



TLOU ENERGY LIMITED

A.B.N 79 136 739 967

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Wednesday 25 October 2017

Time of Meeting

10.00am (Brisbane Time)

Place of Meeting

BDO

Level 10, 12 Creek Street

Brisbane Qld 4000

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

TLOU ENERGY LIMITED

A.B.N 79 136 739 967

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Tlou Energy Limited A.B.N 79 136 739 967 ("the Company") will be held at the BDO, Level 10, 12 Creek Street, Brisbane Qld 4000 on Wednesday 25th October 2017 at 10.00am (Brisbane time) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Statements and Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2017 together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

1. Resolution 1 – Non Binding Resolution to Adopt Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2017 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

For the purposes of Resolution 1:

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by or on behalf of:

- a member of the Key Management Personnel (KMP) of the Company; or
- a Closely Related Party of a KMP, whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote if it is cast as a proxy by a KMP, details of whose remuneration are included in the remuneration report for the year ended 30 June 2017, or a Closely Related Party of such a KMP:

- for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- if it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with an express authority on the proxy form to vote as the proxy decides, even if the resolution is connected directly or indirectly with the remuneration of a KMP; and
- the vote is not cast on behalf of a KMP details of whose remuneration are included in the remuneration report for the year ended 30 June 2017, or a Closely Related Party of a KMP.

Further, the Company will not disregard a vote if it is cast by a KMP, details of whose remuneration are not included in the remuneration report for the year ended 30 June 2017, or a Closely Related Party of such a KMP:

- as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with an express authority on the proxy form to vote as the proxy decides, even if the resolution is connected directly or indirectly with the remuneration of a KMP.

IMPORTANT NOTE:

- **You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.**
- **Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company), subject to compliance with the Corporations Act.**

2. Resolution 2 – Election of Mr Hugh William Swire as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr Hugh William Swire, who was appointed as a Director of the Company by the Board on 22 June 2017, and who retires in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election as a Director of the Company, be elected a Director in accordance with Article 46 of the Company's Constitution with effect from the close of this Meeting."

3. Resolution 3 – Approval of 10% Placement Capacity

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval be given for the issue of

Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue or the agreement to issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

For the Purposes of Resolution 3:

Voting Exclusion Statement: The Company will disregard any votes cast on this special resolution by any person who may participate in the issue of Equity Securities the subject of this Resolution 3 and a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed (**Participating Party**), and any associate of the Participating Party.

However, the Company will not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

IMPORATANT NOTE: At the date of this Notice, it is not known who will participate in the proposed issue of Equity Securities the subject of this special resolution and the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. Therefore, no existing Shareholder votes will be excluded under the voting exclusion in this Notice. You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.

4. Resolution 4 – Ratification of the Issue of Shares Issued on 7 April 2017

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 51,788,334 ordinary fully paid shares at A\$0.10 on 7 April 2017 to institutional and sophisticated investors on the terms and conditions set out in Explanatory Memorandum is ratified."

For the purposes of Resolution 4:

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by any person who participated in the issue of ordinary shares the subject of this Resolution 4 and any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.

5. Resolution 5 – Ratification of the Issue of Shares Issued on 2 May 2017

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 6,780,000 ordinary fully paid shares at A\$0.10 2 May 2017 to institutional and sophisticated investors on the terms and conditions set out in Explanatory Memorandum is ratified."

For the purposes of Resolution 5:

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by any person who participated in the issue of ordinary shares the subject of this Resolution 5 and any of its associates.

However, the Company will not disregard a vote if:

- (c) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.

6. Resolution 6 – Election of Mrs Linah Kelebogile Mohohlo

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mrs Linah Kelebogile Mohohlo, who was appointed as a Director of the Company by the Board on 12 July 2017, and who retires in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible offers herself for re-election as a Director of the Company, be elected a Director in accordance with Article 46 of the Company's Constitution with effect from the close of this Meeting"

7. Resolution 7 – Re-election of Mr Martin James Mclver as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, Martin James Mclver, who retires in accordance with clause 46(c) of the Constitution and, being eligible for re-election, be re-elected as a Director.”

* * * * *

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered. Shareholders should read the Explanatory Memorandum in full.

The proxy form must be signed by the Shareholder or the Shareholder’s attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer’s attorney, a certified copy of the Power of Attorney, or the Power itself, must be received by the Company at the above address, or by facsimile and by 10.00am (Brisbane time) on Monday 23 October 2017. If facsimile transmission is used, the Power of Attorney must be certified.

