

TLOU ENERGY LIMITED

ACN 136 739 967

ENTITLEMENT ISSUE PROSPECTUS

For a pro rata non-renounceable, partly underwritten entitlement offer by Tlou Energy Limited to Eligible Shareholders of 4 New Shares for every 11 Shares held on the Record Date at an offer price of \$0.035 (equivalent to £0.02, BWP0.30) per New Share to raise up to \$10,645,473 (£5,855,010, BWP92,615,612) before costs.

The Offer is partially underwritten for A\$5 million (£2,750,000, BWP43,500,000) by ILC Investments Pty Ltd (this entity was formerly known as IC Australia (No 2) Pty Ltd).

The Offer closes on 8 June 2023 at 5:00pm AEST for ASX holders, and on 7 June 2023 at 1:00pm BST for AIM holders and 1:00PM CAT for BSE holders.

Important notice

This Prospectus provides important information about the Company. You should read the entire document. If you have any questions about the New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary in Section 9.

An investment in the Company's securities is speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

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Timetable for the Offer

Event	Date
Announcement of Offer	Friday, 12 May 2023
Ex-date	Tuesday, 16 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
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.

Depository Interest holders who have any queries on the procedure for acceptance and payment should contact Computershare UK on 0370 702 0000 between 8.30 a.m. and 5.30 p.m. (BST) Monday to Friday (except UK public holidays) from within the UK or +44 370 702 0000 if calling from outside the UK. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any legal or tax advice.

Key Statistics for the Offer

Shares currently on issue ¹	836,429,994
Performance Rights on issue ²	18,625,000
Convertible Notes on issue ³	115,772,900

Shares to be issued under the Offer ⁴	304,156,361
Total Shares on issue at close of the Offer ⁵	1,140,586,355
Offer Price per New Share	A\$0.035 per New Share or £0.02 or BWPO.30 per Depositary Interest payable in full on application
Maximum amount to be raised under the Offer	\$10,645,473
Shares underwritten (\$5,000,000 of the \$10,645,473 Offer) ⁶	142,857,142
Maximum potential voting power of Underwriter assuming no Entitlements are taken up by Shareholders ⁷	36.47%
ISIN	To be advised
ISIN – Basic Entitlements	To be advised
ISIN – Excess Entitlements	To be advised

Notes:

1. Refer to Section 4.1 for the rights attaching to Shares (including New Shares).
2. The key terms of the performance rights are set out in Section 3.4 of this Prospectus.
3. The convertible notes may be converted at any time at the election of the holder at the higher of a 10% discount to the VWAP of the Company's Shares on the ASX over the 90 days preceding the conversion date and 6 Australian cents.
4. Details of the Offer are set out in Section 1. The table assumes that no convertible notes are converted or performance right vest before the Record Date.
5. Assumes that no convertible notes are converted or performance rights vest before the Record Date.
6. Refer to Section 6.1 for details of the Underwriting Agreement.
7. Refer to Section 3.7 for information about the Underwriter and potential control impacts of the underwriting.

Important Notices

This Prospectus is dated 12 May 2023 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the New Shares the subject of this Prospectus.

United Kingdom

The total consideration under the Offer shall be less than, and therefore cannot exceed, €8 million (or an equivalent pounds sterling amount) in aggregate and so, in accordance with Section 85 and Schedule 11A of FSMA, the Offer does not require the issue of a prospectus for the purposes of the Prospectus Regulation Rules. The Offer does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Regulation Rules. This document has not been, and will not be, reviewed or approved by the FCA pursuant to sections 85 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. In addition, this document does not constitute an AIM Admission Document drawn up in accordance with the AIM Rules.

The communication of this Prospectus, the Entitlement and Acceptance Form, and any other documents, announcements or other materials relating to the Offer, as a financial promotion has not been approved for the purposes of section 21 of FSMA and, within the United Kingdom, is only being made to, and may only be acted upon by, those persons falling within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, which includes existing members of Tlou Energy Limited. Within the United Kingdom, any investment or investment activity to which this document, the Entitlement and Acceptance Form, and any other documents, announcements or other materials relating to the Offer relates is available only to such persons and will be engaged in only with such persons.

AIM and BSE

The Company's Shares are admitted to trading on AIM, ASX and BSE. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not

admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Application will be made for the New Shares to be admitted to trading on ASX, AIM and the BSE. It is expected that admission to trading on will occur on 16 June 2023. The New Shares will be issued free of expenses and will, on issue, rank pari passu in all respects with the Existing Shares on issue, including the right to receive all dividends and distributions declared, or paid after the date of issue.

Restrictions on Distribution

No action has been taken to register or qualify this Prospectus, the New Shares, or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside the United Kingdom, Botswana, Australia and New Zealand.

This Prospectus and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside the United Kingdom, Botswana, Australia and New Zealand. The distribution of this Prospectus and the accompanying Entitlement and Acceptance Form outside of the United Kingdom, Botswana, Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. By applying for New Shares under this Prospectus (including by way of Depositary Interests) including by submitting the Entitlement and Acceptance Form or making a payment by Bpay®¹ or, in respect of Entitlements held in CREST, by submission of a valid application for the New Shares by using the CREST application procedures, you represent and warrant that there has been no breach of such laws.

The Company disclaims all liabilities to such persons. Eligible Shareholders and Eligible Depositary Interest Holders who are not resident in the United Kingdom, Botswana, Australia or New Zealand are responsible for ensuring that taking up New Shares under the Offer does not breach the selling restrictions set out in this Prospectus or otherwise violate securities laws in the relevant overseas jurisdictions.

¹ Registered to BPAY Pty Ltd ABN 69 079 137 518

United States

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States of America. The Offer has not been, and will not be, registered under the Securities Act of 1933 (US) or the securities laws of any State of the United States of America and is not being made in the United States of America or to persons resident in the United States of America. Without limitation, neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be sent to investors in the United States of America or otherwise distributed in the United States of America.

New Zealand

The New Shares being offered to residents of New Zealand under this Prospectus are offered in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand). This Prospectus and the accompanying Entitlement and Acceptance Form have not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Exchange Rate

Unless otherwise stated, the rates of exchange used for the purpose of this document are:

A\$1.00	GBP £0.55
A\$1.00	USD \$0.67
A\$1.00	BWP 8.7

Currency

Unless stated otherwise, all amounts in this Prospectus are expressed in Australian Dollars.

Times

Unless otherwise stated, references to times in this document are to times in London for holders of Depositary Interests and to times in Sydney, Australia for holders of Shares on ASX and to times in Gaborone, Botswana for holders of shares on BSE.

Web Site – Electronic Prospectus

A copy of this Prospectus is available and can be downloaded from the website of the Company at www.tlouenergy.com.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia or New Zealand (except for certain persons in the United Kingdom, Botswana and New Zealand). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

The *Corporations Act* prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus, or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus issued under Section 713 of the *Corporations Act*, which allows the issue of more concise prospectuses for offers of continuously quoted securities. In preparing this Prospectus, consideration has been given to the fact that the Company is a disclosing entity for the purposes of the *Corporations Act* and as such, it is subject to regular reporting and disclosure obligations. Please note that this Prospectus should be read in conjunction with publicly available information the Company has provided to ASIC and ASX and that copies of documents the Company has lodged with ASIC and ASX may be obtained from or inspected at an ASIC office.

Suitability of Investment & Risks

Before deciding to invest in the Company, prospective investors should read this Prospectus in its entirety and in particular, the risk factors in Section 5. They should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding to invest.

Any investment in the New Shares of the Company, including Depositary Interests, should be regarded as speculative.

Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Disclaimer

The information contained in this Prospectus is not investment advice. Before deciding to invest in the Company, you should read and understand the entire Prospectus and, in particular, in considering the Company's prospects, you should consider the risk factors that could affect the Company's performance. You should carefully consider the risk factors in

Section 5 in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks.

None of the Company, the Directors or any other person gives any guarantee as to the success of the Company, the repayment of capital, the payment of dividends, the future value of the Company's securities or the price at which the New Shares will trade on the ASX, AIM or the BSE.

Any references to past performance of the Company are no guarantee of future performance.

No Representations other than this Prospectus

No person or entity is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to the instructions in Section 2 of this Prospectus regarding the acceptance of the Offer. Applications for the Offer can only be submitted on the Entitlement and Acceptance Form that is available with this Prospectus.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary in Section 9.

Privacy

Please read the privacy information located in Section 6.8 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Chairman's Letter

Dear Shareholders

The Offer

On behalf of Tlou Energy Limited (**Company or Tlou**), I am pleased to invite you to participate in a non-renounceable pro rata entitlement offer to Eligible Shareholders and Eligible Depositary Interest Holders of 4 New Shares for every 11 Shares held (or in respect of which Depositary Interests are held) on the Record Date at an issue price of \$0.035 per New Share (equivalent to £0.020 or BWP0.30), to raise up to a maximum of approximately \$10,645,473 (£5,855,010, BWP92,615,612) (**Offer**).

The Issue Price is the same as the last traded price of Shares on the ASX and a 13% discount to the last traded price on AIM as at 11 May 2023, being the last trading day prior to the announcement of the Offer. As the Issue Price is the same as the last traded price of Shares on the ASX there is no discount to the theoretical ex-rights price.

The Offer is partially underwritten for A\$5 million, by ILC Investments Pty Ltd, an entity controlled by Dr Ian Campbell. A summary of the Underwriting Agreement is set out in Section 6.1 and the effect of the underwriting on control of the Company is set out in Section 3.7.

Entitlements are non-renounceable and will not be tradeable on ASX, AIM or BSE or otherwise transferrable. Eligible Shareholders and Eligible Depositary Interest Holders who do not take up their Entitlement will not receive any value in respect of those Entitlements.

The Offer is scheduled to close at 5.00pm (AEST) on 8 June 2023. The latest time and date for settlement of CREST applications and payment in full under the Offer is 1pm (BST) on 7 June 2023. The latest time for settlement for BSE applicants is 1pm CAT on 7 June 2023.

Full details of the Offer and how to participate can be found in this Prospectus. Section 1 of this Prospectus and, where relevant, the Entitlement and Acceptance Form (which is being sent to all Eligible Shareholders in Australia), contain the formal terms and conditions of the Offer (for Eligible Depositary Interest Holders, refer to Sections 1.4 and 2.2).

Note on the Company's progress

Tlou was founded with the long-term goal of becoming a sizeable, successful and profitable gas to electricity company in Botswana. The journey was understood to consist of finding gas from high-risk exploration, then proving that the discovered gas could flow at the required rates. Approvals and agreements would need to be negotiated followed by building surface facilities to produce first electricity. This would be in turn be followed by progressively delivering cost-effective expansion of the infrastructure as more gas became available through ongoing development activities.

Hence, the Company's project would broadly progress from high-risk gas exploration at the start, to initial electricity generation and delivery in an often challenging environment, to a more straight forward industrial type of expansion process to grow the scale of the operation.

The Tlou project is part of the 100MW coal bed methane energy that has been approved by the Government of Botswana under their Integrated Resource Plan. The Company's aspiration is to supply into this project as far as its Reserve and Resource base (refer to Section 6.21), augmented by ongoing development efforts, will sustain.

The Company has come a long way and is now well positioned to complete the final steps to first electricity generation, which we anticipate will be achieved in 2Q 2024. The following represents the status of the key tasks that have been completed or need to be completed to achieve first electricity:

- 1) **Tlou has discovered gas over a large area and delineated Resources and Reserves.** Tlou's licences cover an area of approximately 9,000 km². Tlou has drilled a number of exploration wells and gas production pilot wells in Botswana over the last decade. Gassy coal reservoirs have been delineated over a large area and comprise the Company's Reserve and Resource base (refer to Section 6.21).
- 2) **Tlou has achieved long term gas flows.** The Lesedi gas production pilot has flowed gas for approximately 3 years and prior to that the Selemo pilot also flowed gas. Tlou is now embarking on a new drilling campaign comprising a series of production wells from which the initial goal is to generate at least 2MW of electricity in aggregate.
- 3) **Tlou has secured long term approvals from the Government of Botswana.** Tlou has secured environmental approvals for a gas field development and power generation from the Government of Botswana in addition to a 25-year Mining Licence.
- 4) **Tlou has secured a 10MW Power Purchase Agreement (PPA) with Botswana Power Corporation (BPC).** The Company has executed a PPA with BPC to supply 10MW of electricity at an agreed tariff and has a letter of support from the Government of Botswana to expand beyond the contracted 10MW (if successfully delivered by Tlou) as part of the 100MW gas to power under the Integrated Resource Plan programme.
- 5) **Tlou has acquired farm land to facilitate operations.** Tlou has purchased a long-term lease of a 4,013 hectare (~40 km²) farm where further drilling will be undertaken and where the proposed power station and associated operational facilities will be located.
- 6) **Tlou has contracted to build a transmission line and substations to connect to the existing power grid.** The contract for the 66kV transmission line to join the Botswana grid is scheduled to be completed in 3Q 2023, and the supply of substations by early 2024 has been contracted.
- 7) **Tlou plans to install the first off-the-shelf power generator at Lesedi and deliver the first electricity in 2Q 2024.** Subject to raising adequate funds under the Offer, the Company plans to order the first generator in the near term for delivery in early 2024, with anticipated first electricity generation soon thereafter.

The funds sought pursuant to the Offer have been allocated as set out in Section 3.1, prioritising capital expenditure items to advance the Company towards first power generation, including completion of substations and the connecting power line, as well as a deposit to order the first modular power station.

Subject to obtaining further funding, the Company plans to construct and commission the power station in early 2024 to achieve the milestone of first power generation.

Following first electricity generation, Tlou aspires to scale-up initially to 2MW and by additional drilling and well development, to 10MW, using a scalable and modular power generation plant. The initial modular power station design will allow the Company to incrementally upgrade the facility to progressively increase generation of electricity proportional to the growing gas availability delineated through Reserve expansion drilling and new production wells.

The Company has recently engaged an experienced power generation consultancy to design, source and commission the initial power generation facility in early 2024 and in future, guide the modular expansion.

