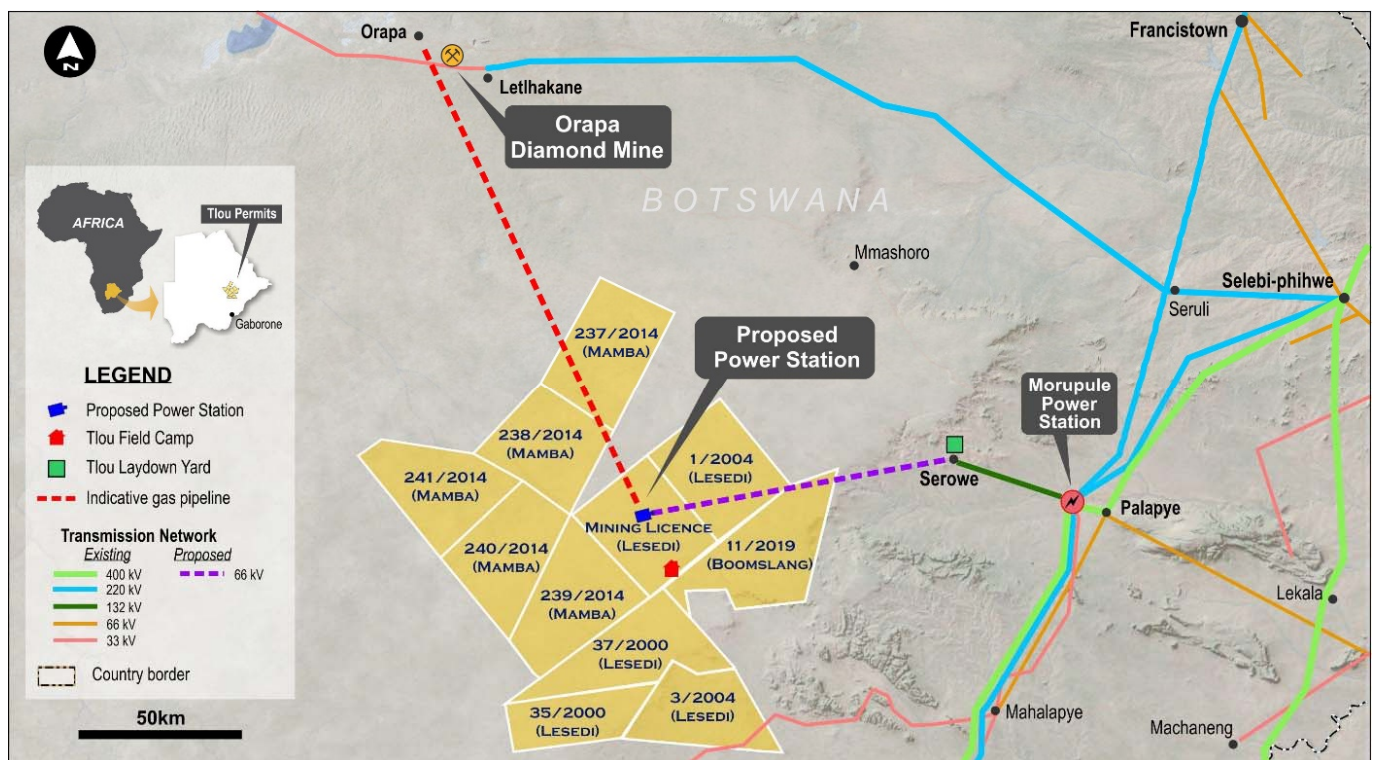


26 April 2021

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

Operational Report - Quarter ending 31 March 2021

Tlou Energy Limited is an ASX, AIM and BSE listed company focused on delivering power in Botswana and southern Africa through the exploration and development of gas and solar. 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 the sale of electricity into the regional power grid. In addition, the Company has two large exploration areas designated Mamba and Boomslang.



