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12 May 2023

Tlou Energy Limited
("Tlou" or "the Company")

Tlou launches a partially underwritten non-renounceable entitlement offer to raise up to A\$10.65 million (£5.86 million; BWP 92.6 million)

Key Points:

- **Entitlement Offer for 4 new ordinary shares of no par value ("Ordinary Shares") for every 11 Ordinary Shares held, at a price of A\$0.035 per share (£0.02, BWP0.30) to raise approximately A\$10.65 million (£5.86 million; BWP 92.6 million) (the "Entitlement Offer");**
- **The Entitlement Offer is partially underwritten for A\$5m (£2.75m, BWP43.5m) by ILC Investments Pty Ltd (this entity was formerly known as IC Australia (No 2) Pty Ltd);**
- **Certain Directors are participating in the Entitlement Offer with commitments in place for a minimum of A\$392,760; and**
- **Funds raised and existing capital will go towards development of Tlou's power projects, including: drilling of gas production wells; construction of transmission line and substations to connect the Lesedi project to the electricity grid; land purchase and construction of an operations and generation facility; as well as general working capital requirements.**

Tlou Energy Limited, the ASX, AIM and BSE listed company focused on generating power in Botswana for supply into the local and regional power markets, is pleased to announce a partially underwritten entitlement offer of up to 304,156,361 new Offer Shares at a price of A\$0.035 per share (£0.02, BWP0.30) (the "Issue Price") to raise approximately A\$10.65 million (approximately £5.86 million; BWP 92.6 million)). Eligible Shareholders may subscribe for 4 fully paid ordinary shares for each 11 fully paid ordinary shares held at 7.00 pm (AEST) / 6.00 pm (BST) / 6.00 pm (CAT) on 18 May 2023 (the "Record Date").

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Use of Funds

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

- construction of transmission line and substations to connect the Lesedi project to the electricity grid;
- drilling of gas production wells;
- land purchase and construction of an operations and generation facility; and
- general working capital.

The Company's operations are continuing in Botswana. Gas continues to be produced at the Lesedi 4 production pod and drilling of the next production well Lesedi 6, commenced in April 2023. Lesedi 6 is located to the southwest and parallel to Lesedi 4 and will comprise one vertical production well intersected by two lateral wells drilled horizontally through the target reservoir section for several hundred metres.

The objective is to increase the volume of gas available to the Company for power generation. Once Lesedi 6 is drilled and completed, dewatering will commence and thereafter the well should start to establish an indicative gas flow rate.

Lesedi 6 is the first well of a proposed drilling program to expand gas production at the Lesedi power project. Gas flows from Lesedi 6 are planned to be converted to electricity under a 10MW Power Purchase Agreement (PPA) signed with Botswana Power Corporation (BPC) once the transmission line, substations and associated electrical infrastructure are in place.

Construction of the ~100km transmission lines is well advanced and scheduled to be completed in the coming months. Work has commenced on the electrical substations to be built at either end of the 100km line and is expected to be completed early in 2024. In addition, plans are in place to develop the generation site and associated infrastructure including gas gathering later this year. Subject to results, funding from this Entitlement Offer and subsequent capital raisings, the target is to complete all the above to facilitate grid connection and sale of first power in 2Q 2024.

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.

The above is a statement of the Board's current intentions as at the date of this announcement. However, Shareholders should note that, as with any budget, the allocation of funds set out above may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, available capital, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

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Entitlement Offer

The Entitlement Offer will entitle each eligible holder to acquire, at their sole discretion and at an issue price of A\$0.035 or £0.02 or BWP0.30 per Offer Share (the "Issue Price"), 4 fully paid ordinary shares for every 11 fully paid existing ordinary shares held at 7.00 pm (AEST) / 6.00 pm (BST) / 6.00 pm (CAT) on 18 May 2023 (the "Record Date").

Shareholders whose address on the Company's register of members is in the United Kingdom, Botswana, Australia or New Zealand or 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. The Offer will be made available to Shareholders who are resident in Botswana subject to the Company receiving approval from the BSE.

The Issue Price is the same as the closing price on the ASX on 11 May 2023 and represents a discount of 13% to the closing price on AIM on 11 May 2023, being the latest practicable date prior to the date of this announcement. The maximum number of shares available to be subscribed for under the Entitlement Offer is 304,156,361 ordinary shares and the Entitlement Offer will raise A\$10.65 million (£5.86 million; BWP 92.6 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 Entitlement Offer will not be open to Shareholders who have registered addresses in countries outside United Kingdom, Botswana, Australia or New Zealand where regulatory requirements make participation by the Shareholder unlawful or impracticable. The Offer will be made available to Shareholders who are resident in Botswana subject to the Company receiving approval from the BSE.

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).

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A prospectus in relation to the Rights Issue was lodged with ASIC on 12 May 2022. Eligible Shareholders will receive a Prospectus ("Prospectus") including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer. The Prospectus and personalised entitlement forms will be sent to eligible Shareholders on 23 May 2023.

Further details of the Entitlement Offer are set out in the Prospectus which will be lodged with the ASX and be available on the Company's website www.tlouenergy.com from 12 May 2023.

Underwriting Agreement and Related Party transaction

The Entitlement Offer is partially underwritten pursuant to an underwriting agreement with ILC Investment Pty Ltd ("the Underwriter") for up to A\$5m (£2.75m, BWP43.5m) (being a total of 142,857,142 Offer 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 and disclosed in the Prospectus.

The Underwriter, Dr Ian Campbell and associated entities will not be subscribing for any shares under their Entitlement. However, pursuant to the Underwriting Agreement, the Underwriter will subscribe for such number of New Shares, up to a maximum of 142,857,142, that would result in the total number of New Shares being issued equating to 304,156,361 or as close to that number as possible without exceeding it.