Tlou believes that at the point of first electricity generation, project risk is materially reduced by achieving this milestone.

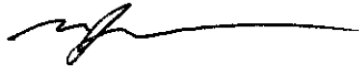
I encourage you to read this document before deciding whether or not to take up your Entitlement. If you have any questions in respect to the Offer, please consult your stockbroker, accountant or other professional adviser.

As a Board, we appreciate the support of our existing Shareholders and we have been mindful of providing existing Shareholders the opportunity to increase their investment in the Company.

It is the intention of the Directors to participate in the Offer to the extent set out in Section 1.20.

We look forward to your participation in the Offer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. McIver', with a long horizontal flourish extending to the right.

Mr. Martin McIver
Non-Executive Chairman

Addendum to the Chairman's Letter - Message from the CEO

The Lesedi Gas to Power Project

As Tlou's Chairman outlined in his letter, the Company is well positioned to deliver first electricity generation in 2Q 2024, with the goal of expanding thereafter to reach our 10MW contracted target through additional drilling and well development. The Government of Botswana has issued an Integrated Resource Plan pursuant to which it is seeking 100MW of Coal Bed Methane energy. The Company's aspiration is to supply into this demand to the extent that its Reserve and Resource base (refer to Section 6.21), augmented by ongoing development efforts, will sustain.

A gas to electricity project in Botswana has a series of overlapping challenges. The Company needed to explore a large region to try and find a gas accumulation of sufficient potential size to justify a gas to electricity project. Tlou had to determine the best way to extract the gas, given various constraints both technical and regulatory. Long approval processes had to be worked through, which culminated in achieving a Power Purchase Agreement with the Government of Botswana's power utility.

A transmission line is being constructed and substations are on-order to connect Tlou's gas and planned production facility to the existing power grid. A modular power station plan is being developed to minimize initial capital outlay and allow more cost-effective expansion of capacity as more gas becomes available through Tlou's development program.

Purpose of the Offer

The purpose of the Offer is to fund the drilling of additional wells, completion of the transmission line and substation construction, and ordering an off-the-shelf first stage to the power station to progress the Company towards first power generation.

Subject to raising adequate funds under the Offer, the Company plans to order the first generator in the near term for delivery in early 2024. The funds sought pursuant to the Offer have been allocated as set out in Section 3.1, prioritising capital expenditure items to advance the Company towards first power generation, including completion of substations and the connecting power line, as well as a deposit to order the first modular power station.

Subject to further funding, the Company plans to construct and commission the power station by 2Q 2024 to achieve the milestone of first power generation.

Tlou Licence Areas and Gas Reserves

Figure 1 below shows the Tlou Licences, which cover an area of approximately 9,000 km². The tenements coloured yellow show Tlou's current exploration permits (referred to as prospecting licences). The area in purple is Tlou's mining licence covering ~900 km² with a tenure until 2042.

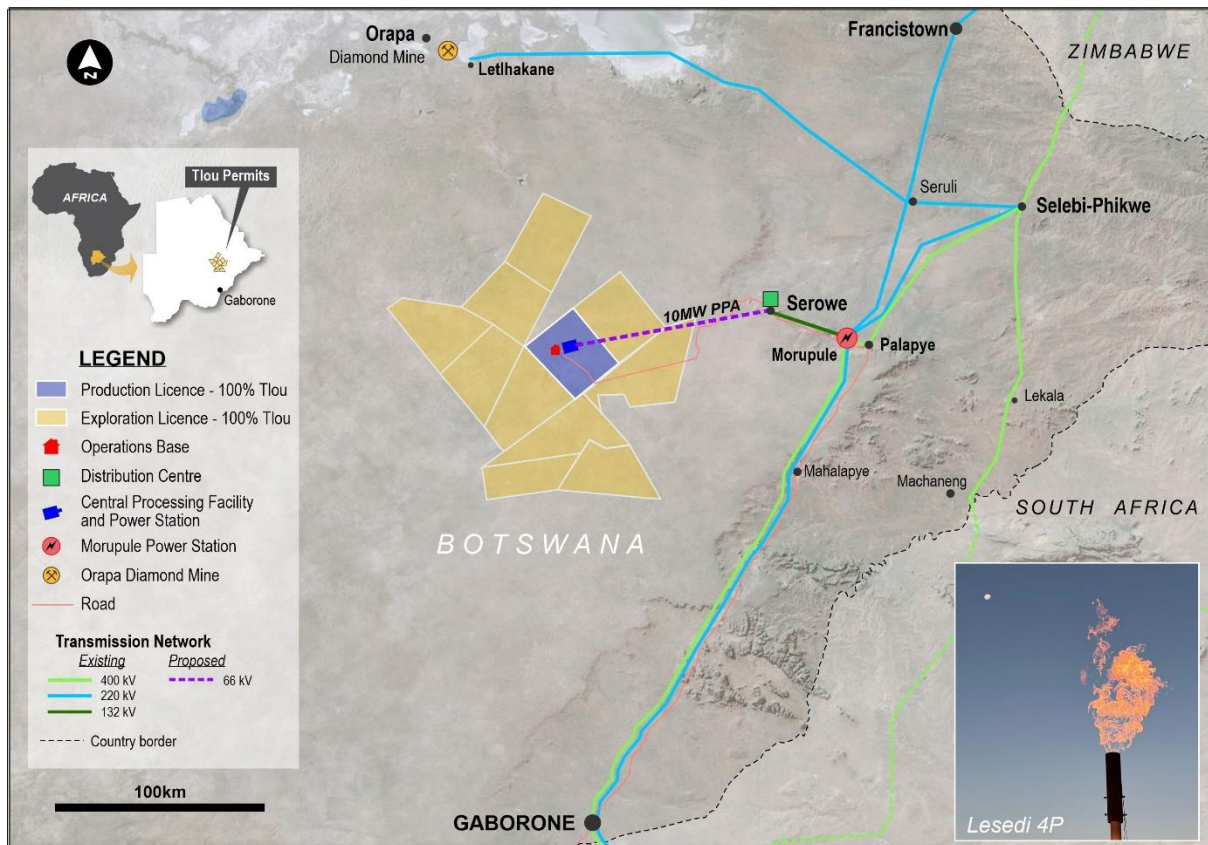


Figure 1. Tlou licenses

Tlou's tenements are prospective for gas, based on known underlying gassy coal sequences. Furthermore, the Company has utilised aeromagnetic data, which provides considerable sub-surface geological information. Tlou conducted a seismic survey in 2017 which further delineated the sub-surface particularly in the Mining Licence area. Drilling, aeromagnetic and seismic data was used by the Company's Independent Expert (SRK) to delineate Gas Reserves and Contingent Resources, all 100% Tlou owned (refer to Section 6.21).

Drilling campaign, gas flow rates and impact on economics

A new drilling campaign is underway, aiming to utilize improved drilling methods to increase the existing gas flow rates and hence, improve project economics. Each new pod (starting with Lesedi 6) is planned to consist of three wells: one vertical production well intersected by two lateral wells that are drilled for a distance of about seven hundred metres each.

The Lesedi 4 pod has been operating for 3 years. The Company has identified blockages where water has accumulated in the low points of the lateral wells, restricting the amount of gas able to be accessed. Tlou has assessed the length of the lateral wells that is contributing to the gas flow in Lesedi 4 and intends to deploy improved methods to drill straighter lateral wells (starting with Lesedi 6) and in this way, aims to reduce water accumulations that can restrict gas flow.

The new drilling campaign that Tlou is embarking on will comprise a series of production wells from which the initial goal is to generate at least 2MW of electricity in aggregate. The number of wells required will depend on the gas flow rate achieved from the new wells.

Government letter of support

Tlou has a letter of support from the Government of Botswana to expand beyond the contracted 10 MW (if successfully delivered by Tlou) as part of the 100MW Coal Bed Methane energy under Government's the Integrated Resource Plan programme.

Purchase of land for project access

Tlou is has completed the acquisition of 4,013 Ha of leasehold property on which the initial project development is taking place. This will provide unimpeded access to drilling and construction for water handling, operational facilities and the power plant.

Constructing the 66kV transmission line from Lesedi to Serowe

In November 2021, Tlou secured the initial USD\$5m of a potential USD\$10m investment from Botswana Public Officers Pension Fund to start construction of the electrical transmission line. This line is being constructed by Zismo Engineering, a Botswana based contractor, and is ~69% complete as at April 2023. Construction is progressing well and is currently expected to be completed in 3Q 2023. The Company is negotiating the second USD\$5 million tranche of the investment, but a binding agreement has not been executed.

Construction of substations and modular power station

The construction contract with Optipower for the substations was signed in January 2023. The substations are expected to be completed and delivered to Tlou in early 2024.

Once the Company's first modular power station is connected to the grid via the 66 kV transmission line currently being built, power generation capacity is planned to be incrementally scaled up as drilling and development work progress.

Tlou has engaged experienced consultants to advise on the best course of action in relation to the power generators, expansion options, timelines and costs.

1. Details of the Offer

1.1 Background to the Offer

The Company is undertaking a capital raising to raise up to \$10,645,473 via non-renounceable entitlement offer of approximately 304,156,361 Shares at an issue price of \$0.035 per Share (equivalent to £0.020 or BWP0.30).

1.2 What is the Offer?

The Offer is a non-renounceable entitlement issue of 4 New Shares for every 11 Shares held by Eligible Shareholders (or in respect of which Depositary Interests are held by Depositary Interest Holders) on the Record Date (being 7.00pm AEST in respect of Eligible Shareholders and 6.00pm (BST and CAT) in respect of Eligible Depositary Interest Holders), at an Issue Price of \$0.035 per New Share (equivalent to £0.020 or BWP0.30), to raise up to \$10,645,473 (before costs of the Offer).

Based on the capital structure of the Company as at the date of this Prospectus:

- (a) the maximum number of New Shares that will be issued pursuant to the Offer is 304,156,361 Shares.
- (b) the Company has 18,625,000 Performance Rights on issue which remain subject to vesting conditions and as such, cannot be exercised prior to the Record Date in order to participate in the Offer.
- (c) The Company has 115,772,900 Convertible Notes on issue, which may be converted at any time at the election of the holder at the higher of a 10% discount to the VWAP of the Company's Shares on the ASX over the 90 days preceding the conversion date and 6 Australian cents.

The Offer is made to Eligible Shareholders and Eligible Depositary Interest Holders only. In this regard, refer to Section 1.3.

For Eligible Shareholders, an Entitlement and Acceptance Form setting out your Entitlement accompanies this Prospectus. Eligible Depositary Interest Holders will have received a credit of Entitlements to their CREST stock accounts and are referred to Section 2.2 and also the CREST Manual for further information on the CREST procedures.

All of the New Shares offered under the Offer will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the New Shares.

The purpose of the Offer and the intended use of funds raised under the Offer are set out in Section 3.1 of this Prospectus.

England and Wales Notice: The Offer is not a rights issue, as that term is used in England and Wales. Eligible Depositary Interest Holders should note that although the Entitlements will be admitted to CREST and be enabled for settlement in CREST, applications in respect of entitlements under the Offer may only be made by the Eligible Depositary Interest Holder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Eligible Shareholders should note that the Entitlement and Acceptance Form is not a negotiable document and cannot be traded. Eligible Shareholders and Eligible Depositary Interest Holders should be aware that in the Offer, unlike in a rights issue (as this term is used in England and Wales), any New Shares not applied for will not be sold in the market or placed for the

benefit of Eligible Shareholders or Eligible Depository Interest Holders who do not apply under the Offer.

1.3 Eligibility to participate in the Offer

A person (**Eligible Shareholder** or **Eligible Depository Interest Holder**) will be eligible to participate in the Offer if:

- (a) the person was a registered holder of Shares (or AIM Depository Interests or BSE Depository Interests) at the relevant Record Date; and
- (b) the person's registered address is in Australia, the United Kingdom, Botswana or New Zealand or they are a Shareholder that Tlou Energy has otherwise determined (in its absolute discretion) is eligible to participate in the Offer; and
- (c) the person is not located in the United States and is not a US Person or acting for the account of or benefit of a person in the United States or a US Person.

Tlou reserves the right to determine whether a shareholder is an Eligible Shareholder or an Ineligible Shareholder, or an Eligible Depository Interest Holder or an Ineligible Depository Interest Holder.

If you have Depository Interests and have received a credit of Entitlements to your CREST stock account, please refer to Section 2.2 and also the CREST Manual for further information on the CREST procedures referred to below.

Performance rights holders are not entitled to participate in the Offer.

1.4 CREST Notice

- (a) If you have Entitlements and Excess CREST Entitlements credited to your stock account in CREST in respect of your entitlement under the Offer.

Save as provided in Section 1.18 in relation to certain Overseas Shareholders, each Eligible Depository Interest Holder will receive a credit to his stock account in CREST of his Entitlements equal to the maximum number of New Shares for which he is entitled to apply under the Offer. Entitlements to New Shares will be rounded down to the nearest whole number and fractional entitlements will be ignored and will not be allotted to Eligible Depository Interest Holders. Eligible Depository Interest Holders who hold Depository Interests in respect of fewer than 3 Existing Shares (or any entitlement to such number of Existing Shares) will, therefore, have no entitlement to subscribe under the Offer.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Depository Interests held by an Eligible Depository Interest Holder on the Record Date in respect of which the Entitlements have been allocated.

If for any reason the Entitlements cannot be admitted to CREST by, or the stock accounts of Eligible Depository Interest Holders cannot be credited by, 6.00pm (BST) on 23 May 2023 or such later time as the Company may decide, an Entitlement and Acceptance Form will be sent out to each Eligible Depository Interest Holder in substitution for the Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Eligible Shareholders with Entitlement and Acceptance Forms will apply to Eligible Depository Interest Holders who receive Entitlement and Acceptance Forms.

CREST members who wish to apply for some or all of their entitlements to New Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Computershare UK on 0370 702 0000. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for New Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) Market claims

Each of the Entitlements will constitute a separate security for the purposes of CREST. Although Open Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Entitlements may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction.

