

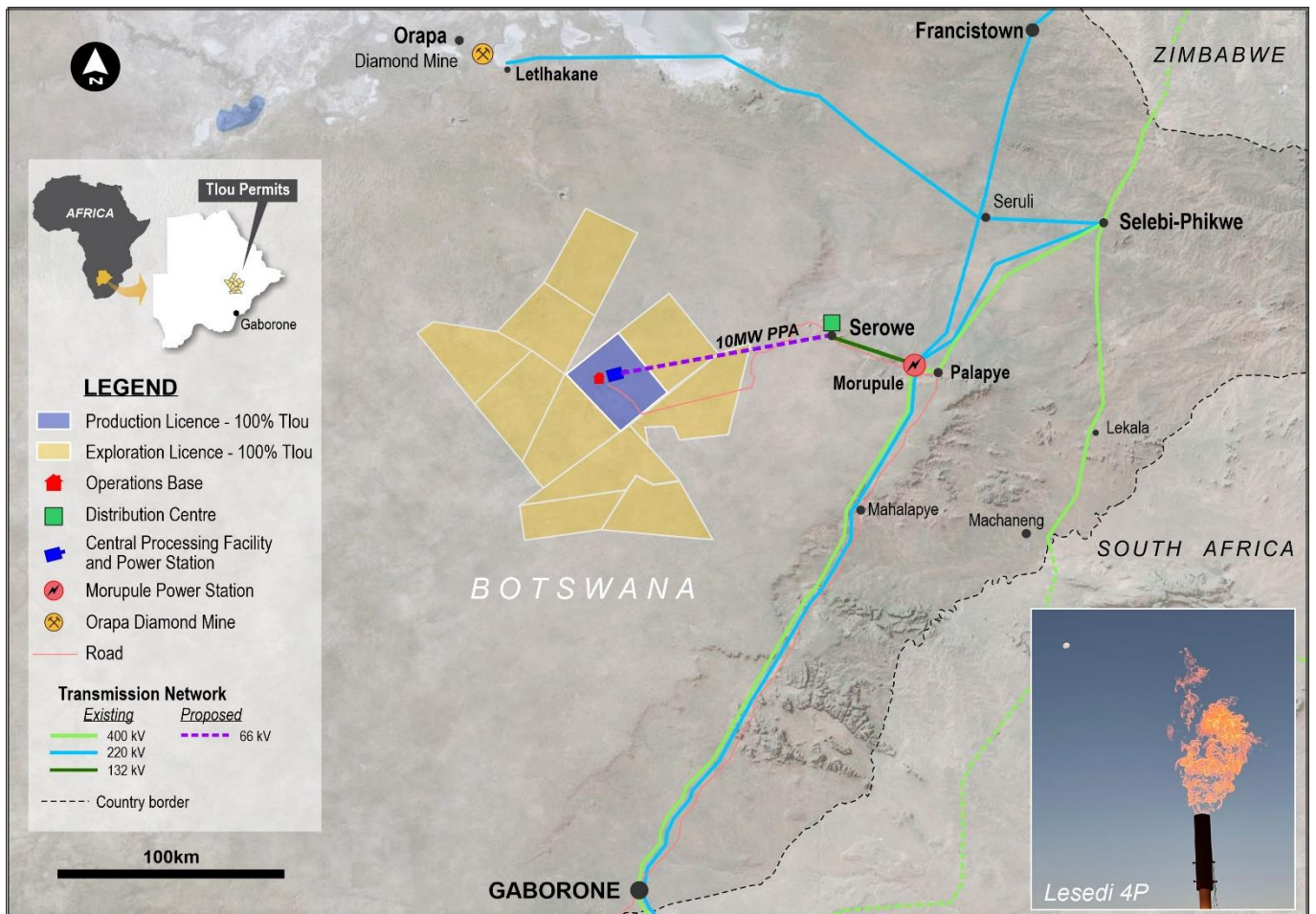
27 October 2023

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

Quarterly Activities Report for the quarter ended 30 September 2023

Highlights

- Lesedi 6 production pod and the redrill of Lesedi 4 lateral wells completed successfully
- The 66kV overhead transmission line is ~94% complete
- Work on the electrical substations is ~36% complete



Activities

Tlou Energy has three project areas referred to as the:

- **Lesedi Project** – focused on gas-to-power development as well as exploration and evaluation.
- **Mamba Project** – focused on exploration and evaluation.
- **Boomslang Project** – focused on exploration and evaluation.

Lesedi Project

The Lesedi project is Tlou’s most advanced. At Lesedi the Company is developing a proposed 10MW gas-to-power project. The project area has four Prospecting Licenses (PL) and a Production Licence which is the focus area for the development of Tlou’s independently certified gas reserves and contingent resources. The table below summarises the status of the Lesedi licences:

| Licence | Expiry | Status |
|-----------------------------|--------|-------------------------------|
| Production Licence 2017/18L | Aug-42 | Current |
| PL001/2004 | Sep-23 | Awaiting renewal confirmation |
| PL003/2004 | Sep-23 | Awaiting renewal confirmation |
| PL035/2000 | Mar-25 | Current |
| PL037/2000 | Mar-25 | Current |

PL renewal applications are submitted three months prior to expiration. Renewal applications were submitted for PL001/2004 and PL003/2004 in June 2023 and the Company is awaiting confirmation of renewal.