The Underwriter is a substantial Shareholder in the Company and is therefore a related party as defined in the AIM Rules for Companies. The Directors consider, having consulted with Tlou's nominated adviser, Grant Thornton UK LLP, that the terms of the Underwriter's subscription for shares under the Underwriting Agreement are fair and reasonable insofar as the Company's Shareholders are concerned.

Entitlement Offer Shortfall

To the extent the Entitlement Offer Shares are not taken up by Shareholders (including via the Excess Application Facility) the Company may seek to place those unsubscribed Entitlement Offer Shares with investors at the Issue Price. The Directors reserve the right to place any shortfall under the Offer within 3 months at a price no lower than the Issue Price.

The Company's allocation policy and the identity of the recipients of any shortfall Entitlement Offer Shares allocated, will be determined on a case-by-case basis at the time of issue and in the Company's discretion. No decision has been made in relation to the allocation of any shortfall Entitlement Offer Shares but noting that existing Eligible Shareholders will have had the opportunity to subscribe for in excess of their Entitlement Offer there is a likelihood that the Company will engage with new investors, the identities of which are not yet known.

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Directors' participation in the Entitlement Offer

Certain Directors of the Company (shown in the table below) have committed to participating in the Entitlement Offer by subscribing for a minimum investment between them of A\$392,760. The Directors reserve their rights to subscribe for their full Entitlements. The Directors' beneficial interests in the capital of the Company at the date of the Prospectus and intention to participate in the Offer, are as follows:

Director	Number of Shares currently held	% Voting Power	Entitlement	Committed to invest under the Offer as a minimum	Maximum number of shares	Maximum % Voting Power at close of the Offer*
Tony Gilby	41,000,000	4.90%	14,909,090	9,000,000	50,000,000	4.38%
Hugh Swire	11,065,921	1.32%	4,023,971	1,000,000	12,065,921	1.06%
Colm Cloonan	3,359,684	0.40%	1,221,703	1,221,703	4,581,387	0.40%
Gabaake Gabaake	385,999	0.05%	140,363	-	385,999	0.03%
Martin McIver	1,097,816	0.13%	399,205	-	1,097,816	0.10%

Note: This table assumes no performance rights vest during the offer period.

Tony Gilby holds 750,000 performance rights

Hugh Swire holds 500,000 performance rights

Colm Cloonan holds 4,750,000 performance rights

Gabaake Gabaake holds 2,750,000 performance rights

Martin McIver holds 750,000 performance rights

*Assumes take up of minimum committed amounts under the Offer, no performance rights vest and that no Convertible Notes are converted before the Record Date

Entitlement Offer Timetable

Event	Date
Announcement of Offer	Friday, 12 May 2023
Ex-date	Wednesday, 17 May 2023
Record Date for determining Entitlements (7.00pm AEST in respect of Eligible Shareholders and 6.00pm (BST and CAT) in respect of Eligible Depository Interest Holders)	Thursday, 18 May 2023
Prospectus and entitlement and acceptance forms despatched to Shareholders	
Entitlements and Excess CREST Entitlements credited to stock accounts of Eligible Depository Interest Holders	
Opening date for the Offer	Tuesday, 23 May 2023
Recommended latest time for requesting withdrawal of Entitlements from CREST (to satisfy bona fide market claim only) 4.30pm on	Tuesday, 30 May 2023
Latest time and date for depositing Entitlements into CREST (to satisfy bona fide market claim only) 3.00pm on	Tuesday, 30 May 2023
Last day to extend the Closing Date of the Offer	Monday, 5 June 2023

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Event	Date
Closing date – AIM: latest time and date for settlement of CREST application and payment in full under the Offer (1pm BST)	
Closing date – BSE: latest time and date for settlement of BSE applications and payment in full under the Offer (1pm CAT)	Wednesday, 7 June 2023
Closing Date – ASX: latest time and date for settlement of applications and payment in full under the Offer (5pm AEST)	Thursday, 8 June 2023
Securities quoted on a deferred settlement basis.	Friday, 9 June 2023
Announcement of results of the Offer and shortfall (if any)	Tuesday, 13 June 2023
Shortfall settlement (if any)	Wednesday, 14 June 2023
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the New Shares	Thursday, 15 June 2023
Trading in New Shares commences	Friday, 16 June 2023

Note: These dates are indicative only and subject to change. Subject to the Corporations Act, the Listing Rules, the AIM Rules and other applicable laws, the Company has the right to vary these dates without notice, including to close the Offer early or accept late Applications, either generally or in particular cases.

Definitions

Capitalised terms, where not otherwise defined, shall have the same meaning as set out in the Prospectus that is expected to be published on 23 May 2023.

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the “UK MAR”) which is part of UK law by virtue of the European Union (withdrawal) Act 2018. The information is disclosed in accordance with the Company’s obligations under Article 17 of the UK MAR. 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 (Tony) Gilby
Managing Director

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About Tlou

Tlou is developing energy solutions in Sub-Saharan Africa through gas-fired power and ancillary projects. The Company is listed on the ASX (Australia), AIM (UK) and the BSE (Botswana). The Lesedi Gas-to-Power Project ("Lesedi") is 100% owned and is the Company's most advanced project. Tlou's competitive advantages include the ability to drill cost effectively for gas, operational experience and Lesedi's strategic location in relation to energy customers. All major government approvals have been achieved.

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. Save as required by any applicable law or regulation, Tlou Energy Limited undertakes no obligation to update any forward-looking statements.

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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