Transactions identified by the CREST Claims Processing Unit as “cum” the Basic Entitlement will generate an appropriate market claim transaction and the relevant Open Entitlement(s) will thereafter be transferred accordingly.

(c) Excess CREST

Open Entitlements will not be subject to Euroclear’s market claims process. Eligible Depository Interest Holder’s claiming Excess CREST Open Entitlements by virtue of a bona fide market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account

1.5 Offer non-renounceable

As the Offer is non-renounceable, Entitlements cannot be traded on the ASX, AIM or BSE, nor can they be sold, transferred, or otherwise disposed of. If you do not take up your Entitlement by the Closing Date, your Entitlement will lapse.

1.6 Is the Offer underwritten?

The Offer is partly underwritten by ILC Investments Pty Ltd, an entity controlled by Dr Ian Campbell, for up to A\$5,000,000 (representing 142,857,142 New Shares).

Details of the Underwriting Agreement are set out in Section 6.1. Subject to the terms and conditions of the Underwriting Agreement, New Shares not subscribed for under the Offer, including the Additional Shares Offer, will be subscribed by the Underwriter or it will procure that they are subscribed for, subject to the terms and conditions summarised in Section 6.1. Refer to Section 3.7 for information about the maximum voting power that the Underwriter may acquire as a result of the underwriting.

1.7 Is there a minimum subscription?

There is no minimum subscription to the Offer.

1.8 Your choices as an Eligible Shareholder or Eligible Depository Interest Holder

Eligible Shareholders and Eligible Depository Interest Holders may do any of the following:

- (a) take up their full Entitlement under the Offer;

- (b) take up their full Entitlement under the Offer and apply for Additional Shares (or, for Eligible Depository Interest Holders, Depository Interests in respect of such Additional Shares);
- (c) partially take up their Entitlement and allow the balance to lapse; or
- (d) decline to take up their Entitlement by taking no action.

1.9 What will the proceeds of the Offer be used for?

The proceeds of the Offer will be applied as set out in Section 3.1.

1.10 What is the effect of the Offer on the Company?

Refer to Section 3.2 and subsequent Section for details of the effect of the Offer on the Company. If Shareholders do not take up their Entitlements, they may be diluted by a maximum of 36.4%.

1.11 The Additional Shares Offer

Any Entitlement not taken up by Shareholders or holders of Depository Interests under the Offer will form the Additional Shares Offer. The Additional Shares Offer (or where applicable, additional Depository Interests) is a separate offer pursuant to this Prospectus. The issue price of the Additional Shares is the same as those under the Offer.

Eligible Shareholders or Eligible Depository Interest Holders who wish to subscribe for Shares above their Entitlement are invited to apply for Additional Shares under the Additional Shares Offer by completing the appropriate section on their Entitlement and Acceptance Form (for Eligible Shareholders) or, for Eligible Depository Interest Holders, following the instructions in Section 2.2. The allocation of the Additional Shares will be at the discretion of the Board.

Any money paid for Additional Shares that are not issued to an Eligible Shareholder or Eligible Depository Interest Holder who applies for them will be returned to the Eligible Shareholder, or, for Eligible Depository Interest Holders, by CREST payment, in each case without interest.

The Company notes that no Shares will be issued to an applicant under this Prospectus or via the Additional Shares Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the Additional Shares Offer to any related parties of the Company.

For information about restrictions in the Corporations Act that apply to the Offer and the Additional Shares Offer, refer to Section 3.6.

CREST Notice

Additional Shares Offer:

Eligible Depository Interest Holders may apply to acquire Additional Shares using the Additional Shares Offer. The Additional Shares Offer enables Eligible Depository Interest Holders to apply for Additional Shares in excess of their Entitlement.

The right to apply for Additional Shares pursuant to the Additional Shares Offer (**Excess CREST Entitlements**) may not be sold or otherwise transferred. Subject to Section 1.18, the CREST accounts of Eligible Depository Interest Holders will be credited with Excess

CREST Entitlements in order for any applications for Additional Shares to be settled through CREST.

Eligible Depository Interest Holders should note that, although the Entitlements and the Excess CREST Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Entitlements nor the Excess CREST Entitlements will be tradable or listed and applications in respect of the Offer may only be made by the Eligible Holders and Eligible Depository Interest Holders originally entitled or by a person entitled by virtue of a bona fide market claim.

To apply for Additional Shares pursuant to the Additional Shares Offer, Eligible Depository Interest Holders should follow the instructions in Section 2.2 and must not return a paper Entitlement and Acceptance Form and cheque.

1.12 Important Dates

Eligible Shareholders and Eligible Depository Interest Holders should note the following important dates:

Event	Date
Announcement of Offer	Friday, 12 May 2023
Ex-date	Tuesday, 16 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
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

Event	Date
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. 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 subject to the Corporations Act and the ASX Listing Rules.

1.13 Fees and Commissions

The Offer is partly underwritten up to A\$5,000,000 by ILC Investments Pty Ltd. Details of the Underwriting Agreement are set out in Section 6.1. Refer to Section 3.7 for information on the effect of the Underwriting Agreement on control of the Company.

1.14 Closing Date of the Offer

For Eligible Shareholders on the ASX, the Offer close will on 8 June 2023 at 5pm AEST. For Eligible Depository Interest Holders, the latest time and date for settlement of CREST application and payment in full under the Offer will be 1pm (BST) on 7 June 2023. For BSE applicants the offer will close at 1pm CAT on 7 June 2023.

The Company reserves the right to close the Offer early or to extend the Closing Date of the Offer without prior notice, subject to the ASX Listing Rules and the AIM Rules for Companies.

1.15 Costs of the Offer

The Company estimates the cash costs of the Offer to be approximately \$324,000. In this regard, refer to Section 6.20.

1.16 Quotation of New Shares and Admission of New Shares to trading on AIM

Application will be made within seven (7) days of the date of this Prospectus to the ASX for the New Shares issued pursuant to this Prospectus to be granted official quotation by ASX.

If granted, official quotation of the New Shares on ASX will commence as soon as practicable after allotment of the New Shares to Applicants and an application will be made to AIM and the BSE for admission at the same time. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

Should the New Shares not be granted official quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be issued and all Application Monies will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

Application will be made to the London Stock Exchange for admission of the New Shares to trading on AIM. It is expected that such Admission will take effect at 8.00am (BST) on 16 June 2023. Admission to BSE is expected to take place at 8.00am (CAT) on 16 June 2023.

1.17 Allotment

It is expected that allotment of the New Shares will take place shortly after the Closing Date of the Offer and the receipt of approval for quotation of the New Shares from ASX. In this regard, see Section 1.12.

1.18 Ineligible Shareholders and Ineligible Depository Interest Holders

All Shareholders who are not Eligible Shareholders (**Ineligible Shareholders**) and all holders of Depository Interests who are not Eligible Depository Interest Holders (**Ineligible Depository Interest Holders**) are ineligible to participate in the Offer. Ineligible Shareholders and Ineligible Depository Interest Holders will not be entitled to participate in the Offer.

Shareholders who are not Eligible Shareholders and holders of Depository Interests who are not Eligible Depository Interest Holders will not be entitled to participate in the Offer or to subscribe for New Shares. The restrictions upon eligibility to participate in the Offer arise because Tlou Energy has made a determination pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Offer to Ineligible Shareholders and Ineligible Depository Interest Holders, as it is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with the regulatory compliance in each relevant jurisdiction in which Ineligible Shareholders and Ineligible Depository Interest Holders are located.

The Company disclaims any liability in respect of the exercise or otherwise of that determination and discretion, to the maximum extent permitted by law.

To the extent that a person holds Shares or Depository Interests on behalf of another person resident outside Australia, the United Kingdom, Botswana or New Zealand, it is that person's responsibility to ensure that any acceptance complies with all applicable foreign laws.

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries outside of Australia, the United Kingdom, Botswana and New Zealand in which Shareholders or holders of Depository Interests may reside. The distribution of this Prospectus in jurisdictions other than Australia, the United Kingdom, Botswana or New Zealand may be restricted by law and any failure to comply with such restrictions might constitute a violation of applicable securities laws.

In any event, the Offer (and the Additional Shares Offer) are only made to and may only be accepted by Eligible Shareholders and Eligible Depository Interest Holders. No offer is made pursuant to this document in any place in which, or to any person to whom, it would be unlawful to make such an offer.

The communication of this Prospectus, the Entitlement and Acceptance Form, and any other documents, announcements or other materials relating to the Offer, as a financial promotion has not been approved for the purposes of section 21 of FSMA and, within the United Kingdom, is only being made to, and may only be acted upon by, those persons falling within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, which includes existing members of Tlou Energy Limited. Within the United Kingdom, any investment or investment activity to which this Document, the Entitlement and Acceptance Form, and any other documents, announcements or other materials relating to the Offer relates is available only to such persons and will be engaged in only with such persons.

1.19 Notice to Nominees, Trustees and Custodians

Nominees, trustees or custodians must not apply for Entitlements on behalf of any beneficial holder that would not itself be an Eligible Shareholder or Eligible Depositary Interest Holder. Shareholders who hold Shares or Depositary Interest Holders who hold Depositary Interests on behalf of persons who are resident outside United Kingdom, Botswana, Australia or New Zealand are responsible for ensuring that accepting an Offer and receiving New Shares does not breach regulations in the relevant overseas jurisdictions. Return of a completed Entitlement and Acceptance Form, payment via BPAY or taking up any entitlement credited to a stock account within CREST will constitute a representation by the Applicant that there has been no breach of such regulations with respect to the Offer.

Eligible Shareholders or Eligible Depositary Interest Holders who are nominees, trustees and custodians are therefore advised to seek independent advice as how they should proceed. Failure to comply with restrictions set out in this Prospectus may result in violations of applicable securities laws.

1.20 Directors' interests in the Company and intentions to participate in the Offer

The Directors' beneficial interests in the capital of the Company at the date of this 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 ⁶	Maximum number of shares*	Maximum % Voting Power at close of the Offer*
Tony Gilby ¹	41,000,000	4.90%	14,909,090	9,000,000	50,000,000	4.38%
Hugh Swire ²	11,065,921	1.32%	4,023,971	1,000,000	12,065,921	1.06%
Colm Cloonan ³	3,359,684	0.40%	1,221,703	1,221,703	4,581,387	0.40%
Gabaake Gabaake ⁴	385,999	0.05%	140,363	-	385,999	0.03%
Martin Mclver ⁵	1,097,816	0.13%	399,205	-	1,097,816	0.10%

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

Notes:

This table assumes no performance rights vest during the offer period. The key terms of the performance rights are set out in Section 3.4 of this Prospectus.

1. Tony Gilby holds 750,000 performance rights
2. Hugh Swire holds 500,000 performance rights
3. Colm Cloonan holds 4,750,000 performance rights
4. Gabaake Gabaake holds 2,750,000 performance rights
5. Martin Mclver holds 750,000 performance rights

The Directors reserve their rights to subscribe for their full Entitlements.

1.21 Risks of the Offer

An investment in securities of the Company should be regarded as speculative.

In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company, which are described in Section 5. Those risks include:

- (a) in relation to the Company and industry in which it operates, risks relating to the following:
 - (i) Cash position – at the end of March 2023, the Company had ~AUD\$3.5m cash at bank. The Offer will enable the Company to maintain the current

pace of development of its Lesedi Project in Botswana and avoid scaling back those activities;

- (ii) Future Capital Requirements – the Company is likely to raise further capital in the future as development of the Lesedi Project progresses, including potential debt or equity raisings; equity raisings may dilute existing Shareholders in future;
- (iii) Delays and cost overruns – there are circumstances beyond the Company’s control that may result in delays to its project development activities and result in cost overruns;
- (iv) Development Risks;
- (v) Operational risks;
- (vi) Exchange rates;
- (vii) Exploration, appraisal and production risks;
- (viii) Gas Flow Rates and Gas Sales Agreement Risk;
- (ix) Geotechnical risk;
- (x) Resource and reserve estimates;
- (xi) Tenement Risk;
- (xii) Electricity Markets Risk;
- (xiii) Price of gas volatility;
- (xiv) Drilling and Completion Techniques Risk;
- (xv) Environmental risks;
- (xvi) Access to Infrastructure Risk;
- (xvii) Royalties and Taxes;
- (xviii) Country, Geopolitical and Sovereign Risk;
- (xix) Reliance on gas development and production activity;
- (xx) Community opposition risk;
- (xxi) Legal Risks;
- (xxii) Legislation and Regulatory Risk;
- (xxiii) Joint Venture Risk;
- (xxiv) Occupational Health and Safety Risk;
- (xxv) Reliance on Key Personnel Risk;
- (xxvi) Insurance;

- (xxvii) Pandemic and coronavirus (COVID-19) risks;
 - (xxviii) Information systems and cyber risk;
 - (xxix) Force majeure;
 - (xxx) Competition;
 - (xxxi) Climate change;
 - (xxxii) Not a suitable investment product for investors looking for exposure to Net Zero financial products;
 - (xxxiii) Dividends; and
 - (xxxiv) Litigation.
- (b) General Investment risks, related to the following:
- (i) securities investments and share market conditions;
 - (ii) liquidity risk;
 - (iii) economic risk;
 - (iv) changes in laws and government policy;
 - (v) taxation;
 - (vi) global credit and investment markets;
 - (vii) counterparty risk;
 - (viii) insurance; and
 - (ix) unforeseen expenditure.

1.22 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Offer Securities under this Prospectus.

1.23 Brokerage, handling fees and stamp duty

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for New Shares under this Prospectus. The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment.

2. How to Apply under the Offer

2.1 Acceptance by Eligible Shareholders - Australia

If you are an Eligible Shareholder and you wish to take up all or part of your Entitlement, your acceptance of the Offer must be made by making a payment (by BPAY® for ASX holders and via bank transfer for BSE holders) using the personal reference number on the Entitlement and Acceptance Form accompanying this Prospectus so that the payment is received prior to the Closing Date of the Offer. Your acceptance must not exceed your Entitlement as shown on that form, unless you intend to apply for additional Shares under the Additional Shares Offer (refer to Sections 1.11 and 2.4 for further information), in which case the Additional Shares applied for will be deemed to be an application for Shares under the Additional Shares Offer.