How undirected proxies held by the Chairman of the meeting will be voted:

If you appoint the Chairman of the Meeting as your proxy and you do not specify in the Proxy Form the manner in which you wish the Chairman to vote on the Resolutions to be considered at the Meeting, the Chairman intends to vote in favour of all Resolutions 1 through to 7. If you do not direct the Chairman how to vote on Resolutions 1, you expressly authorise the Chairman to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.

If you appoint the Chairman of the Meeting as your proxy and wish to direct the Chairman how to vote on some or all of the Resolutions to be considered at the Meeting, you must complete the directed proxy part of the Proxy Form (Step 2 on the Proxy Form). The Chairman encourages all Shareholders who submit proxies to direct their proxy how to vote on each resolution.

IMPORTANT VOTING RESTRICTIONS

If you are entitled to vote, and you wish to appoint a proxy, you should be aware that if your proxy is a person who is not entitled to vote in their own right, the person may (subject to the Corporations Act) still vote as your proxy but your proxy’s vote on your behalf will only be valid if, subject to the comments above in respect of undirected proxies held by the Chairman, you direct your proxy on the Proxy Form how to vote and the proxy does vote as directed.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

DEFINITIONS

For the purposes of this Notice (including each of the Resolutions), the following definitions apply:-

“**AIM**” means AIM, the market of that name operated by the London Stock Exchange plc;

“**Annual Report**” means the annual report of the Company for the year ended 30 June 2017;

“**Associate**” has the meaning given in the Listing Rules;

“**ASX**” means the ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

“**AUD**” means Australian dollars;

“**Board**” means the Board of Directors of Tlou Energy Limited;

“**Chair**” or “**Chairman**” means the person appointed to chair the Meeting of the Company convened by this Notice.

“**Closely Related Party**”, in relation to a member of the KMP, means the member’s spouse, child or dependant (or a child or dependant of the member’s spouse), anyone else in the member’s family who may be expected to influence or be influenced by the member in the member’s dealings with the Company (or its controlled entities), any company the member controls and any person prescribed by the *Corporations Regulations 2001 (Cth)*;

“**Company**” or “**Tlou Energy**” means Tlou Energy Limited A.B.N. 79 136 739 967;

“**Constitution**” means the Company’s Constitution, as amended from time to time;

“**Corporations Act**” means *Corporations Act 2001 (Cth)*;

“**Directors**” means the Directors of the Company;

“**Eligible Participant**” means an eligible participant under the Performance Rights Plan, being full time employees and permanent part-time employees (including Directors) of the Company and its subsidiaries who are declared by the Board to be eligible to receive grants of Performance Rights under the Plan;

“**Equity Securities**” has the meaning given to that term in the Listing Rules;

“Explanatory Memorandum” means the explanatory memorandum accompanying this Notice;

“Key Management Personnel” or **“KMP”** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company or its controlled entities, whether directly or indirectly. Members of the KMP include directors (both executive and non-executive) and certain senior executives;

“Listing Rules” means the Listing Rules of the ASX;

“Meeting” means the meeting convened by the Notice;

“Notice” means this Notice of Annual General Meeting;

“Performance Condition” means, in respect of a Performance Right, any condition set out in the Offer (unless waived by the Board in its absolute discretion) before that Performance Right can vest or any other restriction on vesting of that Performance Right specified in the Offer or in the Plan.

“Performance Rights” means a right to acquire a Share, subject to satisfaction of any Performance Conditions, and the corresponding obligation of the Company to provide the Share, under a binding contract made by the Company and any Eligible Participant under the Plan, in the manner set out in the Plan;

“Offer” means an offer made to an Eligible Participant by the Company to participate in the Plan, made in accordance with the Plan;

“Performance Rights Plan” or **“Plan”** means the Tlou Energy Limited Performance Rights Plan;

“Resolution” means a resolution contained in this Notice;

“Share” means a fully paid ordinary share in the capital of the Company;

“Shareholder” means a holder of Shares in the Company; and

“Termination Benefit” means the type of benefit to which section 200B of the Corporations Act applies.

By order of the Board



SOLOMON ROWLAND

Company Secretary

Dated: 22 September 2017

How to vote

Shareholders can vote by either:-

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice or by submitting their proxy appointment and voting instructions by facsimile.

Voting in person (or by attorney)

- Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's Share Register and attendance recorded. Attorneys should bring with them an original or certified copy of the Power of Attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

- A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of Section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed unless previously given to the Company's Share Registry.

