

15 June 2020

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

Tlou launches a partially underwritten non-renounceable entitlement offer to raise up to A\$3.0 million (£1.65 million; BWP 24 million)

Key Points:

- Entitlement Offer for 1 new ordinary share of no par value ("Ordinary Shares") for every 6 Ordinary Shares held, at a price of A\$0.04 per share (£0.022, BWP0.32) to raise approximately A\$3.0 million (£1.65 million, BWP 24 million) (the "Entitlement Offer");
- Applicants will also receive one free-unlisted New Option for every two Ordinary Shares subscribed for by shareholders and allotted by the Company ("Offer Shares");
- The Entitlement Offer is partially underwritten for the first A\$2.0 million by Melbourne Capital Limited;
- Certain Directors are participating in the Entitlement Offer with commitments in place for A\$750,000; and
- Funds raised and existing capital will be used to fund engineering and design of a proposed 66kV transmission line, due diligence costs related to development funding, field operations and for working capital.

Tlou Energy Limited, the ASX, AIM and BSE listed company focused on generating cleaner power in Botswana for supply into the local and regional power markets, is pleased to announce a partially underwritten entitlement offer of up to 75,030,031 new Offer Shares at a price of A\$0.04 per share (£0.022, BWP0.32) (the "Issue Price") to raise approximately A\$3.0 million (approximately £1.65 million, BWP 24 million). Eligible shareholders may subscribe for 1 fully paid ordinary share for each 6 fully paid ordinary shares held at 7.00 pm (AEST) / 6.00 pm (BST) on 22 June 2020 (the "Record Date"). In addition to Offer Shares, participants will be granted one unlisted option for every two Offer Shares allotted ("New Options"). New Options will have an expiry date of two years from the date of issue and exercisable at any time prior to expiry at a price of A\$0.08 per share.

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Use of Funds

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

- detailed engineering and design of the proposed 66kV transmission line to connect the Lesedi project to the electricity grid;
- due diligence costs in relation to the provision of development funding for the Lesedi project;
- continue current field operations; and
- general working capital.

The Company plans to commence work on the transmission line to connect the Lesedi project to the electricity grid as soon as possible. The Environmental and Social Impact Assessment for the line has been completed as well as route alignment and associated surveys. Tlou now plans to progress the design and engineering of the 66kV overhead line and 66kV line feeder bay extension at the Serowe Substation.

The Company is in advanced discussions with development funding institutions interested in providing debt and/or equity capital to fund the next stage of the Lesedi project. This work includes but is not limited to, drilling of additional wells, installation of generation assets, purchase of capital equipment, and installation of associated infrastructure to develop up to 10MW of power.

As mentioned in previous Company announcements, negotiations with Botswana Development Corporation (“BDC”) are well advanced. BDC is an investment arm of the Government of Botswana. The Company is negotiating a term sheet with BDC, which is progressing through the BDC’s internal corporate processes. Once the term sheet is signed, due diligence covering commercial, technical, legal, reputational, environmental, social and governance can be completed. The costs of this will be borne by Tlou. The Company has been advised that the due diligence process is expected to take 8 to 12 weeks from the execution of the term sheet.

The Company’s operations are continuing in Botswana with gas being produced at the Lesedi 4 production pod. Subject to funding, the Company plans further exploration work over the Mamba project area and upon receipt of regulatory approval, work can commence on the Boomslang project, the Company’s most recently acquired project area.

Funds will also be used to cover working capital requirements including general and administrative costs across the Company’s three stock exchange listings on ASX, AIM and BSE. The timing and execution of activities proposed to make use of the funds raised may be impacted by Covid-19 pandemic restrictions.

The above is a statement of the Board’s current intentions as at the date of this announcement. However, Shareholders should note that, as with any budget, the allocation of funds set out above may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and

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environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

Tlou's Managing Director, Mr Tony Gilby commented, "Funds to be raised by the Entitlement Offer will go towards two key items to take the Company forward, grid connection and development funding.

Grid connection is key to get the power project up and running and start revenue generation. Development funding can provide a vital financial platform to help rapidly expand Tlou's generation capability. Successfully completing these two items could prove to be a significant value driver for the Company.

We are extremely grateful for the ongoing support of the Company shown by its stakeholders and in particular to our long-term shareholders. After many years of hard work, the potential to transform the Company from explorer to power producer looks to be coming to fruition and I look forward to building on our success to date."

