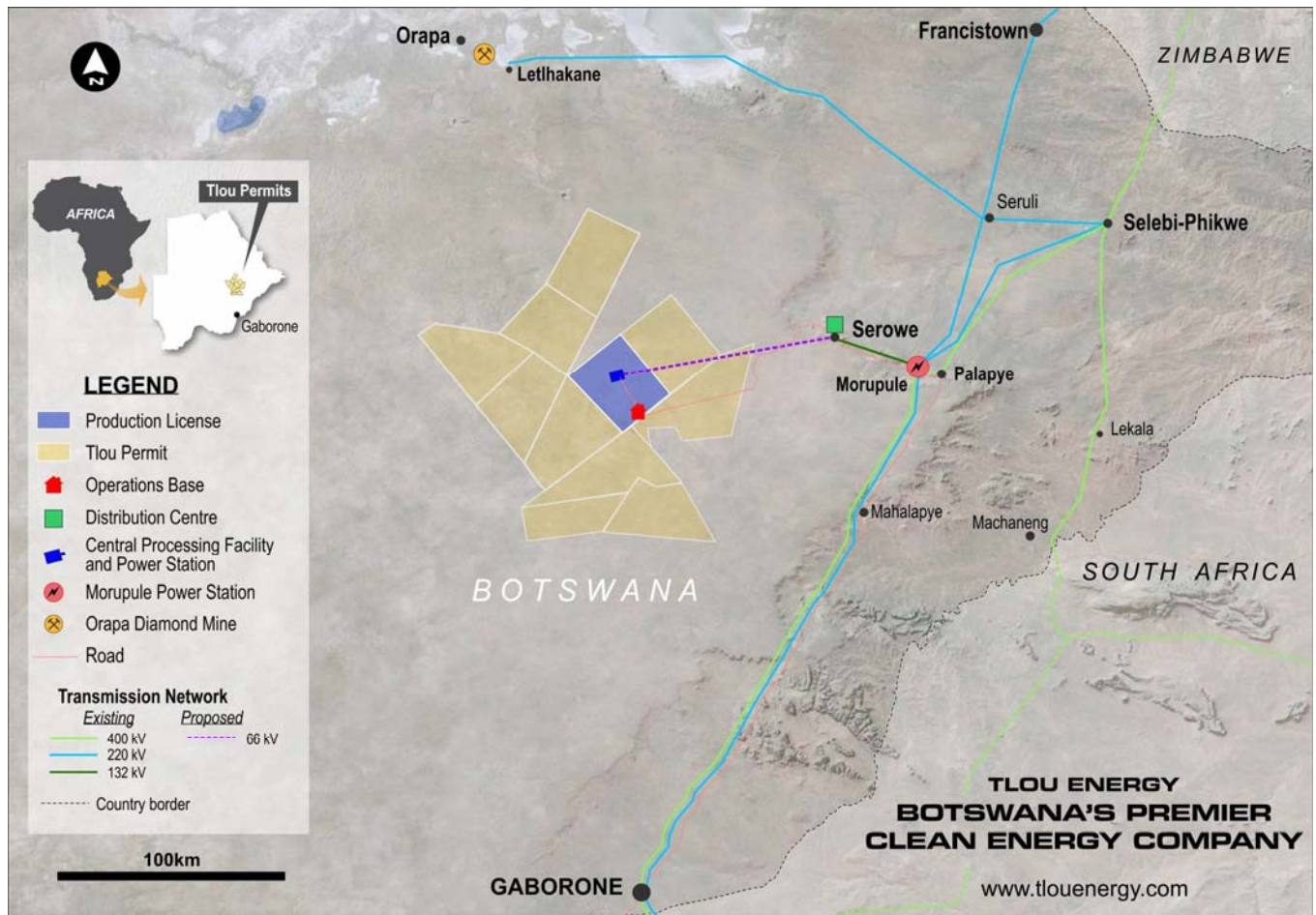


24 January 2022

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

**Operational Report - Quarter ended 31 December 2021**

Tlou Energy Limited is developing power 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 the Company's most advanced project. Tlou plans to develop gas and solar power generation assets at Lesedi with electricity to be sold into the power grid.



