



15 December 2022

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

A\$3 million placement

Tlou Energy Limited is pleased to announce that it has received firm commitments to raise A\$3,072,864.71 (~£1.695 million, ~BWP 26.485 million) before expenses pursuant to a placing of 87,796,135 new ordinary shares of no par value ("Ordinary Shares") at an issue price of A\$0.035 (~£0.02, ~BWP0.30) per share ("New Shares").

The funds will be raised through:

- IC Australia (No2) Pty Ltd an entity controlled by Dr Ian Campbell (who invested A\$2m as announced by the Company on 4 November 2022 and a further A\$3m on 11 November 2022) who has agreed to subscribe for 71,428,571 New Shares at a cost of A\$2.5m;
- new investors introduced to the Company by Dr Ian Campbell (who are sophisticated or otherwise exempt from disclosure under Section 708 of the Corporations Act);
- certain Directors of the Company details of whose subscriptions are outlined below; and
- management and consultants associated with the Company.

The funds are proposed to be used for drilling of gas production wells and associated costs in relation to development of Tlou's Lesedi Power Project in Botswana.

The issue of the New Shares is subject to shareholder approval, to be sought at a general meeting to be held in January 2023. If approved, the placement of the New Shares will result in IC Australia (No2) Pty Ltd holding 214,285,714 Ordinary Shares representing 25.79% of the Company. As announced on 4 November 2022, Dr Campbell has the right to nominate one director to the board of the Company subject to any regulatory requirements. To date, no such nomination has been made.

Directors have agreed to subscribe for New Shares as follows:

Director	Number of shares subscribed	Resultant holding	Percentage of the enlarged issued share capital.
Martin McIver	285,714	1,097,816	0.13%
Anthony Gilby	6,510,420	41,000,000	4.93%
Colm Cloonan	1,428,572	3,359,684	0.40%
Hugh Swire	1,142,857	11,208,778	1.35%

Related Party Transactions

The issue of shares to IC Australia (No2) Pty Ltd, a substantial shareholder in the Company and to the Directors, constitute related party transactions under Rule 13 of the AIM Rules for Companies.

The Directors, having consulted with the Company's nominated adviser, Grant Thornton UK LLP, consider that the issue of New Shares to IC Australia (No2) Pty Ltd is fair and reasonable insofar as Tlou's shareholders are concerned.

The independent Director, Mr Gabaake Gabaake considers, having consulted with Grant Thornton UK LLP, that the issue of New Shares to Martin McIver, Anthony Gilby, Colm Cloonan and Hugh Swire as set out above is fair and reasonable insofar as the Company's shareholders are concerned.

Australian Corporations Act 2011 ("Corporations Act") report

In connection with the subscription by IC Australia (No2) Pty Ltd, the Company has commissioned an independent expert's report from Advisory Partner Connect Pty Ltd ("Advisory Partner") in order for the Directors to comply with Section 611 of the Corporations Act and to express an opinion as to whether or not the offer to raise A\$2.5m at A\$0.035 per share from IC Australia (No2) Pty Ltd ("the Proposed Transaction") is fair and reasonable and to assist the non-associated shareholders ("the Non-Associated Shareholders") to make a decision on the Proposed Transaction.

In Advisory Partner's opinion, the Proposed Transaction is **Not Fair but Reasonable** for the Shareholders of Tlou whose votes are not to be disregarded at the general meeting to be held in January 2023, being the Non-Associated Shareholders. Advisory Partner assessed the low and high value of the shares for which IC Australia (No2) Pty Ltd has agreed to subscribe on a controlling basis, to be ~A\$3.29m and ~A\$3.94m, compared with the consideration for those shares of A\$2.5m. Accordingly, as the consideration for shares is less than the value of those shares set out above, the Proposed Transaction is considered not fair.

Regulatory Guide 111 "Content of Expert Reports" establishes that an offer can be "reasonable" despite being "not fair".

Advisory Partner has concluded that the Proposed Transaction is "not fair" having assessed the consideration to be paid is lower than the value of an Ordinary Share (on a controlling basis, as described above), yet "reasonable" as it is of the opinion that the advantages of the Proposed Transaction outweigh the disadvantages to the Non-Associated Shareholders of Tlou.

Advisory Partner has cautioned that this opinion should be read in conjunction with the full text of their report which sets out its findings. The Independent Expert Report will be published with the Notice of General Meeting in the coming week. Thereafter the report and notice of meeting will be made available on the Company's website, www.tlouenergy.com.

Anthony Gilby, Chief Executive Officer of Tlou Energy, commented:

“We welcome the further investment from Dr Campbell as well as that from the investors he has introduced to the Company and we thank them for their support. This additional investment is an endorsement of the progress being made and will assist the Company to meet our objectives. These new funds are planned to go towards drilling a new gas production pod in 1H23.”

The issue price represents approximately a 12.5% discount to the closing ASX share price on 14 December 2022 of A\$0.04 and a 20% discount to the 15-day volume weighted average price for Tlou’s shares traded on the ASX of A\$0.044.

Subject to shareholder approval, the settlement of the Placement will be completed immediately following the Company's general meeting in January 2023. A notice of general meeting will be sent to shareholders in the coming week. Application will be made for the allotment and quotation of the New Shares to trading on ASX, AIM, and BSE with the quotation of the shares expected to take place on or around 24 January 2023 ("Admission"). The New Shares will, when issued, be credited as fully paid and will rank pari passu in all respects with the Company's existing issued ordinary shares from issue.

Total voting rights

Subject to shareholder consent, following the issue of the New Shares, the Company's enlarged share capital will comprise 830,858,567 ordinary shares of no par value. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

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 planned 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.