

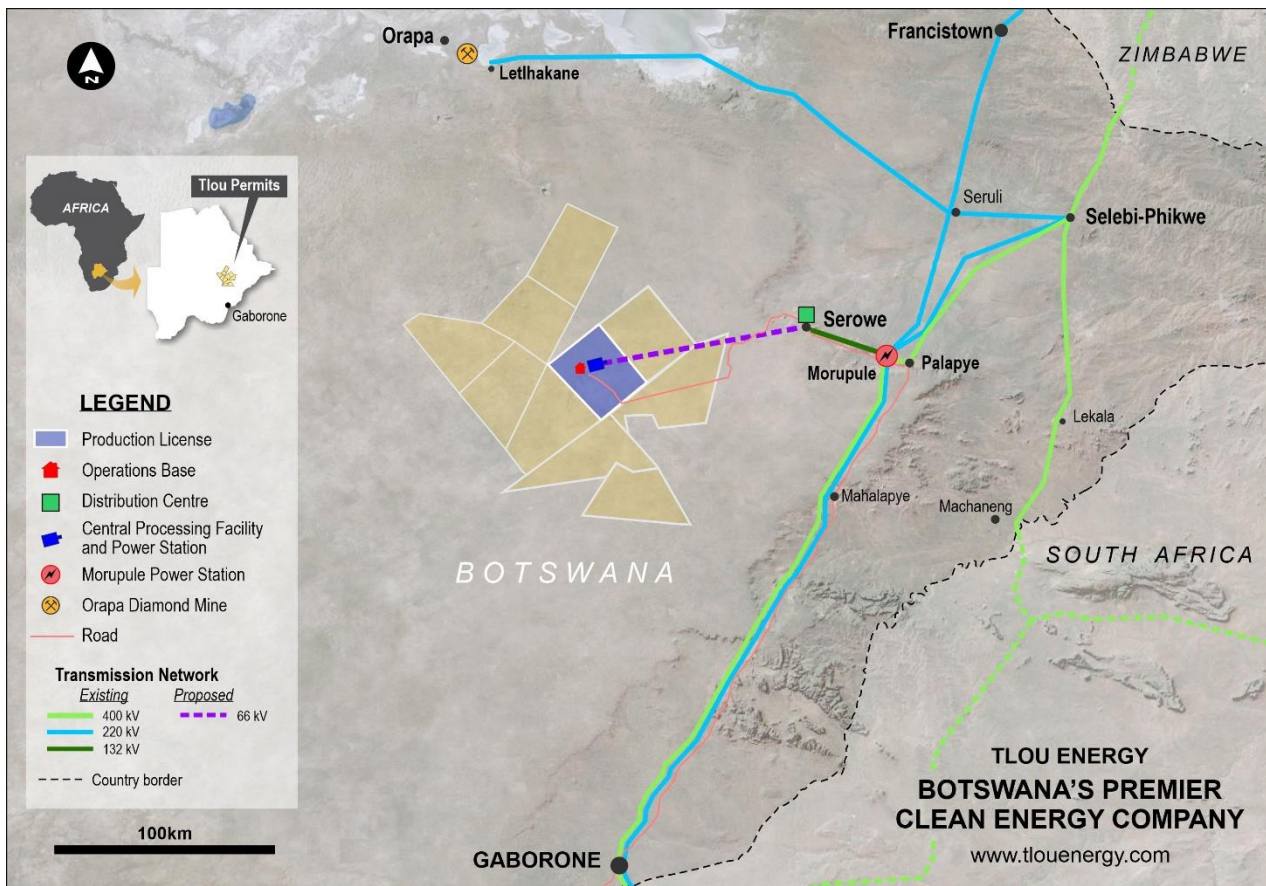
25 July 2022

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

Operational Report - Quarter ended 30 June 2022

Highlights

- **Transmission line work continuing and on target**
- **Lesedi 3 and 4 production wells continue to flow gas**
- **New purpose-built field camp under construction**
- **Cash position of ~A\$7.9m (unaudited) at the end of the quarter**



Projects

The Company has three project areas in Botswana as outlined below.

- *Lesedi Project – Gas & Solar Power Development, Hydrogen and Solid Carbon production*
- *Mamba Project – Exploration & Evaluation*
- *Boomslang Project – Exploration & Evaluation*

Lesedi Project

Gas-to-Power project

The Lesedi Project consists of three Prospecting Licences (PL) and a Production Licence. The first stage of development is a 10MW power generation facility which will be located in the Company's Production Licence area. The Company voluntarily relinquished one PL (PL 35/2000) during the quarter as it was considered to be of low prospectivity.