2.2 Acceptance by Eligible Depositary Interest Holders

(a) USE instructions

CREST members who wish to apply for New Shares in respect of all or some of their Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event ("USE") instruction to Computershare UK which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Depositary under the participant ID and member account ID specified below, with a number of Entitlements corresponding to the number of New Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Depositary in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of New Shares referred to in (i) above.

(b) Content of USE instructions

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of New Shares for which application is being made (and hence the number of the Entitlement(s) being delivered to the Depositary);
- (ii) the ISIN of the Entitlement - to be advised;
- (iii) the CREST participant ID of the accepting CREST member; the relevant Computershare CREST Participant and ID and member account for the Offer are 8RA25 (PART ID) and TLUOPN01 (Member Account);
- (iv) the CREST member account ID of the accepting CREST member from which the Entitlements are to be debited;
- (v) the participant ID of the Share Registry, in its capacity as a CREST receiving agent; This is 8RA25;

- (vi) the member account ID of the Share Registry in its capacity as a CREST receiving agent. This is TLUOPN01 ;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 1pm (BST) on 7 June 2023;
- (ix) the Corporate Action Number for the Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 1pm (BST) on 7 June 2023.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

(c) Content of USE instruction in respect of Excess CREST Open Entitlements

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of New Shares for which application is being made (and hence the number of the Excess CREST Entitlement(s) being delivered to the Depository);
- (ii) the ISIN of the Excess CREST Entitlement - to be advised;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Entitlements are to be debited;
- (v) the participant ID of the Share Registry in its capacity as a CREST receiving agent. This is 8RA25;
- (vi) the member account ID of the Share Registry in its capacity as a CREST receiving agent. This is TLUOPN01;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 1pm (BST) on 7 June 2023; and

- (ix) the Corporate Action Number for the Offer. This will be available by viewing the relevant corporate action details in CREST. In order for an application in respect of an Excess CREST Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 1pm (BST) on 7 June 2023. In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction;
- (x) a contact name and telephone number (in the free format shared note field); and
- (xi) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 7 June 2023 in order to be valid is 1pm (BST) on that day.

In the event that the Directors withdraw the Offer, the Entitlements admitted to CREST will be disabled and the Share Registry will refund the amount paid by an Eligible Depository Interest Holder by way of a CREST payment, without interest, within 14 days thereafter. The interest earned on such monies will be retained for the benefit of the Company.

(d) Deposit of Entitlements into, and withdrawal from, CREST

An Eligible Shareholder's entitlement under the Offer as shown by the number of Entitlements set out in his Entitlement and Acceptance Form may be deposited into CREST (by virtue of a bona fide market claim only). Similarly, Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Offer is reflected in an Entitlement and Acceptance Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Entitlement and Acceptance Form.

A holder of an Entitlement and Acceptance Form who is proposing to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Entitlements and the entitlement to apply under the Additional Shares Offer following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to before 1pm (BST) on 7 June 2023.

In particular, having regard to normal processing times in CREST and on the part of the Share Registry, the recommended latest time for depositing an Entitlement and Acceptance Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Offer set out in such Entitlement and Acceptance Form as Entitlements in CREST, is 3pm (BST) on 30 May 2023, and the recommended latest time for receipt by Computershare UK of a dematerialised instruction requesting withdrawal of Entitlements from CREST is 4.30pm (BST) on 30 May 2023 in either case so as to enable the person acquiring or (as appropriate) holding the Entitlements following the deposit or withdrawal (whether as shown in an Entitlement and Acceptance Form or held in CREST) to take all necessary steps in connection with applying in respect of the Entitlements prior to 1pm (BST) on 7 June 2023.

Delivery of an Entitlement and Acceptance Form with a CREST Deposit Form duly completed whether in respect of a deposit into the account of the Eligible Holder named in the Entitlement and Acceptance Form or into the name of another person, shall constitute a representation and warranty to the Company and the Share Registry by the relevant CREST member(s) that the deposit is in relation to a bona fide market claim and a declaration to the Company and the Share Registry from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of a Restricted Jurisdiction.

2.3 Taking up all of your Entitlement

If you wish to accept your full Entitlement you must use BPAY® in Australian currency for ASX holders, GBP via CREST for Eligible Depository Interest Holders and BWP via bank transfer for BSE holders in accordance with Section 2.7 for the amount indicated on and in accordance with the instructions referred to on the Entitlement and Acceptance Form and in this Prospectus including, in respect of Eligible Depository Interest Holders, paragraph 2.11.

2.4 Taking up all of your Entitlement and applying for Additional Shares

If you wish to apply for Additional Shares after accepting your full Entitlement in accordance with Section 2.2, then you must complete a BPAY® payment in Australian currency for ASX holders, GBP via CREST for Eligible Depository Interest Holders and BWP via bank transfer for BSE holders for the appropriate Application Monies and in accordance with the instructions referred to on the Entitlement and Acceptance Form and in this Prospectus including, in respect of Eligible Depository Interest Holders, Section 2.11.

2.5 Applying for only part of your Entitlement

If you only wish to accept *part* of your Entitlement, you must complete a BPAY® payment in Australian currency for ASX holders, GBP via CREST for Eligible Depository Interest Holders and BWP via bank transfer for BSE holders, for the appropriate Application Monies and in accordance with the instructions referred to on the Entitlement and Acceptance Form and, for Eligible Depository Interest Holders, Section 2.11.

2.6 Not accepting any part of your Entitlement

If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

2.7 No payments by cheque/bank draft

Eligible Shareholders are asked not to forward cheques or bank drafts as these payments will not be accepted. Receipts for payment will not be provided.

2.8 No cash payments

Eligible Shareholders are asked not to forward cash as cash payments will not be accepted. Receipts for payment will not be provided.

2.9 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5pm AEST for ASX holders on 8 June 2023, 1pm BST for Depository Interest Holder on AIM on 7 June 2023 and 1pm CAT for BSE holders on 7 June 2023. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment. You should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of New Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

2.10 Binding effect of Entitlement and Acceptance Form - Australia

A payment made through BPAY, CREST or bank transfer, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and once paid, cannot be withdrawn.

By making a payment by BPAY, CREST or bank transfer, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder or Eligible Depository Interest Holder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Offer;
- (b) you acknowledge that the New Shares have not been and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside United Kingdom, Botswana, Australia or New Zealand; and
- (c) you have not and will not send any materials relating to the Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

2.11 CREST – validity of applications

- (a) Effect of Valid Application

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) agree with the Company that all applications under the Offer and contracts resulting therefrom and any non-contractual obligations related thereto shall be governed by, and construed in accordance with, the laws of Queensland, Australia;
- (ii) confirm to the Company that in making such application it is not relying on any information in relation to the Company other than that contained in this document and that which is publicly available and agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such

other information and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information concerning the Company contained herein (including information incorporated by reference) or otherwise publicly available;

- (iii) represent and warrant to the Company that he is the Eligible Depository Interest Holder originally entitled to the Entitlements and Excess Entitlements or, if he has received some or all of his Entitlements and Excess Entitlements from a person other than the Company, that he has received such Entitlements and Excess Entitlements by virtue of a bona fide market claim;
 - (iv) represent and warrant to the Company that he has the right, power and authority, and has taken all action necessary, to make the application under the Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Shares or acting on behalf of any such person on a non-discretionary basis;
 - (v) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Depository payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
 - (vi) request that the New Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Constitution of the Company;
 - (vii) represent and warrant to the Company that he is not, and is not applying on behalf of any Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he is not applying with a view to reoffering, reselling, transferring or delivering any of the New Shares which are the subject of this application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction (in each case except where proof satisfactory to the Company has been provided that he is able to accept the invitation by the Company free of any requirement which the Company, or (in their absolute discretion) regard as unduly burdensome), nor is he acting on behalf of any such person on a non- discretionary basis; and
 - (viii) represent and warrant to the Company that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (Depository receipts) or Section 96 (clearance services) of the Finance Act 1986.
- (b) Company's discretion as to the rejection and validity of applications

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 2;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub paragraph the "first instruction") as not constituting a valid application if, at the time at which the Share Registry receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Share Registry have received actual notice from Computershare of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for New Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Depositary in connection with CREST.

The Company will treat an Eligible Shareholders as applying for as many New Shares as their payment will pay for in full up to their Entitlement, plus any Additional Shares (if any) as their payment will pay for.

2.12 If you are a Shareholder resident in Botswana

The Offer may be made available to Shareholders who are resident in Botswana subject to the Company receiving approval from the BSE. If approval is granted by the BSE, an Entitlement and Acceptance Form will be sent to such Shareholders resident in Botswana, and they will be deemed to be "Eligible Shareholders" at such time. If applicable, the Entitlement and Acceptance Form sent to such Shareholders will include the action to be taken by you in respect on the Offer, and the number of New Shares available under their Entitlement that can be allotted.

2.13 Money laundering regulations

(a) Entitlements in CREST

If you hold your Entitlements and Excess CREST Entitlements in CREST and apply for New Shares in respect of some or all of your Entitlements or Excess CREST Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Computershare UK is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore

contact the Share Registry before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Share Registry such information as may be specified by the Share Registry as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Share Registry as to identity, the Share Registry may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the New Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the New Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

(b) Overseas Shareholders

The comments set out in this Section 2.13 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

2.14 Enquiries concerning your Entitlement or an Application Form

For enquiries concerning your Entitlement or an Application Form should be made using contact details provided in the Corporate Directory in this Prospectus during the Offer period.

Depository Interest holders who have any queries on the procedure for acceptance and payment should contact Computershare UK on 0370 702 0000 between 8.30 a.m. and 5.30 p.m. (BST) Monday to Friday (except UK public holidays) from within the UK or +44 370 702 0000 if calling from outside the UK. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any legal or tax advice.

BSE holders who have any queries on the procedure for acceptance and payment should contact Corpserve Botswana on +267 393 2244 between 8.00 a.m. and 4.30 p.m. (Gaborone time) Monday to Friday (except public holidays) or via email at contactus@corpservebotswana.com. The helpline cannot provide advice on the merits of the Offer nor give any legal or tax advice.

3. Purpose and Effect of the Offer

3.1 Purpose

The purpose of the Offer is to raise up to \$10,645,473 (excluding costs of the Offer).

The funds raised from the Offer along with existing cash as at 31 March 2023 and the A\$2m loan received from ILC Investments Pty Ltd (as per the market announcement on 2 May 2023) are planned to be used in accordance with the table set out below:

Inflows	A\$m
Fully Subscribed Entitlement Offer	10.65
Existing Cash at 31/03/2023	3.54
ILC Loan received	2.00
Total	16.19
Allocation of Funds¹	
Transmission line and substations	7.17
Drilling and field operating costs	3.75
Generation assets	1.30
Land purchases	0.68
Construction of operation and generation facility	0.64
Working capital	2.33
Costs of the Offer ²	0.32
TOTAL	16.19

Notes:

1. The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to materially affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis and otherwise having regard to their fiduciary duties.

2. Refer to section 6.20 of this Prospectus for further details relating to the estimated expenses of the Offer.

3.2 Effect of the Offer on the Company

The principal effects of the Offer will be to:

- (a) increase the number of Shares on issue from 836,429,994 as at the date of this Prospectus (including Shares issued under the Placement) to up to 1,140,586,355 Shares (assuming no performance rights vest or convertible notes are converted before the Record Date); and
- (b) increase the estimated cash available to the Company by \$10,645,473 (before costs of the Offer).

3.3 Pro Forma balance sheet

The Company's reviewed balance sheet as at 31 December 2022 and the pro-forma balance sheet as at 31 March 2023 shown below have been prepared on the basis of accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared on the basis that all Entitlements are accepted and no performance rights vest or convertible notes are converted prior to the

Record Date, includes expenses of the Offer and also includes the Loan received from ILC Investments Pty Ltd.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company as noted below. The historical and pro forma financial information is presented in abbreviated form, in that it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Reviewed	Unaudited	Unaudited
		Pro-forma	Pro-forma
	31-Dec-22	31-Mar-23	Post Offer
	AUD	AUD	AUD
CURRENT ASSETS			
Cash and cash equivalents	6,154,779	3,539,773	15,861,246
Trade and other receivables	427,322	810,005	810,005
Other current assets	1,082,016	1,287,585	1,287,585
TOTAL CURRENT ASSETS	7,664,117	5,637,363	17,958,836
NON-CURRENT ASSETS			
Exploration and evaluation assets	49,740,884	50,879,773	50,879,773
Other non-current assets	587,016	734,806	734,806
Property, plant and equipment	288,029	381,181	381,181
Contract costs	3,526,329	5,721,856	5,721,856
TOTAL NON-CURRENT ASSETS	54,142,258	57,717,616	57,717,616
TOTAL ASSETS	61,806,375	63,354,979	75,676,452
CURRENT LIABILITIES			
Trade and other payables	1,226,537	952,106	952,106
Derivatives	12,184	10,908	10,908
Lease liabilities	14,872	15,516	15,516
Provisions	339,694	338,813	338,813
TOTAL CURRENT LIABILITIES	1,593,287	1,317,343	1,317,343
NON-CURRENT LIABILITIES			
Loans and Convertible notes	7,633,374	7,773,607	9,773,607
Derivatives	64,237	64,237	64,237
Lease liabilities	47,163	42,831	42,831
Provisions	113,000	115,000	115,000
TOTAL NON-CURRENT LIABILITIES	7,857,774	7,995,675	9,995,675
TOTAL LIABILITIES	9,451,061	9,313,018	11,313,018
NET ASSETS	52,355,314	54,041,961	64,363,434
EQUITY			
Contributed equity	111,764,427	115,032,292	125,353,765
Reserves	(7,838,089)	(8,175,861)	(8,175,861)
Accumulated losses	(51,571,024)	(52,814,470)	(52,814,470)
TOTAL EQUITY	52,355,314	54,041,961	64,363,434

Note 1

The Statement of Financial Position at 31 December 2022 has been extracted from the reviewed financial statements of the Company for the half year ended 31 December 2022 as released to the ASX on 9 March 2023.