**Project Areas**

The Company has three project areas in Botswana:

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

### *Lesedi Project Area, Botswana*

Licences: Production Licence 2017/18L, Prospecting Licences 001 & 003/2004 and 35 & 37/2000

Ownership: Tlou Energy Limited 100%

The Lesedi licenses covers an area of approximately 3,800 Km<sup>2</sup> and consists of four Prospecting Licences (PL) and a Production Licence. The Lesedi Power project is located in the Company's Production Licence area (~800 km<sup>2</sup>).

The Lesedi project has all approvals in place to allow development to commence. The first phase will be a 10MW power project with electricity to be sold to Botswana Power Corporation. Once in full production, 10MW of generation could provide annual revenue of approximately US\$10m.

During the quarter the Company signed a 10MW Power Purchase Agreement (PPA) with Botswana Power Corporation (BPC). Under the terms of the PPA, BPC will purchase up to 10MW of power generated at Tlou's Lesedi power project.

The Company also signed a Convertible Note Agreement with Botswana Public Officers Pension Fund (BPOPF).

The principal terms of the Convertible Note Agreement are as follows:

- Amount: BWP 50m
- Maturity: 5 years
- Interest rate: 7.75% per annum
- Conversion: Conversion to shares at a 10% discount to the 90-day VWAP

The funds are planned to be used to finance construction of transmission line infrastructure to connect the Lesedi Project to the power grid, installation of generation assets, and ancillary costs to facilitate power generation and sale of electricity.

The status of the Lesedi area 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	September 2022	Current
PL 037/2000	September 2022	Current

### *Mamba Project Area, Botswana*

Licences: Prospecting Licences 237-241/2014

Ownership: Tlou Energy Limited 100%

The Mamba project consists of five PL's covering an area of approximately 4,500 Km<sup>2</sup>. 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 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 area 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 Area, Botswana*

Licence:           Prospecting Licence 011/2019

Ownership:       Tlou Energy Limited 100%

Prospecting Licence, PL011/2019 designated “Boomslang”, is approximately 1,000 Km<sup>2</sup> 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. A renewal application for the Boomslang licence was submitted in December 2021.

The status of the Boomslang area licence is as follows:

Licence	Expiry	Status
PL 011/2019	March 2022	Renewal application submitted

## Hydrogen

The Company’s hydrogen technology partner Synergen Met Pty Ltd (“SM”), a specialist in plasma torch and pyrolysis technology, has informed the Company that during the quarter, preliminary engineering for their hydrogen-carbon production process was completed. 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, clean 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 for transport fuel. Solid carbon will be made available for regional consumers that require the product. World markets for hydrogen and solid carbon black are predicted to expand considerably over the short and medium term.

SM considers that their process meets the definition of green hydrogen production via their plasma torch gas pyrolysis design.

## Crypto Mining

During the quarter the Company held discussions with an international crypto mining organisation to use Tlou's electricity to mine crypto currencies such as Bitcoin. The Company is evaluating the merits of this possibility which could lead to another avenue to generate income from Tlou's gas. The potential exists to generate revenue from this project while the grid connection infrastructure is being built.

## Cash Position

At the end of the quarter the Company had \$4.28m cash on hand (unaudited). The aggregate value of payments to related parties and their associates of \$129k 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.

### By Authority of the Board of Directors

Mr. Anthony Gilby  
 Managing Director

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For further information regarding this announcement please contact:

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### *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
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ABN

79 136 739 967
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Quarter ended ("current quarter")

31 December 2021
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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(199)	(367)
(e) administration and corporate costs	(460)	(683)
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)	19	22
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(640)</b>	<b>(1,028)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(5)	(51)
(d) exploration & evaluation	(622)	(958)
(e) investments		
(f) other non-current assets		

## 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 (6 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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(627)</b>	<b>(1,009)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	(8)	(11)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(8)</b>	<b>(11)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,537	6,385
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(640)	(1,028)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(627)	(1,009)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(8)	(11)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	24	(51)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,286</b>	<b>4,286</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,286	5,537
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,286</b>	<b>5,537</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	129
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

*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.*



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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>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 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	640
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	622
8.3 Total relevant outgoings (item 8.1 + item 8.2)	1,262
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,286
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,286
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	3
<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: .....24/01/2022.....

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.