Voting by Proxy

- A Shareholder entitled to attend and vote is permitted to appoint not more than two (2) proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.

- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.

- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible (and subject to the Corporations Act) to support each of the resolutions proposed in this Notice (even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel).

- To be effective, proxies must be lodged by 10.00am (Brisbane time) on Monday 23 October 2017. Proxies lodged after this time will be invalid.

- Proxies may be lodged using any of the following methods:-

1. by returning a completed proxy form in person or by post using the pre-addressed envelope provided with this Notice to:-

The Share Registry
Tlou Energy Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South
NSW 1235
Australia

or

2. by faxing a completed proxy form to:-

Tlou Energy Limited, on
02 9287 0309 (within Australia); or
+61 2 9287 0309 (outside Australia)

or

3. by visiting:-

www.linkmarketservices.com.au and logging in using the control number found on the front of your accompanying proxy form.

- The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the Power itself, must be received by the Company at the above address, or by facsimile and by 10.00am (Brisbane Time), Monday 23 October 2017. If facsimile transmission is used, the Power of Attorney must be certified.

Shareholders who are entitled to vote

- In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 7.00pm (Sydney time) on Monday 23 October 2017.

TLOU ENERGY LIMITED

A.B.N 79 136 739 967

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Tlou Energy Limited (“**Tlou Energy**” or the “**Company**”).

THIS EXPLANATORY MEMORANDUM SHOULD BE READ IN ITS ENTIRETY. IF SHAREHOLDERS ARE IN DOUBT AS TO HOW THEY SHOULD VOTE, THEY SHOULD SEEK ADVICE FROM THEIR ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISER PRIOR TO VOTING.

Terms used in this Explanatory Memorandum are defined in the Notice.

FINANCIAL STATEMENTS AND REPORTS

The first item of the Notice of Annual General Meeting deals with the presentation of the consolidated annual financial statements of the Company for the financial year ended 30 June 2017 together with the Directors’ Declaration and Report in relation to that financial year and the Auditor’s Report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Independent Audit Report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; *and*
- the independence of the Auditor in relation to the conduct of the audit.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

In accordance with Section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company’s 2017 Annual Report. The Remuneration Report is contained in the Annual Report and is also

available on the Company’s website:
www.tlouenergy.com

This Resolution is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast on the resolution at the Annual General Meeting are against adoption of the report, then:

if comments are made on the report at the Annual General Meeting, the Company’s remuneration report for the financial year ending 30 June 2018 will be required to include an explanation of the board’s proposed action in response or, if no action is proposed, the board’s reasons for this; and

if, at the Company’s 2018 Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the relevant financial year are against its adoption, the Company will be required to put to shareholders at the next Annual General Meeting a resolution proposing that a general meeting (Spill Meeting) be called to consider the election of directors of the Company (Spill Resolution). For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

Recommendation

The Remuneration Report forms part of the Directors’ Report, made in accordance with a unanimous resolution of the Directors. Each of the Directors recommends the report to Shareholders for adoption.

RESOLUTION 2 – ELECTION OF MR HUGH WILLIAM SWIRE AS A DIRECTOR

In accordance with Article 46 of the constitution, Mr Hugh William Swire, who was appointed as a director by the Board on 22 June 2017, and who retires in accordance with the Company’s Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for election as an Executive Director.

Mr Hugh Swire is a partner in Mahon China, an established investment management and advisory partnership based in Beijing. Active in China since 1985, Mahon China have over three decades of experience advising foreign companies with investments and corporate activities in China.

Hugh has expert knowledge and direct investment experience in the low carbon water, energy and technology sectors having completed and exited investments into several leading companies in the low carbon sector. Hugh travels to China regularly and using his Chinese language skills after graduating from Oxford University with a BA (Hons) in Chinese.

Recommendation

The Directors (with Mr Swire abstaining) unanimously recommend that Shareholders vote in favour of the Resolution. The Chair of the Meeting intends to vote available proxies in favour of this resolution.

RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a Special Resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, which is detailed below.

Description of ASX Listing Rule 7.1A

a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting.

b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue only one type of Equity Securities quoted on ASX being ordinary shares.

Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of the issue or agreement:

- i. plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- ii. plus the number of partly paid shares that became fully paid in the 12 months;
- iii. plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;
- iv. less the number of fully paid shares cancelled in the 12 months.

Note: A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.