Note 2

The pro-forma adjustments for actual material changes subsequent to 31 December 2022 and up to 31 March 2023 comprise:

- (a) Decrease in Cash and cash equivalents of approximately \$2.6m is due mainly to expenditure on transmission line construction, development of the operations facility for the Company's Lesedi project, and drilling and exploration related expenditure.
- (b) Increase in Exploration and evaluation costs of approximately \$1.1m relating to operations completed during the period.
- (c) Increase in Contract costs of approximately \$2.2m representing expenditure on the transmission line and supporting infrastructure for the Company's Lesedi project.
- (d) Increase in Contributed equity of approximately \$3.3m following receipt of placement funds during the period.

3.4 Effect of the Offer on the Company's Capital Structure

The capital structure of the Company, following completion of the Offer, is expected to be as follows:

Shares	Number
Shares on issue as at the date of this Prospectus ¹	836,429,994
To be issued pursuant to the Offer	304,156,361
Total Shares on issue at close of the Offer ²	1,140,586,355

Notes:

1. Refer to Section 4.1 for the rights attaching to Shares (including New Shares).

2. Assumes no performance rights vest and that no Convertible Notes are converted before the Record Date and full subscription under the Offer. The key terms of the performance rights are set out below. The Convertible Notes may be converted at any time at the election of the holder at the higher of a 10% discount to the VWAP of the Company's Shares on the ASX over the 90 days preceding the conversion date and 6 Australian cents.

The Offer is partly underwritten to \$5,000,000, representing 142,857,142 New Shares. Refer to Section 6.1 for details of the terms of the Underwriting Agreement and Section 3.7 concerning the potential increase in voting power of the Underwriter.

Performance Rights	Number
Performance Rights on issue as at the date of this Prospectus ¹	18,625,000
Total Performance Rights on issue at close of the Offer	18,625,000

Note:

The key terms of the performance rights are as follows:

Issue Date	Hurdle Price	1/01/2023	Issued	Exercised	Expired	31/03/2023
21/01/2017	\$0.28	2,275,000	-	-	-	2,275,000
19/10/2018	\$0.165	2,225,000	-	-	50,000	2,175,000
19/10/2018	\$0.22	2,225,000	-	-	50,000	2,175,000
15/12/2021	\$0.10	3,000,000	-	-	-	3,000,000
15/12/2021	\$0.165	3,000,000	-	-	-	3,000,000
1/02/2023	\$0.165	-	2,000,000	-	-	2,000,000

1/02/2023	\$0.22	2,000,000	-	-	2,000,000
1/02/2023	\$0.28	2,000,000	-	-	2,000,000
		12,725,000	6,000,000	-	100,000
					18,625,000

Convertible Notes	Number
Convertible Notes on issue as at the date of this Prospectus ¹	115,772,900
Total Convertible Notes on issue at close of the Offer	115,772,900

Note:

1. The Convertible Notes may be converted at any time at the election of the holder at the higher of a 10% discount to the VWAP of the Company's Shares on the ASX over the 90 days preceding the conversion date and 6 Australian cents.

3.5 Substantial Shareholders

The particulars of the Company's substantial Shareholders are set out below (as at the date of this Prospectus):

Shareholder	Holding ¹	Voting Power
ILC Investments Pty Ltd ²	214,285,714	25.62%
FNB Nominees	47,230,769	5.65%
Anthony Gilby and associated entities	41,000,000	4.9%

Notes:

1. These interests do not take into account participation in the Offer and the above persons' ultimate voting power will depend on their participation in the Offer and the number of New Shares ultimately issued under the Offer (including the Shortfall Facility).
2. Refer below and to Sections 3.6 and 3.7 for important information about this entity (which is the Underwriter) and its current and prospective voting power in the Company.

3.6 Effect of the Offer on control of the Company

Proportion of Shares represented by the Offer

The maximum total number of New Shares proposed to be issued under the Offer is approximately 304,156,361 (assuming all Entitlements are taken up), which will constitute 26.67% of the Shares on issue following completion of the Offer (assuming no performance rights vest or convertible notes are converted prior to the Record Date).

Examples of how dilution as a result of the Offer may impact Shareholders are set out below:

Holder	Shares at Record date	% at Record Date	Entitlement - Shares	Holdings if Entitlement not taken Up	% post Offer
Shareholder 1	50,000,000	5.98%	18,181,818	50,000,000	4.38%
Shareholder 2	30,000,000	3.59%	10,909,091	30,000,000	2.63%
Shareholder 3	10,000,000	1.20%	3,636,364	10,000,000	0.88%
Shareholder 4	1,000,000	0.12%	363,636	1,000,000	0.09%
Shareholder 5	500,000	0.06%	181,818	500,000	0.04%
Shareholder 6	100,000	0.01%	36,364	100,000	0.01%

Takeover Regulation applicable to the Offer

Under section 606 of the Corporations Act, a person cannot acquire a relevant interest in the issued voting shares of the Company if, because of a transaction in relation to securities of the Company, a person's voting power in the company increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

There are certain exceptions to the above prohibition in section 611 of the Corporations Act. Item 13 of section 611 of the Corporations Act (**Underwriting Exception**) provides an exception for an acquisition pursuant to a disclosure document where:

- (a) the issue is to a person as an underwriter to the issue; and
- (b) the disclosure document discloses the effect that the acquisition would have on the person's Voting Power in the company.

Item 10 of section 611 of the Corporations Act (**Rights Issue Exception**) provides an exception for an acquisition pursuant to a rights issue, if the following conditions are satisfied:

- (a) the Company offers to issue securities to every person who holds securities on a pro-rata basis;
- (b) all of those persons have a reasonable opportunity to accept the offers made to them;
- (c) agreements to issue are not entered into until the closing date of the offer; and
- (d) the terms of the offer are all the same

However, since the Company has not appointed a nominee in respect of the Entitlements of Ineligible Shareholders as required by section 615 of the Corporations Act, the Rights Issue Exception under section 611 Item 10 of the Corporations Act is not available to Shareholders taking up their Entitlement under the Offer.

However, the Underwriting Exception applies to the Underwriter. The effect of this exception is set out below in Section 3.7. Following the Offer, the Underwriter may increase its voting power in the Company as detailed in that Section.

Section 606 cap on allocations

As a consequence of the non-application of the Underwriting Exception or Rights Issue Exception to Eligible Shareholders (other than the Underwriter), the Company will not issue New Shares to any Applicant or other person if the result of any such issue would result in any person (and that person's associates) acquiring a relevant interest contrary to section 606 of the Corporations Act. This may result in the Company scaling back applications from Eligible Shareholders to ensure that no breach of section 606 of the Corporations Act occurs.

Without limiting the above, it is the responsibility of Eligible Shareholders to ensure that their participation under the Offer does not result in them breaching section 606 of the Corporations Act. Eligible Shareholders, by lodging applications for New Shares, acknowledge and accept the right and obligation of the Company to not allot or issue New Shares to them which would result in any breach by them of section 606 of the Corporations Act and direct the Company to so act. Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in section 606 as a result of acceptance of their Entitlement should seek professional advice before completing and returning their Entitlement and Acceptance Form.

3.7 Underwriter voting power as a result of the Offer

There is an exemption from Section 606 of the Corporations Act for Underwriters to an enticement issue such as the Offer.

The Underwriter, ILC Investments Pty Ltd, an entity controlled by Dr Ian Campbell, is not a related party of the Company for the purposes of the Corporations Act (although the Underwriter is classed as a related party under the AIM Rules for Companies), but is a Substantial Shareholder (see section 3.5). It currently has voting power of 25.62%.

ILC Investments Pty Ltd has agreed to partly underwrite the Offer up to \$5,000,000 (representing a maximum of 142,857,142 New Shares). Therefore, any New Shares not applied for by the Closing Date (including under the Additional Shares Offer) will form a shortfall (**Shortfall Shares**). Since the Rights Issue Exception in Item 10 of section 611 of the Corporations Act does not apply to the Offer, the Underwriter will not take up its Entitlement under the Offer.

The Directors and Underwriter reserve the right to allocate and issue Shortfall Shares within 3 months after the Closing Date at the same price as New Shares have been offered under this Prospectus.

Allocation of the Shortfall Shares will be at the discretion of the Company in consultation with the Underwriter and will otherwise be subject to the terms of the Underwriting Agreement, as set out in Section 6.1.

The Underwriter's maximum relevant interest in Shares and voting power in the Company under several scenarios are set out in the table below (which assumes that no further Shares are issued):

Voting Power	No Shortfall		25% Shortfall		50% Shortfall		75% Shortfall		100% Shortfall	
ILC Investments Pty Ltd (Underwriter)	214,285,714	18.8%	290,324,804	25.5%	357,142,856	31.6%	357,142,856	33.8%	357,142,856	36.47%
Other Shareholders	926,300,641	81.2%	850,261,551	74.5%	774,222,461	68.4%	698,183,370	66.2%	622,144,280	63.53%
Total Shares at close		100%		100%		100%		100%		100%

Notes:

1. Assumes that the Underwriter does not place New Shares forming part of the shortfall to third parties.
2. Note that the Underwriting is capped at \$5,000,000 or 142,857,142 New Shares.

As illustrated by the table above, if there is a shortfall such that the Underwriter is required to subscribe for the entire underwritten amount of \$5,000,000, its Shareholding would increase from 214,285,714 to 357,142,856 Shares, increasing its voting power from its current level of 25.62% to a maximum of 36.47%. Conversely, if Shareholders other than the Underwriter take up all their Entitlements, the Underwriter's voting power will decrease from its current level of 25.62% to approximately 18.8%.

4. Rights and Liabilities attaching to the New Shares

4.1 New Shares

Full details of the rights and liabilities attaching to the New Shares, which rank equally with all other Existing Shares, are:

- (a) detailed in the Company's Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the New Shares, which are fully paid ordinary shares that rank equally with all Shares currently on issue.

This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the Board may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Election of Directors

There must be a minimum of 3 Directors and the Board may set a maximum number of Directors. At every annual general meeting one third of the Directors (rounded up to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office

until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(g) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(h) Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Shareholders:

- (i) divide the assets of the Company among the members in kind;
- (ii) for that purpose, fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- (iii) if members approve by special resolution, vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks appropriate, but members may not be compelled to accept any securities in respect of which the member incurs any liability.

(i) Shareholder liability

As the New Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision.

If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

5. Risk Factors

The New Shares offered under the Prospectus are considered speculative.

An investment in the Company is not risk free and the Directors strongly urge potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult with their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

Prior to deciding whether to participate in the Offer, investors should read the entire Prospectus and review announcements made by the Company to ASX (at www.asx.com.au under the code **TOU**), in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

Securities do not carry any guarantee with respect to the payment of any dividends, returns of capital or the market value of those securities.

There are specific risks which relate directly to the Company's business. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is a not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.1 Company and industry risks

(a) Cash position

At the end of March 2023, the Company had ~AUD\$3.5m cash at bank. Without access to further funding through the Offer, at the pace of current levels of development activity, the Company would run out of cash within the next three months, unless it elected to significantly scale back development works for its Lesedi Project. The Offer is aimed at further funding the Company's ongoing development activities at current levels on its Lesedi Project in Botswana.

(b) Future Capital Requirements

The ability of the Company to meet future proposed work programs for completion of the Lesedi Project may be dependent on the Company's ability to raise further funds in future.

There can be no assurance that sufficient capital funding will be available to Tlou on favourable terms or at all. If Tlou is unable to raise necessary capital, there may be a reduction in planned capital expenditure (by a scaling back of development works), which could have an adverse effect on Tlou's ability to expand its business and/or maintain operations at current levels; this could, in turn, have a material adverse effect on Tlou's business, financial condition and operations.

If the Company undertakes additional equity offerings in the future, in addition to diluting existing Shareholders who do not participate, the increase in the number of Shares issued could have a depressive effect on the price of the Company's Shares.

(c) Development Risks, delays and cost overruns

The Company is constructing infrastructure to support the supply of electricity from its Lesedi Project to the national power grid, including a power line. This construction is complex and subject to variables, such as requirements imposed by the regulators and

state-owned utilities that have potential to increase project development costs and cause delays to planned construction.

There are a number of risks inherent in the development of any CBM Project, in addition to other uncertainties set out elsewhere in this Section. These uncertainties include:

- (i) the ultimate timing and cost, which can be considerable, of the construction of gas and electricity production and processing facilities; and
- (ii) the availability and cost of skilled labour and specialised equipment.

Connection to the power grid requires specialised equipment and components and the cooperation of third party infrastructure owners and labour to allow connection to occur. Delays in procuring this equipment or labour or delays occasioned by a lack of cooperation from third parties, are beyond the Company's control, but have the potential to delay completion of the Lesedi Project works, increasing costs.

In addition, operating costs and capital expenditure estimates may fluctuate considerably as a result of changes in the prices of materials, labour and commodities used in the construction of the Company's projects. Accordingly, development of the Company's projects may ultimately be less profitable than anticipated or may not be profitable at all.

Delays to project development may also be caused by contractors of the Company defaulting on their obligations. Seeking redress for such defaults will delay project development and increase the Company's costs.

(d) Operational risks

Coalbed methane (CBM) exploration and development activities and electricity generation through gas fired power or solar power involve numerous operational risks. These risks include explosions, uncontrolled releases, spills and blowouts, encountering unusual or unexpected geological formations, mechanical breakdowns or failures, accidents, human errors, unforeseen increases in establishment costs, adverse weather conditions, shortages or delays to delivery of equipment, compliance with government requirements, industrial disputes, technical issues, supply chain failure, labour issues, deliberate destruction, adverse production results, uncertainty in resource and reserve estimation, uncertainty in deliverability estimation, IT system failure, cyber security breaches, political opposition and other unexpected events which occur in the process of drilling and operating wells.