Gas to Power Project

The first electricity to be generated at Lesedi is planned to go towards satisfying the 10MW Power Purchase Agreement (PPA) with Botswana Power Corporation (BPC) the national power utility. The Lesedi project currently has several components of the development process underway including the construction of transmission lines, substations, a field operations facility and generation site as well as production well drilling.

Transmission Line Construction

The Lesedi project is approximately 100km from the nearest BPC substation connection in Serowe. To connect to the national grid, the Company is undertaking the construction and installation of a 100km 66kV transmission line. This, together with the ongoing drilling program should enable the Company to connect and provide electricity into Botswana’s power network.

The construction of the 66kV transmission line is being carried out by Zismo Engineering Pty Ltd (Zismo). Completion of the line is currently expected to be around December 2023. The major outstanding items are the manufacture of the remaining steel poles, a road crossing and the relocation of an 11kV line that was constructed across Tlou’s wayleave. Thereafter the line should be ready to be energised once the terminal substation works are completed and commissioned. Tlou Energy will not take ownership of the line until the substation work is complete and the line can be energised. Zismo’s contract will therefore need to be extended for care and maintenance of the line until it is taken over upon energisation.

Substation Construction

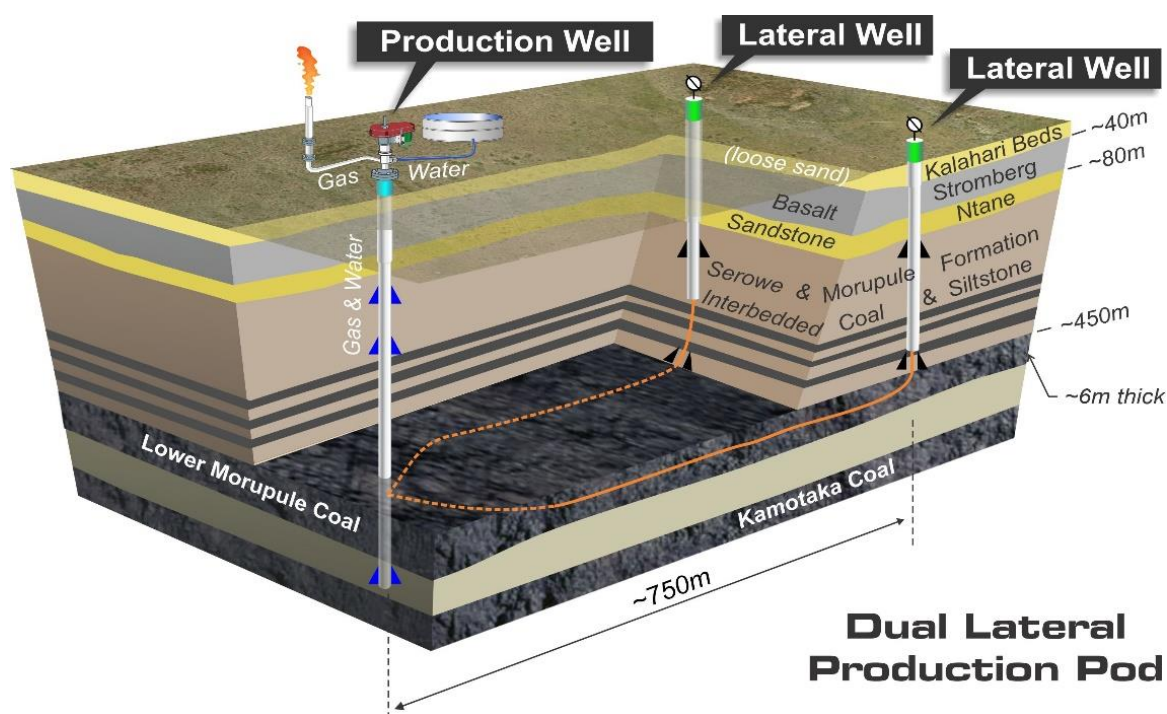
Substations are required at either end of the transmission line, one to tie Tlou's generators to the transmission line at Lesedi and another to integrate the line with the existing BPC substation at Serowe. The planned substation at Lesedi is currently designed for an initial 5MW of power which can be upgraded to 10MW at a later stage with the project anticipated to be completed in early 2024. The Company is assessing options that may allow the current substation design to be adapted to facilitate expansion beyond 10MW.

The substation contract was placed with Optipower earlier this year. Optipower appointed SMEC as a sub-contractor for detailed engineering design and Makgarapa for civil engineering construction works. Makgarapa also completed the sites' geotech assessments, soil resistivity and topographical surveys. SMEC have produced the design schedule. Optipower has completed site establishment at both Serowe and Lesedi.