ASX Listing Rules 7.1 and 7.1A

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

At the date of this Notice, the Company has on issue 304,042,848 ordinary shares and at the date of this Notice has a capacity to issue:

- 1) nil Equity Securities under ASX Listing Rule 7.1; and
- 2) subject to Shareholders approving Resolution 3, 30,404,285 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, which is detailed above.

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the Volume Weighted Average Price of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
- 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- 1) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- 2) the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), (“10% Placement Period”).

ASX Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities in any existing quoted class, under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company’s 15% placement capacity under ASX Listing Rule 7.1.

Resolution 3 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) are cast in favour of the resolution.

Specific information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

a) The Equity Securities will be issued at an issue price of not less than 75% of the Volume Weighted Average Price for the Company’s Equity Securities over the 15 Trading Days immediately before:

- 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
- 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

b) If Resolution 3 is passed by Shareholders as a Special Resolution and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders’ voting power in the Company will be diluted as shown in the below table (in the case of unlisted options, only if the unlisted options are exercised). There is a risk that:

- 1) the market price for the Company’s Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- 2) the Equity Securities may be issued at a price that is at a discount to the market price for the Company’s Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

ASX Listing Rule 7.3A.2 – Dilution Table

Variable "A" in ASX Listing Rule 7.1A.2		\$0.07 Issue Price (50% decrease in Deemed Price)	\$0.14 Issue Price (Deemed Price)**	\$0.28 Issue Price (100% increase in Deemed Price)
304,042,848 Shares being the current number of Shares on issue at the date of this Notice	10% Voting Dilution	30,404,285 Shares	30,404,285 Shares	30,404,285 Shares
	Funds Raised	\$2,128,300	\$4,256,600	\$8,513,200
456,064,272 Shares being a 50% increase in the number of Shares on issue at the date of this Notice	10% Voting Dilution	45,606,427 Shares	45,606,427 Shares	45,606,427 Shares
	Funds Raised	\$3,192,450	\$6,384,900	\$12,769,800
608,085,696 Shares being a 100% increase in the number of Shares on issue at the date of this Notice	10% Voting Dilution	60,808,570 Shares	60,808,570 Shares	60,808,570 Shares
	Funds Raised	\$4,256,600	\$8,513,200	\$17,026,400

*The Deemed Price was the closing price of the Shares on the ASX on 11 September 2017.

**All Voting Dilution and Funds Raised numbers in the table have been rounded to nearest whole number.

The above table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the Deemed Price.

The table has been prepared on the following assumptions:

- i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- ii) No unlisted options are exercised into Shares before the date of the issue of the Equity Securities under ASX Listing Rule 7.1A. The Company has 2,000,000 unlisted options on issue at the date of this Notice. The Company has 4,550,000 Performance Rights on issue under the Performance Rights Plan as at the date of this Notice.
- i) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- ii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- iii) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and does not consider issues under the 15% placement capacity under ASX Listing Rule 7.1.
- iv) The issue of Equity Securities under the 10% Placement Facility consists only of ordinary shares in the Company. The table does not demonstrate the effect of listed or unlisted options being issued under ASX Listing Rule 7.1A.
- v) The issue price for ordinary shares in the Company is deemed for the purposes of the table to be \$0.14 (**Deemed Price**), being the closing price of these shares on ASX on 11 September 2017. This price is indicative only and does not consider the 25% discount to market that these shares may be issued at.

vi) 'A' is the current number of fully paid ordinary shares on issue, and assumes full placement capacity available.

c) The Company will only issue and allot the Equity Securities pursuant to the 10% Placement Capacity within 12 months of the date of this Annual General Meeting. Further the approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

d) The Company may seek to issue the Equity Securities for the following purposes:

- 1) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
- 2) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- 1) the methods of raising funds that are available to the Company, including but not limited to, placement, rights issue or other issue in which existing security holders can participate;
- 2) the effect of the issue of the Equity Securities on the control of the Company;
- 3) the financial situation and solvency of the Company; and
- 4) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are

not related parties or associates of a related party of the Company.

Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new resource assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new resource assets or investments.

f) **Previous approval under ASX Listing Rule 7.1A:** The Company obtained approval under Listing Rule 7.1A at its 2016 Annual General Meeting (AGM). In the period between the date of the 2016 AGM and the date of this Notice of Meeting the Company has issued a total of 66,844,609 ordinary fully paid Shares.