In particular, the Group operates in areas where surface flooding can occur in the summer months, and wildfire can occur in the later winter, the latter being the bigger risk to the Group's operations.

The occurrence of any of these risks could result in substantial financial losses to Tlou due to injury or loss of life, hampering construction and operation activities, damage to or destruction of property, natural resources or equipment, environmental damage or pollution, clean-up responsibilities and regulatory investigation, amongst other factors. Damages occurring to third parties as a result of such risks may give rise to claims against the Company which may not be covered fully by insurance or at all. The Directors will (in conjunction with Senior Management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of Tlou and its business operations. The ability of the Directors to do so may be affected by matters outside their control and no assurance can be given that the Directors will be successful in these endeavours.

(e) Exchange rates

If Tlou progresses to production, the majority of revenue from sales will be in Botswana Pula. Appreciation of the Pula against the Australian dollar could adversely affect the Company's margins and profitability.

(f) Exploration, appraisal and production risks

The exploration for, and development of, hydrocarbons is a highly speculative activity which involves a high degree of risk. Tlou may be unable to discover reserves of sufficient size or complete wells with flow rates sufficient enough to be commercially viable. Accordingly, the Shares should be regarded as a highly speculative investment and an investment in the Company should only be made by those investors with the necessary expertise to evaluate the investment fully and who can sustain the total loss of their investment.

As Tlou is currently in the exploration and project development stage, Tlou has not generated revenues from the commercial production or sale of natural gas. Accordingly, it is not possible to establish a track record based on the exploration projects of the Company. The production of gas from wells is inconsistent and production rates experienced do not guarantee that commercial production will be achieved in the desired time frames or at all. The Company's ability to move any or all of its projects into commercial production is subject to a number of factors, some of which will be outside its control.

Additionally, even if one or more of the Company's projects achieves profitability, the Company will need to continue to invest in both these and other projects and there can be no certainty as to when, if ever, the Group will be profitable as a whole or whether such profitability will be sustainable on an individual project or on a Group wide basis.

(g) Gas Flow Rates and Gas Sales Agreement Risk:

The rate at which gas flows from Tlou's wells will be a determinant of its profitability. There is a risk that gas flow rates from Tlou's wells will not be sufficient to meet the requirements of future gas supply contracts. Gas flow rates may end up lower than anticipated and wells may not flow commercial rates of gas for a sufficient length of time. This may result in a breach of contract and open up Tlou to a claim for damages or further remedies and/or increased development expenditure to drill more wells than originally anticipated. A request for proposal for the supply and delivery of gas to the Orapa 90MW power plant which Tlou had applied for has not been granted to Tlou. There is also a risk that Tlou may not be able to procure gas sales agreements for its gas business on reasonable terms, which may adversely affect the profitability of Tlou.

(h) Geotechnical risk

Geotechnical risks arise from the movement of the ground during and following mining activity. This may result in temporary or permanent access to a mine being cut off. The loss of access may have a significant impact on the economics of the ore body.

Additionally, significant additional costs may result from designing and constructing alternative access drives which will also impact the economics of the mining operation, potentially making the mine uneconomic. Assessment of the extent and magnitude of ground movements that could take place or that have taken place within the mine and surrounding area will be evaluated by the Company.

(i) Resource and reserve estimates

The estimation of natural gas resources and reserves involves subjective judgements and determinations based on geological, technical, contractual and economic information. There is uncertainty in the estimates and it is not an exact calculation. The estimates may go up or down because of new information from operational activities or changes in economic factors, such as assumptions regarding incomes and costs, or due to other factors. It may also alter because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques. Published resources and reserves estimates may also be subject to correction in the application of published rules and guidance and could go up or down.

There are numerous variables applied to the estimation of reserves. For these reasons, estimates of the economically recoverable gas reserves and targeted reserves in any particular tenement are subject to assumptions made in the assessments and so may vary substantially from the final result.

There can be no guarantee that the Company will successfully produce the volume of hydrocarbon that it estimates are reserves or that hydrocarbon resources will be successfully converted to reserves. Estimates may alter significantly or become more uncertain when new information becomes available due to, for example, additional drilling or production tests over the life of the field. As estimates change, development and production plans may also vary. Downward revision of reserves and resources estimates may adversely affect the Company's operational and financial performance.

(j) Tenement Risk

In Botswana, the government owns all the mineral and land rights and grants exploration and development licences pursuant to Botswana's Mines and Minerals Act. Along with the right for exploration and development, the licensee receives the right for surface access to the land. There are numerous temporary surface rights holders for each licence area. The holder of a licence, where its access causes disruption to another surface right holder, is obliged to negotiate with the other surface holder for access and appropriate compensation in respect of disruption. Tlou's licences are located in the Karoo-Kalahari Basin. Tlou must negotiate with the relevant government authorities to arrange access to these areas when undertaking drilling and exploration activities.

The Company holds one mining (or development) licence and ten prospecting (or exploration) licences. The mining licence was granted on 21 August 2017 and is valid until 20 August 2042.

Prospecting (or exploration) licences are granted for an initial period of up to three years and may be renewed up to two times for a period of two years per renewal. Additional "special" renewals are required thereafter.

Each licence requires the holder to fulfil minimum stipulated annual work and spending commitments. In the event that such minimum commitments are not met, the Botswana government has the right to suspend or cancel the prospecting licence. The Lesedi and Mamba Licences are considered by the Directors to be key to the exploration activities of Tlou in Botswana, and if the Company were unable to successfully renew these licences, if required, this could have a material adverse effect on the Group's business, financial condition and prospects.

The conduct of the Group's operations and the steps involved in satisfying the applications for renewal involve compliance with numerous procedures and formalities. It is not always possible to comply with, or obtain waivers from, all such requirements and it is not always clear whether requirements have been properly completed, or whether it is possible or practical to obtain evidence of compliance. In some cases, failure to follow

such requirements or obtain relevant evidence may call into question the validity of the actions taken. The final grant of all renewals involves the exercise of administrative functions (including discretion), which are beyond the control of the Company.

In the event that Tlou believes there is enough gas to move into a production phase for any of its exploration tenements in Botswana, the exploration licences will need to be converted to mining licences. There is a possibility that the mining licences will not be granted.

Any failure to obtain a renewal of an exploration permit or the granting of a mining licence in any jurisdiction in which Tlou operates may have a material adverse effect on the ability of Tlou to explore and produce CBM in the areas comprised in those licences. There is also a risk that some or all of the granted prospecting licences are revoked in the future. Approvals for the development of stand-alone solar power projects will also need to be secured including authorisation for a proposed hybrid gas and solar power project. There is a possibility that the some or all, of these approvals will not be granted.

(k) Electricity Markets Risk

Tlou's possible future revenues are expected to be derived from electricity sales. The profitability of Tlou's business will be determined by the future market for electricity and the price available for power supplied by the Company. The price required to achieve adequate returns on Tlou's business will vary depending on factors including generation costs, cost of gas production including drilling costs, economies of scale and gas flow rates. Numerous factors outside the control of Tlou impact on electricity prices. The Company cannot provide a guarantee on the price of electricity. Botswana Power Corporation (BPC) is the government-owned electrical utility and is responsible for the supply, transmission, and distribution of electricity throughout Botswana. Access to the power grid in Botswana is controlled by BPC. Tlou has signed an initial 10MW power purchase agreement (PPA) with BPC.

In order for Tlou to expand generation the Company will need to secure further power purchase agreements for the supply of gas-fired power generation and solar power into the grid and access to the power grid. Any substantial decline in the price of electricity is likely to have a material adverse effect on the financial position of Tlou. The Company cannot guarantee that power purchase agreements or grid access will be secured, or the price of electricity.

(l) Price of gas volatility

The demand for, and price of gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, actions taken by governments and major gas corporations, global economic and political developments and other factors all of which are beyond the control of the Company. As such, it is impossible to predict future commodity prices with confidence.

International gas prices fluctuate and at times the fluctuations can be quite wide. A material decline in the price of gas may have a material adverse effect on the economic viability of a project. Examples of such uncontrollable factors that can affect gas price are unrest and political instability in countries that have increased concern over supply.

(m) Drilling and Completion Techniques Risk

Tlou may use horizontal drilling and/or vertical drilling technology in its exploration and development activities. The use of these drilling technologies may be necessary for the production of commercial quantities of gas from geological formations of the type that Tlou is targeting. Restrictions on rig and personnel availability and the use of horizontal

drilling technologies may reduce the amount of gas Tlou can produce and may have a material impact on Tlou's business.

(n) Environmental risks

The operations and proposed activities of the Company are subject to environmental laws and regulations. These laws and regulations set standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards, as well as establishing obligations to rehabilitate locations where were conducted.

As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment. Significant liability could be imposed on the Company for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environment damage caused by previous owners or property acquired by the Company, or noncompliance with environmental laws or regulations. The Company will attempt to minimise these risks by conducting its activities to the highest standard of environmental obligation and where possible, by carrying appropriate insurance coverage.

Amendments to current laws, regulations, policies and permits governing operations and activities of mining and mineral resources companies, or more stringent implementation, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or, in the event the Company develops its current or future projects to the production stage, cause increases in production costs or a reduction in level of producing properties or require abandonment or delays in development of new properties.

(o) Access to Infrastructure Risk

The ability for Tlou to do so is further dependent upon a number of factors, including matters which may be beyond the control of Tlou, for example Tlou may not be successful in securing identified customers or market opportunities. Part of Tlou's development plan and growth opportunities include the supply of CBM and electricity to the Botswana market and other external markets. There is no guarantee that suitable infrastructure will be available, or available on acceptable and economic terms, to deliver CBM or electricity to those markets.

The transportation and service infrastructure in Botswana are under-developed and can be unreliable in some of the areas where the Company is operating. Material delays in the transportation of equipment, supplies and resources may delay the exploration and development of the Company's projects and/or the commercialisation of those projects. Any such delay is likely to increase the cost of exploring and developing the projects, and such increase may materially affect the Company's business, results of operations and financial condition. Tlou's ability to sell and market any CBM produced, or electricity generated will be negatively impacted should it be unable to secure adequate transportation and processing. Access will depend on the proximity and capacity of transmission lines, pipelines and processing facilities. Further, Tlou may be required to develop its own transmission line or pipeline infrastructure or secure access to third party pipeline infrastructure in order to deliver CBM or electricity to key markets or customers. The development of its own transmission line or pipeline infrastructure will be subject to Tlou obtaining relevant approvals including transmission line or pipeline licences. Access to third party infrastructure cannot be guaranteed given that transmission lines or pipelines may not be developed with an open access regime. To supply electricity into the power grid, Tlou will need to agree connection with BPC. The Company cannot guarantee that such agreements or approvals will be achieved.

(p) Royalties and Taxes

In the event that Tlou believes it has sufficient CBM resources to move into a production phase, the CBM exploration licences will need to be converted to mining licences, under which a royalty is payable to the Botswana Government. This royalty is currently 3% of gross market value. Gross market value is defined as the sale value receivable at the mine gate in an arm's length transaction without discounts, commissions or deductions for the mineral or mineral product on disposal. In addition to the royalty payable, Tlou will also be subject to a corporate tax rate of at least 22% and a dividend withholding tax of up to 15% on any earnings in Botswana.

In the event Tlou moves into CBM production in connection with the Lesedi Licences (which is considered key to Tlou's operations), pursuant to a Farm-In Agreement, Sekaname, Sable Energy's farm-in partner, is also be entitled to a payment of the greater of South African Rand 2.0/Mcf produced at the wellhead, or 12.5% of the wellhead selling price, and Kalahari, Sable Energy's other farm-in partner, may also be entitled to develop and exploit any excess reserves. Wellhead selling price is based on actual proceeds received by Tlou less actual costs incurred to transport the gas and to gather, compress, treat and process the gas (or where such facilities are owned by Tlou, fees ordinarily payable for these services). If Tlou's farm-in partners become entitled to such payments, it could adversely affect Tlou's financial position, performance and prospects. Any change to the royalties or tax rates in Botswana or any of the countries in which Tlou is successful in producing gas may have a material adverse effect on the ability of Tlou to commercially produce and sell CBM from the areas comprised in those applications.

(q) Country, Geopolitical and Sovereign Risk

The Company is currently involved in CBM and proposed solar operations in Botswana and may explore CBM and solar opportunities in other Southern Africa countries in the future. Whilst Botswana is a relatively stable democratic system and diversifying economy, with a low corruption index (in the context of Africa), according to the Corruption Perceptions Index published by Transparency International, and civil unrest and disorder are rare, the Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors. There can be no assurance that the political environment in these jurisdictions will continue to be stable now or in the future and this could have an adverse impact on the Group's operations and assets. Other risks and uncertainties include, but are not limited to, high rates of inflation, labour unrest, currency exchange rate fluctuations, limitations on repatriation of profits, renegotiation or nullification of existing licences, changes in taxation policies, currency controls and regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens, or purchase supplies from, a particular jurisdiction.

The occurrence of any of these risks or any material changes in government policies, attitude or legislation that affect foreign investment, repatriation of foreign currency, taxation or mineral exploration, power generation, development or mining activities, may adversely affect the viability and profitability of the Company's assets and operations in Botswana or other southern Africa jurisdictions in a highly material manner. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral tenure and development, could result in loss, reduction or expropriation of entitlements.

(r) Reliance on gas development and production activity

The Company is an explorer and developer of hydrocarbons, with a focus on natural gas development in Botswana. The level of activity in the gas industry may vary and is principally affected by the prevailing or predicted future gas prices, market demand and other factors. These other factors, including economic growth, the cost and availability of other energy sources (including renewable energy) and changes in energy technology

and regulation, affect the industry. The future growth of the Company is dependent on the continued economic importance of gas, development and production industry in Botswana and internationally.

Any substantive and prolonged changes to the current economic importance of the gas development and production industry in Africa would be likely to have an adverse effect on the business, financial condition, and profits of the Company.

