration and evaluation assets	**77,445,291**	71,994,040
	77,445,291	71,994,040

Movements in exploration and evaluation assets	6 months to **Dec 2024** **$**	12 months to **June 2024** **$**
Balance at the beginning of period	**71,994,040**	60,442,961
Exploration and evaluation expenditure during the year	**2,997,742**	12,986,071
Foreign currency translation	**2,453,509**	(1,434,992)
Balance at the end of period	**77,445,291**	71,994,040

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Notes to the consolidated financial statements
for the half-year ended 31 December 2024 continued

Note 6. Trade and other payables

	Dec 2024 $	June 2024 $
Current		
Trade payables	**485,475**	462,070
Accruals	**1,043,435**	546,825
Interest payable on convertible notes	**993,764**	409,156
Other payables	**4,394**	16,623
	2,527,068	1,434,674

Note 7. Short term loan

	Dec 2024 $	June 2024 $
Loans advanced	**1,900,000**	480,000
Interest expense for the period	**35,682**	19,595
Interest accrued during the period	**(35,682)**	(19,595)
	1,900,000	480,000

The Company entered into a loan agreement with ILC BC Pty Ltd ACN 137 272 596 ("ILCB") to provide an unsecured loan facility of up to A$5m. ILCB and ILC investments Pty Ltd ("ILC"), a substantial shareholder in the Company are both controlled by the same party. Interest on funds drawdown is charged at 10% per annum. At the reporting date A$1,900,000 has been drawn down. The loan is repayable 10 business days after ILCB requests payment of all outstanding amounts from the Company or when the Company elects to repay ILCB all outstanding amounts.

Notes to the consolidated financial statements for the half-year ended 31 December 2024 continued

Note 8. Convertible notes

The parent entity has convertible notes and loans as follows:

	Dec 2024 $	June 2024 $
Convertible notes	**9,378,465**	8,417,722
Convertible loans – current	**4,390,299**	-
	13,768,764	8,417,722
Convertible loans – non-current	-	3,785,480

Convertible Notes

The parent entity issued convertible notes totalling US$5,000,000 on 24 January 2022. The notes are convertible into ordinary shares of the parent entity, at the option of the holder at the higher of:

(a) A 10% discount to the weighted average traded price of the Company's shares on the ASX over the 90 days prior to the Conversion Date; and
(b) A$0.06

The notes incur interest at 7.75% and the issuer agreed to capitalise interest for the first 24 months with interest payments due at six-month intervals thereafter. The notes expire on 24 January 2027, being 5 years after issue.

	Dec 2024 $	June 2024 $
Opening Balance	**8,417,722**	8,086,011
Interest capitalised	**-**	369,246
Interest payable	**681,241**	292,701
Interest accrued	**(681,241)**	(292,701)
Effect of foreign exchange movement	**960,743**	(37,535)
Host liability	**9,378,465**	8,417,722
Total Borrowings	**9,378,465**	8,417,722

Convertible Loans

ILC Investments Pty Ltd ("ILC") and ILC BC Pty Ltd ("ILCB") have provided loans to the Company, made up of a converted ILC term loan along with an additional $2m loan from ILC and a separate $1m loan from ILCB. ILC is Tlou's largest shareholder. Interest on the loans is charged at 10% per annum. The convertible loans are repayable at the earlier of 30 April 2026 or 60 days after the date the Company first generates and supplies electricity into the grid from its Lesedi project. At any time during the term, ILC and ILCB may elect to convert the whole or part of the loan into shares in the Company at $0.035 per share.

	Dec 2024 $	June 2024 $
Opening balance	**3,785,480**	-
Loans advanced	**-**	3,000,000
Transferred from long term loan	**-**	2,090,411
Conversion component on initial recognition	**-**	(1,304,931)
Interest expense for the period	**881,660**	352,026
Interest accrued during the period	**(276,841)**	(352,026)
	4,390,299	3,785,480

With the inclusion of the convertible option on the loans, during the prior reporting period the company undertook a valuation of the loans to include the financial liability and the conversion feature of the loan.