Entitlement Offer

The Entitlement Offer will entitle each eligible holder to acquire, at their sole discretion and at an issue price of A\$0.04 or £0.022 or BWP0.32 per Offer Share (the "Issue Price"), 1 fully paid ordinary share for every 6 fully paid existing ordinary shares held at 7.00 pm (AEST) / 6.00 pm (BST) on 22 June 2020 (the "Record Date"). In addition to Offer Shares, participants will be granted one unlisted New Option for every two Offer Shares allotted. New Options will have an expiry date of two years from the date of issue and exercisable at any time prior to expiry at a price of A\$0.08 per share.

Shareholders whose address on the Company's register of members is in the United Kingdom, Australia or New Zealand or are a shareholder that the Company has otherwise determined (in its absolute discretion) are eligible to participate in the Entitlement Offer. The Entitlement Offer is being conducted in accordance with section 708AA of the Corporations Act, as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and does not require a prospectus. The Offer may be made available to Shareholders who are resident in Botswana subject to the Company receiving approval from the BSE, which is expected on or around 24 June 2020.

The Issue Price represents a discount of 18 per cent to the closing mid-market price on AIM on 12 June 2020, and a discount of 31 per cent to the closing price on ASX on 12 June 2020 being the latest practicable date prior to the date of this announcement. The maximum number of shares available to be subscribed for under the Entitlement Offer is 75,030,031 ordinary shares and the Entitlement Offer will raise A\$3.0 million (approximately £1.65 million or BWP 24 million) if fully subscribed. The Offer Shares issued under the Entitlement Offer will rank equally with existing ordinary shares including the right to receive all dividends and other distributions declared, made or paid after their date of issue.

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Excess Application Facility

Eligible shareholders who take up their full entitlement will be invited to apply for excess Offer Shares in the Entitlement Offer from a pool of those not taken up by other eligible shareholders (“Excess Application Facility”). There is no guarantee that applicants under the Excess Application Facility will receive all or any of the excess shares they apply for and the Company retains absolute discretion as to the allocation of the shares under the Excess Application Facility.

The Entitlement Offer will not be open to shareholders who have registered addresses in countries outside United Kingdom, Australia or New Zealand where regulatory requirements make participation by the shareholder unlawful or impracticable. The Offer may be made available to Shareholders who are resident in Botswana subject to the Company receiving approval from the BSE, which is expected on or around 24 June 2020.

Entitlements are non-renounceable and will not be tradeable on ASX, AIM, or BSE or otherwise transferable. Eligible shareholders who do not take up their entitlements will not receive any value in respect of those entitlements that they do not take up (and their shareholding in Tlou Energy will be diluted).

Shareholders who are not eligible to receive entitlements will not receive any value in respect of the entitlements they would have received had they been eligible (and their shareholding in Tlou Energy will be diluted).

Eligible shareholders will receive an offer booklet (“Offer Booklet”) including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer. The Offer Booklet will be sent to eligible shareholders on 25 June 2020.

Further details of the Entitlement Offer are set out in the Offer Booklet which will be lodged with the ASX and be available on the Company’s website www.tlouenergy.com from Wednesday, 25 June 2020.

Underwriting Agreement

The Entitlement Offer is partially underwritten pursuant to an underwriting agreement with Melbourne Capital Limited (“the Underwriter”) to a minimum subscription level of A\$2.0 million (approximately £1.1 million or BWP 16 million) (being a total of 50.0 million Offer Shares). The Underwriter’s obligations to underwrite any shortfall under the offer are subject to terms and conditions which are customary for these types of agreements and disclosed in the Offer Booklet.

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Entitlement Offer Shortfall

To the extent the Entitlement Offer Shares are not taken up by shareholders (including via the Excess Application Facility) the Company has appointed the Underwriter, firstly, and its UK broker, Shore Capital, to seek to place those unsubscribed Entitlement Offer Shares with investors at the Issue Price. The Directors reserve the right to place any shortfall under the Offer within 3 months at a price no lower than the Issue Price.

Directors' participation in the Entitlement Offer

Certain directors of the Company (shown in the table below) have committed to participating in the Entitlement Offer by subscribing for entitlements and entering into sub-underwriting arrangements with the Underwriter, with a maximum potential investment between them of A\$750,000. The directors are not receiving a sub-underwriting fee.