(s) Community opposition risk

Given community opposition to certain gas projects from time to time, there is a risk of community opposition to the Company's operations. Disapproval of local communities or other interested parties may lead to direct action which impedes the Company's ability to carry out its lawful operations, resulting in project delay, reputational damage and increased costs and thus impact the financial performance of the Company. Such action by community opposition may include undertaking legal proceedings, media campaigns and protests.

(t) Legal Risks

The Company's operations in Botswana are subject to the jurisdiction of the courts in Botswana. The legal system may be affected by political instability in Botswana and additional legal risks, such as political influence in obtaining effective legal redress in courts and a high degree of discretion on the part of government agencies, may arise as a result. Further the introduction of new legislation, amendments to existing legislation, the application of developments in existing common law, or the interpretation of those laws, could adversely affect the viability and profitability of the Company's assets and operations in Botswana.

(u) Legislation and Regulatory Risk

Tlou's activities in the petroleum industry and energy generation industry are subject to legislation, regulation and approvals. The introduction of new legislation, amendments to existing legislation, the application of developments in existing common law or policies or the interpretation of those laws or policies, particularly in relation to land access arrangements, environmental approvals, a carbon tax or similar, the effect of greenhouse gases legislation, royalties, generation, production and exploration licensing may adversely affect Tlou's future operations and financial performance. Tlou will, from time to time, require various government regulatory approvals for its transactions and operations and must comply with those approvals, applicable laws, regulations and policies. In particular, Tlou may require licences and approvals in relation to mining activities, solar power installation and generation, environmental matters and the manufacture and supply of gas and generation of electricity. There is a risk that Tlou or a joint venture that it is a party to may not obtain, or there may be a delay in obtaining, the necessary licences and approvals. This may affect the timing and scope of transactions and work that can be undertaken. Further, a failure to comply with a licence, approval or applicable law may affect the timing and scope of work that can be done. The loss of granted tenements or failure to obtain relevant approvals in relation to them may have a material adverse effect on Tlou.

(v) Joint Venture Risk

Tlou Energy is not currently a party to joint venture or joint operating agreements for any of its tenements in which it holds an interest. If the interest held by Tlou in any of its tenements is relinquished or transferred to a third party this will likely give rise to the establishment of joint venture or joint operating agreement under which Tlou might be voted into programs and budgets which are not in line with the objectives and strategy of Tlou or that Tlou does not have the cash resources to fund. Tlou may be required to

contribute to increases in capital expenditure requirements and/or operating costs where the requirements of the project change or in circumstances where any or all of the joint venture parties are unable to fund their pro rata contributions to expenditure.

(w) Occupational Health and Safety Risk

All aspects of petroleum operations, including seismic, drilling, development and production are inherently hazardous. In addition to the risk of injury or damage to persons or property, health and safety failures represent a substantial reputational and regulatory risk for the Company. Furthermore, if any Company personnel are injured while undertaking operations, the Company may be financially liable to the individual. This would adversely impact the Company's financial performance.

Site safety and occupational health and safety outcomes are a critical element in the reputation of the Company and its ability to retain and be awarded new contracts in the industry. While the Company has a strong commitment to achieving a safe performance on site, a serious site safety incident could impact upon the reputation and financial outcomes for the Company.

Additionally, laws and regulations as well as the requirements of customers may become more complex and stringent or the subject of increasingly strict interpretation and/or enforcement. Failure to comply with applicable regulations or requirements may result in significant liabilities to suspended operations and increased costs.

Industrial accidents may occur in relation to the performance of the Company's services. Such accidents, particularly where a fatality or serious injury occurs, or a series of such accidents occurs, may have operational and financial implications for the Company which may negatively impact the financial performance and growth prospects of the Company.

(x) Reliance on Key Personnel Risk

The Company is reliant on its senior management and key personnel. There is a risk that Tlou may not be able to retain or hire all necessary personnel. Tlou's progress in pursuing its development, exploration and appraisal programs within the timeframes and currently envisaged cost structure could be influenced by the loss of existing key personnel or a failure to secure and retain additional key personnel as Tlou's development, exploration and appraisal programs progress. The result of such loss would depend on the quality and timing of the employee's replacement. Although Tlou's key personnel have a considerable amount of experience and may have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in achieving the Company's objectives.

(y) Insurance

The Company aims to maintain insurance with ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted and associated risks. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims. Moreover, insurance against risks such as environmental protection or other hazards as a result of exploration, development and production activities is not generally available to the Company or to other companies in the mineral resources industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

(z) Pandemic and coronavirus (COVID-19) risks

The COVID-19 pandemic has had a material impact on world economic conditions, including Australia. Governments have imposed restrictions on the movement of people and goods as a measure to slow and contain the spread of the COVID-19 virus, in addition to widespread adoption of social distancing measures. For example, “lockdowns” have and may in future restrict people to their residences in various jurisdictions. These measures have not only limited movement of people, but also, as a result, the supply of goods and services. Supply chains have been disrupted and it is not known whether the proposed rollouts of vaccines will prevent further restrictions on the movement of people, the disruption of supply chains and resulting adverse economic impacts.

Disruptions caused by outbreaks of COVID-19 (or another pandemic) may give rise to economic uncertainty, limit the Company's ability to move personnel and equipment to and from its projects, cause delays or cost increases and adversely impact the performance of the Company and the price of its securities.

(aa) Information systems and cyber risk

The Company is reliant on information technology systems. Despite the Company's security measures, it is possible that these systems may be breached. Unauthorised third party access to the Company's information technology systems and the resulting potential theft, loss or misuse of the Company's information could adversely impact the operations and performance of the Company and the price of its securities.

(bb) Force majeure

Events may occur within or outside the markets in which the Company operates that could impact upon the global and in particular, Australian economies, the operations of the Company and the market price of its Shares. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially and adversely affected if any of the events described above occur.

(cc) Competition

The Company competes with other companies. Some of these companies have greater financial and other resources than the Company and as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company will be able to compete effectively with these companies.

(dd) Climate change

There has been increasing concern by the public and regulators globally on climate change issues. As a gas development company, the Company is exposed to both transition risks and physical risks associated with climate change. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes and, if demand for gas declines, the Company will find it difficult to commercialise any resources it discovers. In particular:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions

or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidences of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

- (ee) Not a suitable investment product for investors looking for exposure to Net Zero financial products

The Company does not consider its Shares to be currently suitable for investors looking for exposure to net zero financial products.

- (ff) Dividends

The Directors are unable to say if and when the Company will be able to pay dividends. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of profit, operating results, the financial position of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances in relation to the payment of dividends, or the franking credits attached to such dividends, can be given.

- (gg) Litigation

The Company may be subject to litigation and other claims. Any litigation could result in negative publicity, potential liability and additional expenditure.

5.2 General Investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

- (a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies, may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

- (b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals of the Company's target markets or its cost structure and profitability. Adverse changes in the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory Policies), consumer spending, and employment rates, are outside the control of the Company and the management team and may have an adverse effect on the financial performance and/or financial position of the Company.

(d) Changes in laws and government policy

Changes to government regulations, law (including taxation and royalties) and policies, both domestically and internationally, under which the Company operates may adversely impact the Company's activities, planned projects and the financial performance of the Company.

(e) Taxation

There may be tax implications arising from Applications for New Shares, the receipt of dividends (both franked and unfranked) (if any) from the Company, the participation in any on-market Share buy-back and on the disposal of New Shares.

(f) Global credit and investment markets

Global credit, commodity and investment markets volatility may impact the price at which the Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(g) Counterparty risk

There is a risk that contracts and other arrangements which the Company is party to and obtains a benefit from, will not be performed by the relevant counterparties if those counterparties become insolvent or are otherwise unable to perform their obligations.

The Company and its projects may suffer material adverse consequences such as increased costs, delayed projects, loss of market share, or loss of customers.

(h) Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been considered in the Company's planning. Although the Company is not aware of any such additional Expenditure requirements, if such expenditure is subsequently incurred this may adversely affect the expenditure proposals and activities of the Company, as the Company may be required to reduce the scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Company's activities and the value of its Shares.

(i) Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are therefore outside the Directors' and Tlou's control. Changes to accounting standards issued by the AASB could materially adversely affect the way in which Tlou's financial performance is perceived by the market.

(j) Taxation risks

Changes to tax law in Botswana, Australia, New Zealand, the UK or other jurisdictions in which Tlou and its Shareholders operate may affect Tlou and its Shareholders. Personal tax liabilities are the responsibility of each individual investor and Tlou has no responsibility for taxation or taxation penalties incurred by its Shareholders.

(k) List not exhaustive

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by Shareholders. The above factors and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Prospectus. Accordingly, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns, returns of capital or market value at any time.

Shareholders should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

6. Additional Information

6.1 Underwriting Agreement

By an agreement between ILC Investments Pty Ltd (Underwriter) and the Company (**Underwriting Agreement**), the Underwriter has agreed to partially underwrite the Offer for 142,857,142 New Shares (**Underwritten Securities**). The Underwriter and associated entities will not be subscribing for any New Shares under their Entitlements. However, pursuant to the Underwriting Agreement, the Underwriter will subscribe for such number of New Shares, up to a maximum of 142,857,142 New Shares, 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 has agreed not to charge a fee for part-underwriting the Offer.

The Underwriter is not a related party of the Company for the purposes of the Corporations Act (although the Underwriter is classed as a related party under the AIM Rules for Companies), but it is a substantial Shareholder (refer to Section 3.5 for the current Relevant Interest of the Underwriter and Section 3.7 for the potential maximum voting power that the Underwriter and its associates may acquire in the Company).

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. Some of these relate to the Company performing its procedural obligations under the agreement and attending to its general compliance obligations.

The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (i) there is a material adverse change in the financial condition, assets, liabilities, results of operations, profitability or prospects of Tlou, with a “material adverse change” being an event or a number of events that, in the reasonable opinion of the Underwriter, give rise to obligations on the part of the Underwriter or Tlou that could not have been reasonably foreseen or contemplated by the Underwriter at the date of Underwriting Agreement; or
- (ii) Tlou materially breaches any representations or warranties set out in the Underwriting Agreement; or
- (iii) Tlou issues the Offer in terms that have not been previously approved by the Underwriter acting reasonably; or
- (iv) Tlou does not comply with its obligations under the Corporations Act, or the ASX Rules or as dictated by ASIC in respect of the Offer or otherwise; or
- (v) The Underwriter, acting reasonably is of the opinion that the New Shares are unlikely to be quoted on the ASX; or
- (vi) The currently quoted shares in Tlou fall below a trading price of \$0.035 per share for a period of 5 continuous ASX trading days while the Offer is open; or
- (vii) If the commencement of trading in the New Shares is unlikely to take place prior to 30 June 2023.

6.2 Orapa Diamond Mine RFP for supply of gas or power

Tlou responded to a request for proposals (RFP) for the supply and delivery of natural gas to the Orapa 90MW power plant in Botswana. The Company's proposal was not successful.

6.3 Disclosing entity

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements of the Company for the financial year ended 30 June 2022 to the issue of this Prospectus, which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the securities market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2022, being the last full year financial report for a financial year of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) the Company's half-year financial report for the half-year ended 31 December 2022, being the last half-year financial report for a financial year of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of that annual report and before lodgement of this Prospectus.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours. The Company has lodged the following announcements with ASX since its 2022 Annual Report:

Date	Headline
02/05/2023	A\$2m Loan Funding agreement Secured
28/04/2023	Quarterly Activities Report
28/04/2023	Quarterly Appendix 5B Cash Flow Report
13/04/2023	Lesedi 6 Drilling Update
30/03/2023	Notice under section 708A(5)(e) of the Corporations Act 2001
30/03/2023	Application for quotation of securities - TOU
27/03/2023	Tlou completes \$200,000 placement to sophisticated investors
27/03/2023	Proposed issue of securities - TOU
15/03/2023	Drilling Update
09/03/2023	Half Yearly Report and Accounts
27/01/2023	Quarterly Operations Report
27/01/2023	Quarterly Appendix 5B Cash Flow Report
25/01/2023	Change of Director's Interest Notice - Hugh Swire
25/01/2023	Change of Director's Interest Notice - Colm Cloonan
25/01/2023	Change of Director's Interest Notice - Martin McIver
25/01/2023	Change of Director's Interest Notice - Tony Gilby
25/01/2023	Application for quotation of securities - TOU
25/01/2023	Notice under s.708A(5)(e) of the Corporations Act 2001
18/01/2023	Results of Meeting
18/01/2023	General Meeting Chairman's Script
18/01/2023	General Meeting Proxy Summary
19/12/2022	Notice of General Meeting/Proxy Form
15/12/2022	Proposed issue of securities - TOU
15/12/2022	Tlou announces A\$3 million placement
14/11/2022	Change in Substantial Holding
14/11/2022	Notice under s.708A(5)(e) of the Corporations Act 2001
14/11/2022	Application for quotation of securities - TOU
11/11/2022	A\$3 million placement
11/11/2022	Proposed issue of securities - TOU
10/11/2022	Becoming a Substantial Holder
09/11/2022	Notice under s.708A(5)(e) of the Corporations Act 2001
09/11/2022	Application for quotation of securities - TOU
04/11/2022	A\$2 Million Placement
04/11/2022	Proposed issue of securities - TOU
27/10/2022	ASIC Investigation Concluded
26/10/2022	Quarterly Operations Report
26/10/2022	Appendix 5B
18/10/2022	Results of 2022 AGM
18/10/2022	Managing Director's 2022 AGM Presentation
18/10/2022	Chairman's 2022 AGM Address
18/10/2022	2022 AGM Script
18/10/2022	2022 AGM Proxy Summary
19/09/2022	Appendix 4G

Date	Headline
19/09/2022	Notice of 2022 Annual General Meeting & Proxy Form
19/09/2022	Final Results

ASX maintains files containing publicly available information from all listed companies. The Company's file is available for inspection at ASX during business hours.

