

30 October 2024

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

**Quarterly Activities Report for the quarter ended 30 September 2024**

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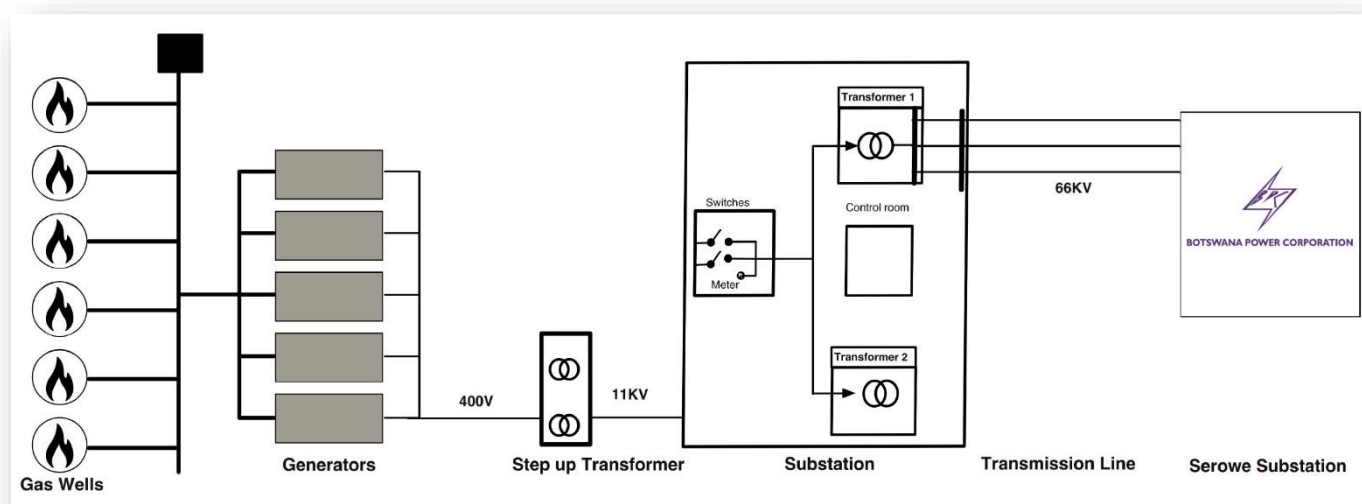
- **Tlou's downstream activities including the grid connection power line, Lesedi & Serowe substations and generators are nearing completion**
- **Lesedi electrical substation is ~85% complete with expected completion by the end of the year**
- **Tier 1 power generation provider lined up to deliver infrastructure at Tlou's Lesedi Project when required**
- **Focus is now turning to the upstream to provide higher and more consistent gas flow rates**
- **Dr Ian Campbell (Tlou's largest shareholder) has indicated that he is willing to provide funding during this time**



***Lesedi Substation Construction – October 2024***

## Lesedi Project

Lesedi is Tlou's most advanced project. Work has been ongoing at Lesedi for some time with the project targeting first power generation expected in mid-2025. Lesedi remains at the forefront of Botswana's gas to power sector, making substantial progress in the development of the proposed 10MW gas-to-power project.



The Lesedi development is located on Tlou's 40 Km<sup>2</sup> property. This property forms part of Tlou's 800 Km<sup>2</sup> mining (production) licence, which remains valid until 2042. Additionally, all prospecting licences due for renewal in the past year were successfully renewed. Tlou's prospecting licences span ~8,000 Km<sup>2</sup>, ensuring our continuing exploration and development potential across a vast area. The Lesedi development involves the following key elements:

- Gas production
- Electricity generation
- Substation construction
- Transmission and sale of electricity

The status of each of the above at the end of the reporting quarter is outlined below.

## Gas production

Coalbed methane gas from the Company's gas field in central Botswana will be used for power generation.

To produce gas, the Company drills dual lateral production wells referred to as "pods" which consist of a vertical production well and two lateral wells that intersect the production well. The Company currently has two production pods, Lesedi 4 and Lesedi 6 which have produced gas at fluctuating rates.