	Number of Shares held*	Number of Offer Shares to be subscribed for as pro-rata entitlement	Maximum number of shares under the sub-underwriting commitment**	Maximum entitlement commitment plus sub-underwriting commitment
Tony Gilby	21,989,580	2,578,191	9,921,809	A\$500,000
Colm Cloonan	1,181,112	196,852	553,148	A\$30,000
Hugh Swire	4,560,092	760,015	4,739,985	A\$220,000

*Includes interests held by the directors, related parties and entities in which the directors have a controlling interest.

** In respect of the sub-underwriting arrangements, each of the Directors will be required to subscribe for any sub-underwriting shortfall on a priority basis before other non-Director sub-underwriters and will not receive any fees from the Underwriter.

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Entitlement Offer Timetable

Indicative Timetable for the Entitlement Offer	
Activity	Date
Announcement of the Offer and lodgement of Appendix 3B and 708AA cleansing notice with the ASX	Monday 15 June 2020
Letter to Shareholders Re: The Offer	Wednesday 17 June 2020
Ex-entitlement Date	Friday 19 June 2020
Record Date for entitlement under the Offer (7.00pm AEST in respect of Eligible Shareholders and 6 p.m. (BST) in respect of Eligible Depository Interest Holders)	Monday 22 June 2020
Lodgement of the Offer Booklet with the ASX, Publication and mailing of the Offer Booklet and Entitlement and Acceptance Form	Thursday 25 June 2020
Offer opens	Thursday 25 June 2020
Entitlements and Excess CREST Offer Entitlements credited to stock accounts of Eligible Depository Interest Holders	Friday 26 June 2020
Last day to extend the Offer Closing Date	Wednesday 8 July 2020
Closing date – latest time and date for settlement of CREST application and payment in full under the Offer (11 am BST)	Friday 10 July 2020
Closing date – latest time and date for receipt of completed Entitlement and Entitlement and Acceptance Forms and payment in full under the Offer (7pm AEST)	Monday 13 July 2020
ASX and AIM notified of subscriptions for Offer Shares and Excess Shares	Thursday 16 July 2020
Allotment of Offer Shares issued under the Offer and Lodgement of Appendix 3B.	Monday 20 July 2020
Expected Despatch of Holding Statement and Normal ASX trading for Offer Shares issued under the Offer.	Tuesday 21 July 2020
Admission and commencement of dealings in Offer Shares on AIM and CREST accounts credited with Offer Shares (in Depository Interest form) (8 am BST)	Tuesday 21 July 2020

Note: dates and times are indicative only and subject to change. Subject to compliance with the Corporations Act, the ASX Listing Rules, the AIM Rules and other applicable rules, the Company reserves the right to: (i) not proceed with the Offer and return any applications moneys received (without interest); or (ii) vary the dates and times above including closing the Offer earlier or later.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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Company Information

Tlou Energy is focused on delivering Power solutions to Botswana and southern Africa to alleviate some of the chronic power shortage in the region. Tlou is currently developing projects using gas and plans to combine this with solar power to provide a cleaner base load power source.

Botswana has a significant energy shortage and generally relies on imported power and diesel generation to fulfil its power requirements. Tlou's Lesedi Power Project provides investors with access to a compelling opportunity to displace expensive, carbon intensive diesel and imported coal-fired electricity with a cleaner and more environmentally friendly alternative.

In addition to plans for cleaner energy, the Company is also committed to developing community projects in Botswana adding real value to peoples' lives in a region with sparse services and where few opportunities exist for the local population. This includes work to assist communities to become self-sustaining, develop business opportunities, improve access to education and create opportunities for self-employment and wealth creation.

The Company is listed on the Australian Securities Exchange, London's AIM market and the Botswana Stock Exchange and is led by an experienced Board, management and advisory team.

The project is significantly de-risked. The Company produced its first gas in 2014, has a Mining (or development) Licence valid to 2042 and 10 Prospecting (or exploration) Licences. The Company's project acreage covers a vast area spanning approximately 9,300 Km² in total.

Tlou's 'Lesedi' and 'Mamba' projects already benefit from significant independently certified 2P gas Reserves of ~41 Billion Cubic Feet (BCF). In addition, 3P gas Reserves of ~427 BCF and Contingent Gas Resources of ~3,043 BCF provide significant additional potential.

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The Company is planning an initial scalable power project. Following successful implementation of this first scalable project, the Company looks forward to evaluating longer-term prospects for the delivery of additional electricity to Botswana and to neighbouring countries.

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