Project Finance

The Company is seeking project finance to build infrastructure to connect the Lesedi power project to the existing electricity grid in Botswana. This infrastructure includes transmission lines, electrical substations as well as the installation of gas and solar generation assets.

Project finance discussions are at an advanced stage with a very reputable Botswana-based entity. Due to confidentiality the Company is unable to name the entity concerned at this time. However, we can confirm that their investment committee and board have discussed the project financing and are favourably disposed to Tlou's

proposal. They are now proceeding with a third-party technical review of the project as part of their due diligence process. Once this report is assessed an investment decision can be made.

The Lesedi project is proposed to be developed in two phases. Phase One involves transmission line construction, substations, grid connection, electricity generators and potentially the drilling of additional gas wells. The ~100 Km transmission line will run from the Lesedi project to the town of Serowe where it will connect to the existing power grid. Initial generation is proposed to be up to 2MW of electricity. Funding required for Phase One is ~USD \$10m which can be staged if necessary or prudent to do so.

Phase Two funding is for the expansion of electricity generation up to 10MW. This will involve drilling gas wells and the purchase of additional electricity generation assets. The funding required for Phase Two is ~USD \$20m. Upon successful completion of Phase One and Two, the Company plans to expand the project beyond 10MW.

During the quarter, the Company successfully raised gross proceeds of £2.625 million pursuant to the placing of 75,000,000 new shares at an issue price of 3.5 pence per share. The funds raised are planned to go towards commencement of transmission line construction. While this work proceeds, Tlou will also continue its negotiations with other financiers for further development of the Lesedi project.

Boomslang Project - Environmental Impact Statement (EIS) Approved

Botswana's Department of Environmental Affairs (DEA) has approved the EIS for Tlou's Boomslang project. The Boomslang Prospecting Licence PL011/2019 is located adjacent to the Company's Lesedi power project.

All proposed project activities outlined under the EIS have been authorised. These include:

- Drilling of core holes and stratigraphy boreholes;
- Conducting seismic and geomagnetic surveys;
- Pilot testing pods, monitoring wells and evaporation ponds; and
- Installation of pumping monitoring, gathering lines and evaluation equipment.

Tlou believes the Boomslang project can complement the more mature Lesedi and Mamba projects, particularly given the presence of the highly prospective Serowe coal seam. The Lesedi and Mamba projects primarily target the deeper Morupule coal seam.

EIS approval for exploration of the Boomslang permit (Tlou 100%) represents another key milestone for the Company. Successful exploration and development of the Boomslang area could facilitate Tlou's longer term strategy of expansion beyond the current Lesedi project area.

Lesedi Project – Commencement of Development

The Company plans to commence work on the development of the Lesedi project as soon as possible. Key stages to achieve first revenue are as follows:

1. Construction of the transmission line to connect Lesedi to the existing power grid
2. Installation of substations at the Lesedi site and at Serowe to integrate with the grid

3. Installation of generation assets at Lesedi
4. Commissioning and testing
5. Sale of first power

Following the recent capital raising, the Company has funds in place to allow the transmission line construction to commence.

Transmission Line Tender

As outlined above, the first phase of development will be the construction of a transmission line to connect to the electricity grid. The line will be ~100 Km in length with a 66kV overhead cable. The route has been surveyed and full environmental approval is in place. The line will predominantly cross relatively flat, arid terrain with the last ~5 Km being through the outskirts of the Serowe township.

The Company had issued tenders for the construction of the transmission line and substations and post quarter end tenders were awarded to Zismo Engineering (Pty) Ltd (“Zismo”) for the construction of the overhead lines and to OptiPower for construction of substations at Lesedi and Serowe. The Company looks forward to finalising the contracts with both groups and subsequent commencement of construction.

- Zismo is a Botswana-based Electrical Engineering, Contracting, Automation and Refurbishment Company. Further information is available at <http://zismoengineering.com>.
- OptiPower is a division of Murray & Roberts Ltd. Based in South Africa, OptiPower’s core business includes the construction of substations, power lines and fibre optic networks. See <https://optipower.co.za> for further details.