Once drilled, a pod needs to be dewatered which involves removing water from the target coal seam and thereafter gas flow increases. As more and more pods are drilled the coal will get progressively dewatered which should aid future gas production.

### Lesedi Gas production status

- Coal fines (or particles) produced as part of the drilling and dewatering process have caused issues with the downhole pump and pod dewatering
- Tlou is now focusing on methods to maintain maximum water drawdown
- The objective of this process is to produce higher and more consistent gas flows for power generation over the coming months
- Once gas flow rates are maximised and generation is commissioned, the Company is of the opinion that it will be in a stronger position to seek external capital for expansion

Lesedi 4 and Lesedi 6 continue to flow gas however, rates fluctuate due to surging water and coal fines. The Company is investigating methods to manage the influx of coal fines which can jam the downhole pump making dewatering inconsistent. Well data, different pumping methods, pumps and pod configurations are all being reviewed by our operations team.

The next phase of production well drilling will then commence once the preferred method of dewatering and handling coal fines has been agreed and additional funding is in place.

Maintaining steady and consistent dewatering should allow the coal reservoir to deliver the highest and most consistent gas flow possible.

### Generation

Tlou is in advanced discussions with a Tier 1 power generation provider to install a 10MW power generation facility using reciprocating 1,375 kW Cummins branded gas engines with GE generators.

It is envisaged that these units will be delivered, installed and commissioned by the provider, who will also handle ongoing operations and maintenance.

Power Generators are planned to be supplied and installed in phases, commensurate with gas production capacity.



## Transmission Line

The 66kV power line connecting Lesedi to the Serowe substation is virtually complete and is designed to take up to 25MW of power.

Some minor finishing works, such as the addition of switchgear at the Serowe substation, will be carried out prior to the line being energized.

The power line is effectively under care and maintenance until Tlou is ready to bring it online. It will provide the Company with access to both the Botswana power market as well as the Southern African Power Pool.

## Lesedi Substation

At the end of September 2024, the Lesedi substation was approximately 85% complete and Serowe extensions are ready for commissioning, with final completion anticipated later this year.

The Lesedi substation is designed for rapid expansion, enabling Tlou to scale from 10MW to 25MW as gas production increases, and subject to additional power purchase agreements.

Botswana Power Corporation is supplying the first 5MVA transformer to Tlou. Future expansion will require Tlou to procure and install larger transformers, such as two 20MVA transformers, which would allow up to 25MW of power with some system redundancy.



*Lesedi Substation and Transmission Line connection*

## Power Sales

The power station is anticipated to be installed, commissioned and tested ready for approval by BPC ahead of first generation in 2025.

This is subject to receiving adequate financing and flowing sufficient and consistent gas from existing and proposed production wells.

## Lesedi project licences

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	Mar-26	Current
PL003/2004	Mar-26	Current
PL035/2000	Mar-25	Current
PL037/2000	Mar-25	Current

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## Other Project Areas

In addition to the Lesedi project the Company has two other areas of interest adjacent to Lesedi known as the Mamba and Boomslang projects.

### 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 Km<sup>2</sup>. 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 are as follows:

Licence	Expiry	Status
PL 237/2014	Dec-25	Current
PL 238/2014	Dec-25	Current
PL 239/2014	Dec-25	Current
PL 240/2014	Dec-25	Current
PL 241/2014	Mar-26	Current

Further work on the Mamba project is proposed once the Lesedi project is in production with initial work likely to include a seismic survey and the drilling of core-holes.

## Boomslang Project

Prospecting Licence, PL011/2019 designated “Boomslang”, is approximately 1,000 Km<sup>2</sup>. 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	Jun-26	Current

PL renewal applications are submitted three months prior to expiration.

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## Cash Position

At the end of the quarter the Company had ~A\$944k cash on hand (unaudited). The aggregate value of payments to related parties and their associates of A\$187k 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.

Dr Ian Campbell of ILC Investments Pty Limited, Tlou’s largest shareholder, has indicated that he is willing to provide a loan facility to the Company up to A\$5m to advance gas production operations. Further details will be released once the agreement is in place.

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

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### About Tlou

Tlou is developing energy solutions in Sub-Saharan Africa through gas-fired power and ancillary projects. 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.