The convertible loans comprise: (a) a debt instrument; and (b) a conversion feature to exchange the loans for a fixed number of equity instruments. In valuing the convertible loans it was necessary to determine the fair value of the liability component and subtract this value from the face value of the convertible loans to determine the equity component. The financial liability is classified as a current liability at 31 December 2024 and the conversion feature is classified as an equity reserve.

Notes to the consolidated financial statements for the half-year ended 31 December 2024 continued

Note 9. Contributed equity

	Dec 2024 Shares	June 2024 Shares	Dec 2024 $	June 2024 $
Opening balance	**1,270,133,251**	1,024,583,025	**130,015,701**	121,509,325
Issue of ordinary shares during the period	**28,451,068**	245,550,226	**995,787**	8,594,258
Share issue costs	**-**	-	**-**	(87,882)
Ordinary shares - fully paid	**1,298,584,319**	1,270,133,251	**131,011,488**	130,015,701

Ordinary shares issued during the half-year

	Issue Date	No. of Shares	Issue Price (AUD)
Placement	30-Aug-24	16,198,413	$0.035
Placement	30-Sep-24	12,252,655	$0.035

Options

At 31 December 2024, there were no options for ordinary shares in Tlou Energy Limited on issue.

Performance rights

The following table shows the number, movements and exercise price of performance rights for the period ended 31 December 2024.

Issue Date	Hurdle Price	Expiry date	1/07/2024	Issued	Exercised	Lapsed	31/12/2024
19/10/2018	$0.165	31/01/2025	2,175,000	-	-	-	2,175,000
19/10/2018	$0.22	31/01/2025	2,175,000	-	-	-	2,175,000
15/12/2021	$0.10	31/01/2025	3,000,000	-	-	-	3,000,000
15/12/2021	$0.165	31/01/2025	3,000,000	-	-	-	3,000,000
1/02/2023	$0.165	31/01/2025	2,000,000	-	-	-	2,000,000
1/02/2023	$0.22	31/01/2025	2,000,000	-	-	-	2,000,000
1/02/2023	$0.28	31/01/2025	2,000,000	-	-	-	2,000,000
			16,350,000	-	-	-	16,350,000

All the performance rights expired on 31 January 2025.

Note 10. Contingent liabilities

The Directors are not aware of any contingent liabilities at 31 December 2024.

Notes to the consolidated financial statements for the half-year ended 31 December 2024 continued

Note 11. Segment information

Identification of reportable segments

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance. The Company currently operates in one segment, being the exploration, evaluation and development of coalbed methane resources and power generation in southern Africa.

Segment revenue

As at 31 December 2024 no revenue has been derived from its operations (2023: $nil).

Segment assets

Segment non-current assets are allocated to countries based on where the assets are located as outlined below.

	Dec 2024	June 2024
	$	$
Botswana	**79,315,563**	73,834,868
Australia	**16,447**	22,717
	79,332,010	73,857,585

Note 12. Commitments

<u>Exploration expenditure</u>

To maintain an interest in the exploration tenements in which it is involved, the consolidated entity is required to meet certain conditions imposed by the various statutory authorities granting the exploration tenements or that are imposed by the joint venture agreements entered into by the consolidated entity. These conditions can include proposed expenditure commitments. The timing and amount of exploration expenditure obligations of the consolidated entity may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest. Subject to renewal of all prospecting licences, and variations to agreements the consolidated entity's proposed expenditure obligations along with obligations under contracts related to the construction of transmission lines and associated infrastructure which are not provided for in the financial statements are as follows:

	Dec 2024	June 2024
Minimum expenditure requirements	**$**	$
• not later than 12 months	**323,904**	1,381,936
• between 12 months and 5 years	**-**	450,469
	323,904	1,832,405

Note 13. Events occurring after reporting date

On 31 January 2025, all 16,350,000 performance rights lapsed.

Other than the matters discussed in this report, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the group, the results of those operations or the state of affairs of the group in subsequent financial periods.

Directors' declaration

In the directors' opinion:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001* including:

(i) the attached financial statements and notes thereto comply with the *Corporations Act 2001,* Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(ii) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and

(iii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001.*

On behalf of the directors

Anthony Gilby
Managing Director

Dated at Brisbane this 10th day of March 2025

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tlou Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report Tlou Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and

ii. Complying with Accounting Standard AASB *134 Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

R J Liddell
Director

Brisbane, 10 March 2025