On 07 April 2017, the Company issued 51,788,334 fully paid ordinary Shares at \$0.10 per share to selected institutional and sophisticated investors raising a total of approximately \$5,178,833 before costs (**April 2017 Placement**). The issue price of the new shares represented a 0% discount to the closing market price on the date of issue, being \$0.098 on 7 April 2017.

The proceeds of the April 2017 Placement were used to fund the Company's 2017 work program, completing various studies required for the submission of the mining licence application and tender for the Botswana Government's 100MW CBM pilot project, ongoing production testing at Selemo as well as working capital.

On 27 April 2017, the Company issued 8,276,275 fully paid ordinary Shares at \$0.10 per share to existing investors through a share purchase plan raising a total of approximately \$827,628 before costs (**April 2017 SPP**). The issue price of the new shares represented a 13% discount to the closing market price on the date of issue, being \$0.115 on 27 April 2017.

The proceeds of the April 2017 SPP were also used to fund the Company's 2017 work program, completing various studies required for the submission of the mining licence application and tender for the Botswana Government's 100MW CBM pilot project, ongoing production testing at Selemo as well as working capital.

On 2 May 2017, the Company issued 6,780,000 fully paid ordinary Shares at \$0.10 per share to selected institutional and sophisticated investors raising a total of approximately \$678,000 before costs (**additional May 2017 Placement**). The issue price of the new shares represented a 17% discount to the closing market price on the date of issue, being \$0.12 on 2 May 2017.

The proceeds of the additional May 2017 Placement will also be used to fund the Company's 2017 work

program, completing various studies required for the submission of the mining licence application and tender for the Botswana Government's 100MW CBM pilot project, ongoing production testing at Selemo as well as working capital.

The Shares that were issued as part of the April 2017 Placement, April 2017 SPP and additional May 2017 Placement represented an increase in the total issued share capital of the Company at the commencement of the 12 months preceding the date of this Meeting of approximately 28%.

g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Recommendation

The Directors consider that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should such an issue be required. Accordingly, each of the Directors recommends that Shareholders vote in favour of Resolution 3. The Chair of the Meeting intends to vote available proxies in favour of this resolution.

RESOLUTION 4 – RATIFICATION OF THE ISSUE OF SHARES ISSUED 7 APRIL 2017

In a placement that was completed on 24 March 2017 the Company raised a total of \$5,178,833 through the issue of 51,788,334 ordinary shares at \$0.10 per share, of which 51,788,344 ordinary shares were issued without shareholder approval under ASX Listing Rule 7.1.

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval.

ASX Listing Rule 7.4 permits the ratification by shareholders of previous issues of securities made without shareholder approval, provided the issue did not breach the 15% threshold in ASX Listing Rule 7.1.

In accordance with ASX Listing Rules 7.4 and 7.5, the Company advises that:

(a) Resolution 4 has been included so that shareholders may approve and ratify pursuant to

ASX Listing Rule 7.4 the issue of a total of 51,788,334 ordinary shares to those parties detailed below;

- (b) The shares were issued and allotted to various sophisticated and professional investors unrelated to the Company;
- (c) The proceeds raised through the issue of the shares will be used primarily to fund the Company's 2017 work program, completing various studies required for the submission of the mining licence application and tender for the Botswana Government's 100MW CBM pilot project, ongoing production testing at Selemo as well as providing additional working capital for the Lesedi CBM Project;
- (d) The shares issued rank pari passu with, and on the same terms, as the existing fully paid ordinary shares on issue in the Company;
- (e) None of the allottees are related parties of the Company; and
- (f) The shares were issued at \$0.10 per share.

Accordingly, as the issue of Shares did not breach ASX Listing Rule 7.1, the Company wishes to refresh its capacity to issue without specific approval by seeking approval under ASX Listing Rule 7.4 for the issue of those shares. The effect of obtaining Shareholder approval will be that the shares issued will be treated as having been made in accordance with ASX Listing Rule 7.1 and, as a result, the Company's ability to issue the number of shares permitted under ASX Listing Rule 7.1, without Shareholder approval will not be effected.

Recommendation

The Directors consider it prudent that the Company retain the flexibility of that ability in case the need to issue further securities arises and recommend that Shareholders vote in favour of the proposed resolution.

RESOLUTION 5 – RATIFICATION OF THE ISSUE OF SHARES ISSUED 2 MAY 2017

In a placement that was completed on 26 April 2017 the Company raised a total of \$678,000 through the issue of 6,780,000 ordinary shares at \$0.10 per share, of which 6,780,000 ordinary shares were issued without shareholder approval under ASX Listing Rule 7.1.