10MW Power Purchase Agreement (PPA)

During the quarter, the Company received correspondence from advisors assisting the Government of Botswana in the execution of their Coal Bed Methane (CBM) program for the development of up to 100MW of CBM fueled pilot power plants.

The aim of this process is to secure a 10MW PPA between Tlou and the national energy utility, Botswana Power Corporation (BPC). The advisors have confirmed that they are reviewing project documents including the draft PPA. The Company is focused on progressing this to a conclusion as soon as possible.

Other items

Orapa Gas Supply Tender

Botswana Power Corporation has issued a tender for the supply and delivery of natural gas to the Orapa 90MW power plant. The power plant provides power to the Orapa diamond mine – one of the largest diamond mines in the world. Orapa is currently running on intermittent grid power and emergency diesel generation. Anglo American

PLC, owner of the De Beers group and co-owner of Orapa along with the Government of Botswana, has publicly stated their objective to move to cleaner fuel sources.

Gas from Tlou's nearby discoveries could be ideally suited to assist with meeting their cleaner energy objectives. The Company will review the tender documentation and subject to meeting the eligibility criteria, plan to submit a response. The tender closes in May 2021.

Hydrogen

The Company is looking into the potential of using gas and solar to produce Hydrogen power. These early-stage plans may lead to a trial project hosted at the Company's field operations in Botswana.

Forward plan

Key focus areas include:

- Commence work on the transmission line infrastructure
- Finalise funding to advance the Lesedi power project towards initial electricity generation and first revenue
- Agree and sign a 10MW power purchase agreement
- Progressing solar development plans
- Drilling additional gas wells in the Lesedi project
- Completing further operations across the Mamba and Boomslang project areas

Project Areas

The Company has three project areas in Botswana:

- Lesedi Project – *Gas & Solar Development, Exploration & Evaluation*
- Mamba Project – *Exploration & Evaluation*
- Boomslang Project – *Exploration & Evaluation*

Lesedi Project Area, Botswana

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

Ownership: Tlou Energy Limited 100%

The Lesedi project covers an area of approximately 3,800 Km² and consists of four Coal and Coal Bed Methane (CBM) Prospecting Licences (PL) and a Mining Licence. The Mining Licence area is currently the focal point for the Company's operations and includes the Lesedi production wells or 'pods'.

The Lesedi project is the Company's most advanced project. Plans are in place to purchase land at the Lesedi project, install solar photovoltaic (PV) panels and gas-fired electricity generators and connect to the power grid in Botswana. The project has full environmental approval which includes gas extraction, electricity generation and construction of transmission lines. In addition, the Company has approval for 20MW of solar generation. CBM power is ideal for use in conjunction with solar projects. A generation licence has also been granted by the

Botswana Energy Regulatory Authority (BERA). This licence has a 15-year term and is valid for both solar and gas-fired generation.

Tlou's mining licence is required by an operator to develop a CBM asset. This licence spans a large 900 Km² area and is valid until 2042.

Tlou has the only independently certified CBM gas reserves in Botswana, with 252 Billion Cubic Feet (BCF) of 3P gas Reserves certified in the Lesedi project area. In addition, the 3C Contingent Gas Resources are approximately 3 Trillion Cubic Feet (TCF).

Initial development of the Lesedi project is planned to be up to 10MW of power. With plans for solar and gas fired power, these can be standalone operations or a hybrid solution with gas-fired power able to provide back-up power when solar is not available. The location of the Central Processing Facility (generation site) at the Lesedi project is approximately 100 Km from the electricity grid and the Company is planning to construct a 100 Km transmission line to connect to the grid.

The proposed off-taker (purchaser) of the power generated by Tlou is BPC. The Company has signed a PPA with BPC for the first 2MW of electricity and a submission has been made to secure a PPA for up to 10MW.