Electricity generated at the Lesedi 10MW gas fired power facility will be sold under a Power Purchase Agreement (PPA) with Botswana Power Corporation (BPC), the national power utility in Botswana. Once in full production, 10MW of generation could provide annual revenue of approximately US\$10m.

Transmission Line Construction

To connect to Botswana's power grid, a 100 km transmission line is being built from the Lesedi project area to join the grid near the town of Serowe. Work is underway on this project and the line is expected to use approximately 650 wooden poles and 80 steel structures. Construction involves excavation, positioning, assembly, dressing, planting, backfilling and compacting, and thereafter stringing, tensioning and regulation. This will be followed by testing and commissioning and ultimately line energisation.

Progress as at end of June 2022 is 6% against planned rate of 6%. Work on the transmission line is scheduled for completion in mid-2023, with the substations at either end of the transmission line expected to be completed in the second half of 2023. Sale of electricity can start thereafter.

Development Operations Facility

The Company has also acquired land in the Lesedi project area where work is underway on developing a new purpose-built operations facility including accommodation and associated infrastructure required for the initial 10MW development and to allow for rapid project expansion thereafter.

Gas production

Tlou's two production wells Lesedi 3 and Lesedi 4 continue to produce gas. These wells are dewatering in isolation and gas flow rates are expected to continue to increase, particularly when additional wells are drilled to assist with dewatering of the reservoir as part of a full field development. Tlou's current 2P gas reserves stand at approximately 41 billion cubic feet (~7.2m BOE).

Hydrogen and Solid Carbon production

Tlou is planning the development of a Hydrogen and Solid Carbon project at Lesedi alongside the Gas-to-Power development. The Company's hydrogen technology partner Synergen Met Pty Ltd ("SM"), a specialist in plasma torch and pyrolysis technology, is designing and building a prototype unit for shipment to Lesedi. In advance of shipment the plasma torch will be tested and configured to optimise hydrogen and solid carbon production.

The use of plasma technology for hydrogen production will be a first for the sub-Saharan region and could be advantageous for the production of low emission, cleaner energy across the region as well as in the related fields of waste-to-energy and waste disposal.

Tlou and SM intend to use the hydrogen produced from the prototype to generate electricity and possibly as transport fuel. Solid carbon will be made available for regional consumers that require the product. World markets for hydrogen and solid carbon or graphite may expand considerably over the medium term.

SM have postponed their planned IPO in Australia and the Company is working with SM to arrange the next steps to get a prototype unit to Lesedi.

Funding

The first stage of funding towards the construction of the transmission line and associated infrastructure was received earlier this year from Botswana Public Officers Pensions Fund, a long-term supporter of the Company and Tlou's largest shareholder. Further funding to cover items including substation construction, generators, drilling of gas production wells and seismic surveys will be required and the Company is actively engaged with a number of parties to secure these funds.

Flared Gas Monetisation Trial

Tlou is looking at monetising currently flared gas. One potentially viable option is the mining of crypto currencies and the Company has successfully completed a small crypto mining trial at its field camp and earned some initial revenue, albeit an immaterial amount.

The trial used excess field camp electricity to run crypto mining units to produce Bitcoin. This has established proof of concept and built in-house technical expertise. The next stage will involve powering the crypto miners using electricity generated from the Lesedi 4 production well, i.e. using gas which would otherwise be flared. Thereafter the Company can look at expansion of the project all else being equal.

The Company's primary objective remains gas and solar power generation and sale within Botswana followed by hydrogen and solid carbon production. Crypto mining is currently only planned to be conducted if excess gas or power is available.

EOI with GreenCo Power Services Limited

The 66kV transmission line currently under construction is expected to have a capacity of up to 25MW. With 10MW already committed under the PPA with BPC, the Company has been marketing the additional 15MW of power to other potential off-takers. Tlou has received an Expression of Interest (EOI) from the leading Zambian based

renewable energy organisation, GreenCo Power Services Limited, the Southern African Power Pool's (SAPP) only market participant member, which has expressed interest in supporting Tlou to market its surplus power from the Lesedi project via the SAPP competitive markets.