6.4 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Company's Shares during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Price	A\$0.043	A\$0.031	A\$0.035
Date	19 April 2023	28 March 2023	11 May 2023

6.5 Directors' Interests in the Company

The Directors' beneficial interests in the capital of the Company at the date of this Prospectus, are set out in Section 1.20.

6.6 Remuneration of Directors

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by Shareholders at a general meeting. Fees for non-executive Directors are not linked to the performance of the economic entity.

Information regarding the remuneration received by Directors for the preceding two financial years can be found in the 2022 Annual Report.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

Directors are also entitled to be reimbursed for reasonable expenses incurred by them in providing their services to the Company. Non-executive directors are entitled to payment in addition to their director's fee if they undertake work in addition to their services as non-executive director. Payment for such additional work will be at agreed market rates.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

The following table shows the annual remuneration paid to both executive and non-executive Directors inclusive of superannuation for the past financial year. For the year ended 30 June 2022 Tony Gilby received 25% of his contracted salary and Colm Cloonan received 50% of his contracted salary. From 1 July 2022, Tony Gilby receives 50% (~A\$336,000 per annum) of his contracted salary and Colm Cloonan is entitled to 100% of his contracted salary (~A\$330,000 per annum).

Director	Cash Salary and Fees	Superannuation	Share based payments
Tony Gilby	\$152,365	\$6,545	Nil
Hugh Swire	\$44,000	Nil	Nil
Colm Cloonan	\$119,367	\$34,256	\$154,800
Gabaake Gabaake	\$106,210	\$10,621	\$77,400
Martin Mclver	\$44,000	\$4,400	nil

6.7 No prospective financial forecasts

The Directors have considered the matters outlined in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings, because the proposed future operations of the Company do not have an operating history from which reliable forecasts can be made. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Notwithstanding the above, this Prospectus includes, or may include, forward looking statements including, without limitation, forward looking statements regarding the Company's financial position, business strategy, and plans and objectives for its business and future operations (including development plans and objectives), which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward looking statements. These statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

6.8 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the acceptance and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there, even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person, subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

6.9 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

6.10 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

6.11 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the securities offered under this Prospectus.

6.12 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

6.13 Expiry Date

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

6.14 Electronic Prospectus

An electronic version of this Prospectus is available online at www.tlouenergy.com.

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form or payment via BPAY if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes it is extremely unlikely that in the Offer Period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that this will not be the case. Any investor in doubt

concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or the Share Registry.

6.15 CHES and CREST

Tlou has applied to the ASX for official quotation of the New Shares in accordance with the Listing Rule requirements. ASX has advised Tlou that official quotation of the New Shares will be granted subject to compliance with certain usual conditions and deferred to a date to be decided by ASX. If ASX does not grant quotation of the New Shares, Tlou will repay all Application Monies (without interest).

Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM, to the BSE for the New Shares to be admitted to trading on the BSE and to the ASX for the New Shares to be admitted to trading on the ASX. It is expected that Admission will become effective on 16 June 2023 and that dealings in the New Shares will commence at 8am. (BST) on that date.

If the Offer does not proceed the Existing Shares will continue to be traded on AIM, the ASX and the BSE.

The Depositary Interests are already admitted to CREST. No further applications will need to be made in respect of the admission to CREST of the Depositary Interests representing the New Shares. All such Depositary Interests, when issued and fully paid, may be held and transferred by means of CREST.

Entitlements and Excess Entitlements held in CREST are expected to be disabled in all respects after 1pm (BST) on 7 June 2023 (being the latest practicable date for applications under the Offer). If the conditions to the Offer described above are satisfied, the Depositary Interests representing New Shares will be issued in uncertificated form to those persons who submitted a valid application for the New Shares by using the CREST application procedures and whose applications have been accepted by the Company. The Share Registry will instruct Euroclear to credit the appropriate stock accounts of such persons with Depositary Interests in respect of such persons' entitlements to New Shares with effect from Admission (expected to be on 16 June 2023). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Eligible Depositary Interest Holders an Entitlement and Acceptance Form instead of crediting the relevant stock account with Entitlements, and to allot and/or issue any New Shares.

If the conditions to the Offer described above are satisfied, the New Shares will be issued in uncertificated form to those persons who submitted a valid Entitlement and Acceptance Form or made a valid BPAY Payment for the New Shares by utilising the CHES application procedures and whose applications have been accepted by the Company.

For more information as to the procedure for application, Eligible Shareholders are referred to in Section 2, and where applicable the Entitlement and Acceptance Form.

Settlement on the Australian register will be conducted under the ASX's electronic CHES system. Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

Subject to the approval from the BSE, Shareholders resident in Botswana will be contacted directly by the Company in relation to settlement.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time; however, there may be a charge associated with the provision of this service.

6.16 Reconciliation and the rights of Tlou

The Offer is a complex process and in some instances, investors may believe that they will own more Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. This may result in a need for reconciliation. If reconciliation is required, it is possible that Tlou may need to issue additional New Shares to ensure that the relevant Shareholders receive their appropriate allocation of New Shares.

To the extent permitted by law, Tlou reserves the right to reduce the size of an Entitlement or the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders or other applicable investors, if Tlou believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, Tlou may, in its discretion, require the relevant Shareholder to transfer excess New Shares to another Shareholder or third party at the Offer Price. If necessary, the relevant Shareholders may need to transfer Existing Shares held by them or purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Offer, those doing so irrevocably acknowledge and agree to do the above as required by Tlou in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of Tlou to require any of the actions set out above.

6.17 Information availability

If you are in the United Kingdom, Botswana, Australia or New Zealand, you can obtain a copy of this Prospectus during the term of the Offer on the Tlou website at www.tlouenergy.com or you can contact

If you have not received a personalised Entitlement and Acceptance Form or have any queries on how to complete the Entitlement and Acceptance Form, please contact Tlou using contact details provided in the Corporate Directory during the Offer period. If you are in any doubt as to whether you should participate in the Offer, you should consult your stockbroker, accountant, solicitor or other professional adviser.

Depository Interest holders who have any queries on the procedure for acceptance and payment should contact Computershare UK on 0370 702 0000 between 8.30 a.m. and 5.30 p.m. (BST) Monday to Friday (except UK public holidays) from within the UK or +44 370 702 0000 if calling from outside the UK. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any legal or tax advice.

BSE holders who have any queries on the procedure for acceptance and payment should contact Corpserve Botswana on +267 393 2244 between 8.00 a.m. and 4.30 p.m. (Gaborone time) Monday to Friday (except public holidays) or via email at contactus@corpservebotswana.com. The helpline cannot provide advice on the merits of the Offer nor give any legal or tax advice.

A replacement Entitlement and Acceptance Form can also be requested by calling the Share Registry.

If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus on the Tlou website will not include an Entitlement and Acceptance Form.

6.18 No other Directors' interests

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- (d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

6.19 Interests of promoters and named persons

Except as disclosed in this Prospectus, no other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

HWL Ebsworth has advised the Company in relation to aspects of the Offer. HWL Ebsworth will receive fees of approximately \$15,000 in connection with this Prospectus.

6.20 Cash Expenses of the offer

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$324,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

Cash Item	
ASIC, ASX, BSE, AIM and other fees	\$48,000

Legal fees, Share registry, printing and other	\$126,000
Consultancy	\$150,000
Total	\$324,000

6.21 Resources and Reserves

The Company reported estimates of Resources and Reserves on the ASX on 20 February 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in that market announcement and that all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

6.22 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) was not involved in the preparation of the Prospectus or any part of it and did not authorise or cause the issue of the Prospectus;
- (c) makes no express or implied representation or warranty in relation to the Prospectus, the Company or the Offer;
- (d) does not make any statement in the Prospectus, nor is any statement in the Prospectus based on any statement made by the above persons; and
- (e) to the maximum extent permitted by law, disclaims and takes no responsibility for any material in, or omission from, the Prospectus other than the reference to its name:

Name	Role
HWL Ebsworth	Legal advisor
Link Market Services	Share Registry
BDO	Auditor

7. Directors' Authorisation

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 12 May 2023



Signed for and on behalf of
Tlou Energy Limited by Martin McIver
Chairman

8. Corporate Directory

Directors
Martin McIver (Chairman) Anthony (Tony) Gilby (Managing Director & Chief Executive Officer) Colm Cloonan (Finance Director) Gabaake Gabaake (Executive Director) Hugh Swire (Non-Executive Director)
Company Secretary
Solomon Rowland
Registered Office
210 Alice Street Brisbane QLD 4000, Australia
Underwriter
ILC Investments Pty Ltd
Lawyers to the Company
HWL Ebsworth (Australia) Level 19 480 Queen Street Brisbane QLD 4000
Auditors
BDO Audit Pty Ltd (Australia)
Share Registry
Link Market Services Parramatta Square, Level 22, Tower 6 10 Darcy Street Parramatta
Stock Exchange Codes
ASX: TOU AIM: TLOU BSE: TLOU

9. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

£ or Pound	Great British pounds, the currency of the United Kingdom.
A\$ or \$	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time.
Acceptance	An acceptance of Entitlements.
Additional Shares	New Shares to be issued pursuant to the Additional Shares Offer.
Additional Shares Offer	The Offer of Additional Shares on the terms and conditions in Section 1.11.
AIM	The AIM Market operated by London Stock Exchange Plc
AIM Rules	The AIM Rules for Companies published by London Stock Exchange Plc
Applicant	An Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, or an Eligible Depository Interest Holder who has applied to take up their Entitlement in CREST.
Application	The submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form or, as applicable, an application in respect of an Entitlement in CREST.
Application Form	The form set out in your Entitlement and Acceptance Form.
Application Moneys	The aggregate amount payable for the New Shares applied for through BPAY, calculated as the issue price of the New Shares multiplied by the number of New Shares applied for.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
ASX Settlement	ASX Settlement Pty Ltd ACN 008 504 532.
ASX Settlement Operating Rules	The settlement rules of ASX Settlement.
Board	The board of Directors.
BPC	Botswana Power Corporation
BSE	The Botswana Stock Exchange Limited.
BSE Equity Listing Requirements	means the requirements for listing securities on the equity boards operated by the BSE and thereafter the continuing obligations pertaining to such listed securities, as prescribed by the BSE.
BWP	The Botswana Pula, the currency of Botswana.
CBM	Coalbed methane.

CHESS	The Clearing House Electronic Sub Register System, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form.
Closing Date	in respect of Eligible Shareholders, means 5.00pm AEDT on 8 June 2023, and in respect of Eligible Depository Interest Holders, means 1pm BST on 7 June 2023, and in respect of BSE holders, means 1pm CAT on 7 June 2023.
Company	Tlou Energy Limited ACN 136 739 967
Constitution	The constitution of the Company.
Corporations Act	The Corporations Act 2001 (Cth).
CREST	means the computerised settlement system operated by Euroclear, which facilitates the transfer of title to securities in uncertificated form.
CREST Manual	means the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterparty Service Manual, the CREST Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated in November 2001).
Depository	means Computershare Investor Services PLC acting in its capacity as Depository pursuant to the terms of the agreement for the provision of depositing services entered into between the Company and Computershare Investor Services PLC and, as relevant, includes its nominee on the Company's register of members.
Depository Interests or DIs	means the depository interests issued by the Depository representing an entitlement to a Share which may be traded through CREST in dematerialised form.
Director	A director of the Company.
Eligible Depository Interest Holder	means holders of Depository Interests in respect of and representing Shares as set out on the register of Depository Interest Holders of the Depository on the Record Date (other than Overseas Shareholders).
Eligible Shareholder	A Shareholder on the Record Date who has a registered address in the United Kingdom, Australia, New Zealand or Botswana or is a Shareholder that the Company has otherwise determined is eligible to participate. Where applicable, the term includes an Eligible Depository Interest Holder.
Entitlement	The entitlement to participate in the Offer.
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Prospectus.
Euroclear	means Euroclear UK & Ireland Limited, the operator of CREST.
Existing Shares	Shares on issue on the date of this Prospectus.
FCA	means the Financial Conduct Authority, acting in its capacity as competent authority in the United Kingdom pursuant to Part VI of FSMA.
Group	the Company and its subsidiaries.

Ineligible Depository Interest Holder	A holder of Depository Interests who is not an Eligible Depository Interest Holder
Ineligible Shareholder	A Shareholder who is not an Eligible Shareholder.
ISIN	means International Securities Identification Number.
Listing Rules	The listing rules of ASX.
New Shares	Shares offered pursuant to the Offer.
Offer	The offer of New Shares made under this Prospectus and where appropriate, includes the Additional Shares Offer.
Offer Period	The period between the date of issue of this Prospectus and Closing Date.
Offer Price	The price (issue price) of New Shares, namely A\$0.035, £0.020 or BWP0.30.
Offer Securities	New Shares.
Official List	The Official List of ASX.
Option	An option to subscribe for and be issued, a Share.
Option Holders	The holders of Options.
Overseas Shareholder	means Shareholders and holders of Depository Interests who have registered addresses in, or who are resident or ordinarily resident in, or are citizens of, a Restricted Jurisdiction
Prospectus	This Prospectus and includes the electronic Prospectus.
Prospectus Regulation Rules	The rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market.
Record Date	The Record Date for determining Entitlements, namely 7.00pm AEST in respect of Eligible Shareholders and 6.00pm (BST and CAT) in respect of Eligible Depository Interest Holders) on 18 May 2023.
Relevant Interest	the meaning given by sections 608 and 609 of the Corporations Act.
Restricted Jurisdiction	means each and any jurisdiction outside of Australia, New Zealand, the United Kingdom and Botswana, or otherwise where the extension or availability of the Offer would breach any applicable law or regulations
Section	A numbered section of this Prospectus.
Securities	New Shares
Share	A fully paid ordinary share in the Company.
Shareholder	The registered holder of Shares in the Company.
Share Registry	Link Market Services ABN 14 003 209 836.
Tlou	Tlou Energy Limited ACN 136 739 967
Underwriter	ILC Investments Pty Ltd
US Securities Act	The US Securities Act of 1933, as amended.
Voting Power	the meaning given by section 610 of the Corporations Act.