The status of the Lesedi area licences is as follows:

Licence	Expiry	Status
Mining Licence 2017/18L	August 2042	Current
PL 001/2004	Renewal application submitted	Awaiting renewal confirmation
PL 003/2004	Renewal application submitted	Awaiting renewal confirmation
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 Coal and CBM prospecting licences covering an area of approximately 4,500 Km². The Mamba area is situated adjacent to Tlou's Lesedi project and is on-trend with the asset that has produced the encouraging results observed to date. In the event of a gas field development by Tlou, the Mamba area provides the Company with flexibility and optionality.

Independently certified 3P Gas Reserves of 175 BCF are already in place at the Mamba project. The Mamba project is in the exploration and evaluation phase with further operations required on these licences. The next stage of development is likely to be core-hole drilling and a seismic survey of the area. Positive results from these operations could expand the reserves footprint across the Mamba project area.

The Mamba area has the potential to become a separate revenue generating development project in addition to the proposed development at Lesedi, with solar and gas-fired generation a possibility subject to approvals.

Geographically, the Mamba project area is approximately 50 Km closer to the Orapa Power station compared to the Lesedi project area. The potential exists for a gas pipeline to be constructed to supply gas from the Mamba project to the 90MW Orapa power station.

The status of the Mamba area licences is as follows:

Licence	Expiry	Status
PL 237/2014	September 2021	Current
PL 238/2014	September 2021	Current
PL 239/2014	September 2021	Current
PL 240/2014	September 2021	Current
PL 241/2014	September 2021	Current

Boomslang Project Area, Botswana

Licence: Prospecting Licence 011/2019

Ownership: Tlou Energy Limited 100%

Prospecting Licence, PL011/2019 designated “Boomslang”, is valid for an initial term of 3 years. The licence area is approximately 1,000 Km² and is situated adjacent to the Company’s existing licences. The Boomslang area is also located on-trend with the asset that has produced the encouraging results observed to date at the Lesedi project.

The Boomslang licence area provides the Company further flexibility and optionality for development of different projects.

There have been no ground operations completed in the Boomslang area as the Company only received environmental approval to commence exploration activities during the quarter. Subject to funding, initial exploration work is planned for this area. Like the Lesedi and Mamba areas, the Boomslang project could produce solar and gas-fired power.

The status of the Boomslang area licence is as follows:

Licence	Expiry	Status
PL 011/2019	March 2022	Current

By Authority of the Board of Directors

Mr. Anthony Gilby

Managing Director

For further information regarding this announcement please contact:

Tlou Energy Limited	+61 7 3012 9793
Tony Gilby, Managing Director	
Solomon Rowland, General Manager	

Grant Thornton (Nominated Adviser)	+44 (0)20 7383 5100
Harrison Clarke, Colin Aaronson, Lukas Girzadas	
Shore Capital (Broker)	+44 (0)20 7408 4090
Jerry Keen, Toby Gibbs, John More	
Vigo Consulting (PR)	+44 (0)20 7390 0230
Patrick d'Ancona, Chris McMahon, Simon Woods	

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.

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.

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. 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")

31 March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed)		
	(b) development		(126)
	(c) production		
	(d) staff costs	(195)	(495)
	(e) administration and corporate costs	(180)	(573)
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	5	75
1.9	Net cash from / (used in) operating activities	(370)	(1,119)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(5)	(44)
	(d) exploration & evaluation (if capitalised)	(135)	(648)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(140)	(692)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,725	7,726
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	(269)	(549)
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	4,456	7,177
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,032	1,576
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(370)	(1,119)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(140)	(692)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,456	7,177

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(57)	(21)
4.6	Cash and cash equivalents at end of period	6,921	6,921

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	6,921	3,032
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)	6,921	3,032

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

150

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

Item 6.1 includes payment of Directors salaries, fees and office rent.

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.</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	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)	370
8.2	Capitalised exploration & evaluation (Item 2.1(d))	135
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	505
8.4	Cash and cash equivalents at quarter end (Item 4.6)	6,921
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	6,921
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	14
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
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:	
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:	
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:	

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:26/04/2021.....

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.