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval.

ASX Listing Rule 7.4 permits the ratification by shareholders of previous issues of securities made without shareholder approval, provided the issue did not breach the 15% threshold in ASX Listing Rule 7.1.

In accordance with ASX Listing Rules 7.4 and 7.5, the Company advises that:

- (g) Resolution 5 has been included so that shareholders may approve and ratify pursuant to ASX Listing Rule 7.4 the issue of a total of 6,780,000 ordinary shares to those parties detailed below;
- (h) The shares were issued and allotted to various sophisticated and professional investors unrelated to the Company;
- (i) The proceeds raised through the issue of the shares will be used primarily to fund the Company's 2017 work program, completing various studies required for the submission of the mining licence application and tender for the Botswana Government's 100MW CBM pilot project, ongoing production testing at Selemo as well as providing additional working capital for the Lesedi CBM Project;
- (j) The shares issued rank pari passu with, and on the same terms, as the existing fully paid ordinary shares on issue in the Company;
- (k) None of the allottees are related parties of the Company; and
- (l) The shares were issued at \$0.10 per share.

Accordingly, as the issue of Shares did not breach ASX Listing Rule 7.1, the Company wishes to refresh its capacity to issue without specific approval by seeking approval under ASX Listing Rule 7.4 for the issue of those shares. The effect of obtaining Shareholder approval will be that the shares issued will be treated as having been made in accordance with ASX Listing Rule 7.1 and, as a result, the Company's ability to issue the number of shares permitted under ASX Listing Rule 7.1, without Shareholder approval will not be effected.

Recommendation

The Directors consider it prudent that the Company retain the flexibility of that ability in case the need to issue further securities arises and recommend that Shareholders vote in favour of the proposed resolution.

RESOLUTION 6 – ELECTION OF MRS LINAH KELEBOGILE MOHOHLO

In accordance with Article 46 of the constitution, Mrs Linah Kelebogile Mohohlo, who was appointed as a director by the Board on 12 July 2017, and who retires in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible, offers herself for election as a Non-Executive Director.

Ms Linah Kelebogile Mohohlo is the former Governor of the Bank of Botswana, a position she held from 1999 to 2016. Ms Mohohlo joined the Bank of Botswana in 1976, where she served in several capacities prior to being appointed Governor, including Board Secretary, Deputy Director of Research, Director of the Financial Market Department and Deputy Governor. Ms Mohohlo is a member of the Commission for Africa, and the Africa Progress Panel, a group of ten distinguished individuals who advocate at the highest levels for

equitable and sustainable development in Africa. In May 2015, United Nations Secretary-General Ban Ki-moon appointed Mohohlo as member of the High-Level Panel on Humanitarian Financing, an initiative aimed at preparing recommendations for the 2016 World Humanitarian Summit.

Along with her contacts and expertise in the banking and finance sectors, Ms Mohohlo also brings to Tlou significant experience from the mining industry in Botswana as a board member of both Debswana Diamond Company (Pty) Ltd and Diamond Trading Company Botswana.

Ms Mohohlo holds a Bachelors Degree in Economics from The George Washington University, Washington DC, a Masters Degree in Finance and Investments from University of Exeter, UK and a Diploma in Accounting and Business Studies from the University of Botswana.

Recommendation

The Directors (with Mrs Mohohlo abstaining) unanimously recommend that Shareholders vote in favour of the Resolution. The Chair of the Meeting intends to vote available proxies in favour of this resolution.

RESOLUTION 7 – RE-ELECTION OF MR MARTIN JAMES MCIVER AS A DIRECTOR

The Company's Constitution provides that a director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years, following that director's last election or appointment. Mr Martin McIver therefore, retires from office in accordance with this requirement and submits himself for re-election.

Mr McIver was appointed a Non –Executive Director of the Board on 16 September 2010 and made Non – Executive Chairman of the Board on 11 February 2016. Mr McIver has over 14 years' experience with the mining services industry.

Mr McIver brings to Tlou a strong commercial background, with sound business management and mining industry expertise. He has been involved in the establishment, development, sale and purchase of a number of mining services businesses.

He holds an MBA (international) with honours from the American Graduate School of International Management (Thunderbird), a Graduate Diploma in Applied Finance and Valuations (FINSIA/KAPLAN) and a Bachelor of Business (Marketing) from Queensland University of Technology.

Recommendation

The Directors (with Mr McIver abstaining) recommend that you vote in favour of the resolution.