Drilling Operations

During the quarter the Company completed a redrill of both lateral wells of the Lesedi 4 production pod. The aim of redrilling the lateral wells was to provide straighter lateral sections using a specialist rotary steerable system (RSS). The lateral sections were drilled for approximately 700m and successfully intersected with the Lesedi 4P vertical production well. These straighter laterals are expected to assist with removing water from the reservoir to more efficiently dewater and flow gas.

In addition, drilling of a new production pod, Lesedi 6, was completed during the quarter. The RSS was also used for the lateral sections of this production pod. Post drilling, both Lesedi 4 and Lesedi 6 pods were flushed to clear the wells and have had production equipment installed to commence dewatering ahead of gas production.



Mamba Project

The Mamba project is in the exploration and evaluation phase with further operations required on the licences. It consists of five Prospecting Licences covering an area of approximately 4,500 Km². The Mamba area is situated adjacent to Lesedi. In the event of successful drilling results at Mamba, it is envisioned that this area would be developed as a separate project from Lesedi. The Mamba area provides the Company with flexibility and optionality. The status of the Mamba licences is as follows:

| Licence | Expiry | Status |
|-------------|----------------|-------------------------------|
| PL 237/2014 | September 2023 | Awaiting renewal confirmation |
| PL 238/2014 | September 2023 | Awaiting renewal confirmation |
| PL 239/2014 | September 2023 | Awaiting renewal confirmation |
| PL 240/2014 | September 2023 | Awaiting renewal confirmation |
| PL 241/2014 | September 2023 | Awaiting renewal confirmation |

PL renewal applications are submitted three months prior to expiration. Renewal applications for all Mamba project licences were submitted in June 2023 and the Company is awaiting confirmation of renewal. Further work on the Mamba project is proposed once the Lesedi project is in production. The next stage of operations is likely to include a seismic survey and the drilling of core-holes.

Boomslang Project

Prospecting Licence, PL011/2019 designated "Boomslang", is approximately 1,000 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. Like the Mamba project the first stage of operations is likely to include a seismic survey following by core-hole drilling.

The status of the Boomslang licence is as follows:

| Licence | Expiry | Status |
|-------------|-----------|---------|
| PL 011/2019 | June 2024 | Current |

PL renewal applications are submitted three months prior to expiration.

Cash Position

At the end of the quarter the Company had ~A\$1.87m cash on hand (unaudited). The aggregate value of payments to related parties and their associates of A\$267k for the quarter (shown in item 6.1 of the Quarterly Cashflow Report) relates to directors' salaries and fees (including tax and superannuation payments made on their behalf) and office rent. The Company will need to raise additional funds in the next quarter and the steps being taken to do so are set out in item 8.8 of the Quarterly Cashflow Report.

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

Forward-Looking Statements

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

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 September 2023

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | | |
| (b) development | | |
| (c) production | | |
| (d) staff costs | (346) | (346) |
| (e) administration and corporate costs | (704) | (704) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 9 | 9 |
| 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) | 159 | 159 |
| 1.9 Net cash from / (used in) operating activities | (883) | (883) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) tenements | | |
| (c) property, plant and equipment | | |
| (d) exploration & evaluation | (3,773) | (3,773) |
| (e) investments | | |
| (f) other non-current assets | | |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 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 | (3,773) | (3,773) |

| | | |
|---|----------|----------|
| 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 | | |
| 3.3 Proceeds from exercise of options | | |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | | |
| 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) | | |
| 3.10 Net cash from / (used in) financing activities | 0 | 0 |

| | | |
|---|---------|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 6,851 | 6,851 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (883) | (883) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (3,773) | (3,773) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | | |

Appendix 5B

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 (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | (324) | (324) |
| 4.6 | Cash and cash equivalents at end of period | 1,871 | 1,871 |

| 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 | 1,871 | 6,851 |
| 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) | 1,871 | 6,851 |

| 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 | 267 |
| 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) | 883 |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | 3,773 |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | 4,656 |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 1,871 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 1,871 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 0.4 |
| <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: The net operating cash flow can fluctuate depending on the level of operations in a specific quarter. Is it expected that the coming quarter will be similar to the level of net operating cash flows in this reporting period. | |

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

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: On 6 October 2023 the company announced that it had completed a private placement to raise \$678,976.62. The Company has also received a proposal from ILC Investments Pty Ltd, the Company's largest shareholder for a further investment of \$3m. The terms of this investment are being finalised and will be announced to the market in due course. ILC Investments Pty Ltd has stated that it will continue to support the Company financially in the absence of other investors. In addition, the Company is working with other parties who are considering an investment in the Company. While these discussions have been positive to date the Company cannot guarantee that these negotiations will result in a successful outcome.

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: Yes, based on the funds received from the private placement announced on 6 October 2023 and the commitment from ILC Investments Pty Ltd as stated above the entity expects to be able to continue its operations and to meet its business objectives.

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:27/10/2023.....

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.