The status of the Lesedi licences is as follows:

Licence	Expiry	Status
Production Licence 2017/18L	August 2042	Current
PL 001/2004	September 2023	Current
PL 003/2004	September 2023	Current
PL 035/2000	N/A	Voluntarily relinquished
PL 037/2000	September 2022	Renewal application submitted

PL renewal applications are submitted three months prior to the expiry of the current licence.

Mamba Project

The Mamba project consists of five PL's covering an area of approximately 4,500 Km². The Mamba area is situated adjacent to Lesedi. In the event of a gas field development by Tlou, the Mamba area provides the Company with flexibility and optionality.

The Mamba project is in the exploration and evaluation phase with further operations required on these licences. The next stage of exploration is likely to be seismic surveying and core hole drilling. Positive results from operations at Mamba could expand the reserves footprint across Tlou's project areas.

In the event of successful development at Mamba, it is envisioned that this area would be developed as a separate project from Lesedi, with the potential for gas-fired power, solar power, and hydrogen production.

The status of the Mamba licences is as follows:

Licence	Expiry	Status
PL 237/2014	September 2023	Current
PL 238/2014	September 2023	Current
PL 239/2014	September 2023	Current
PL 240/2014	September 2023	Current
PL 241/2014	September 2023	Current

Boomslang Project

Prospecting Licence, PL011/2019 designated "Boomslang", is approximately 1,000 Km² and is situated adjacent to the Company's existing licences. To date, the Company has not carried out ground operations in the Boomslang area having only received environmental approval to commence exploration activities in 2021.

The status of the Boomslang licence is as follows:

Licence	Expiry	Status
PL 011/2019	June 2024	Current

Forward plan until first revenue

Note: This forward program is indicative only and the list is not exhaustive. The plan may change due to unforeseen circumstances and is subject to available funds and timely progress of third-party deliverables.

2H22

- Transmission line construction (on-going)
- Construct new purpose-built operational base on Tlou owned property adjacent to proposed power station
- Flared gas monetisation trial (on-going)
- Complete financial package for forward program to first PPA revenue
- Buy drilling rig to further reduce gas well drilling cost
- Seismic survey

1H23

- Drilling and dewatering to flow more gas
- Hydrogen and solid carbon prototype commissioning
- Lesedi Central Processing Plant construction
- Practical completion of Transmission Line

2H23

- Installation of electricity generation (gas & solar)
- Connection of gas to generators
- Connect substations
- Commission Lesedi power station
- First revenue from electricity sales under the existing PPA with BPC

Cash Position

At the end of the quarter the Company had ~A\$7.9m cash on hand (unaudited). The aggregate value of payments to related parties and their associates of A\$140k for the quarter (shown in item 6.1 of the attached Quarterly Cashflow Report) relates to directors' salaries and fees (including tax and superannuation payments made on their behalf) and office rent.

Shareholder Communications Options

Legislative changes made to the Corporations Act 2001 (Cth) effective from 1 April 2022 means that there are new options available to shareholders to elect how to receive shareholder notices.

These details as well as the Company's updated project montages and corporate presentation are available on the company's website at <https://tlouenergy.com/reports>

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

By Authority of the Board of Directors

Mr. Anthony Gilby
 Managing Director

For further information regarding this announcement please contact:

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About Tlou

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

Forward-Looking Statements

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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Tlou Energy Limited

ABN

79 136 739 967

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development	(50)	(50)
(c) production		
(d) staff costs	(205)	(784)
(e) administration and corporate costs	(412)	(1,597)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	0	93
1.9 Net cash from / (used in) operating activities	(667)	(2,338)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(17)	(275)
(d) exploration & evaluation	(517)	(2,639)
(e) investments		
(f) other non-current assets	673	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) investments		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	139	(2,914)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2 Proceeds from issue of convertible debt securities		6,884
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		(168)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		(16)
3.10 Net cash from / (used in) financing activities		(6,700)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	8,671	6,385
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(667)	(2,338)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	139	(2,914)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		6,700

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	247	63
4.6	Cash and cash equivalents at end of period	7,896	7,896

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,896	8,671
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,896	8,671

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	140
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	667
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	517
8.3 Total relevant outgoings (item 8.1 + item 8.2)	1,184
8.4 Cash and cash equivalents at quarter end (item 4.6)	7,896
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	7,896
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:25/07/2022.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.