

30 January 2025

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

Quarterly Activities Report for the quarter ended 31 December 2024

Lesedi Project: Driving Progress Towards First Power Sales

- **Tlou's Lesedi project continues to steadily progress with plans to start power generation later this year.**
- **The Lesedi electrical substation is nearing completion with an expected completion date in Q1 2025.**
- **Tlou continues to prioritise upstream activities with the aim of increasing gas flow rate consistency and volume.**

The December 2024 quarter marked significant progress for Tlou Energy with its flagship Lesedi Gas-to-Power Project ("Lesedi") advancing towards first power sales in 2025. Key milestones include the near completion of the Lesedi substation and continued optimisation of gas production. With Lesedi positioned as Botswana's leading gas project, Tlou is ideally placed to address the region's growing demand for reliable baseload power.



Lesedi Substation – January 2025

Key Achievements

1. Substation Progress:

- The Lesedi substation is nearing completion with commissioning scheduled for Q1 2025.
- The arrival and installation of the 5MVA step-up transformer marked a critical milestone. This component enables up to 5MW of power generation, with the substation designed to expand further as the Lesedi project develops.

2. Transmission Line Completion:

- Construction of the 100km, 66kV transmission line is complete, with just minor works remaining including tie-in to the substation and switchgear installation.
- Once operational, the transmission line will connect Lesedi to Botswana's national grid and the Southern African Power Pool, granting access to a vast electricity market.

3. Gas Production Optimization:

- Work continued on dewatering the coal reservoir to enhance gas flow rates. Efforts to address coal fines are yielding improvements in flow rate consistency, a critical factor for stable power generation.
- Existing production pods are proposed to support initial power generation, with additional drilling planned for 1H25, subject to funding.

4. Power Generation Preparations:

- Discussions are ongoing with suppliers for gas fired power generators capable of delivering up to 1,375 kW each. These generators will be installed in phases, aligned with gas production capacity.

Lesedi Project: Positioned for Growth

Tlou Energy's Lesedi project represents a significant step forward for Botswana's independent power sector. As the most advanced gas project in the region, Lesedi is set to start gas fired power generation in 2025. The first phase will be a staged 10MW development with power to be sold into the power grid under an agreement with Botswana Power Corporation (BPC).

Located on a strategic 40km² site in Botswana's Central Sandveld, Lesedi is ideally placed to leverage market demand to scale rapidly. This strategic location provides ample space for expansion of Tlou's gas-to-power initiatives. Ongoing developments at Lesedi include the following key elements:

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

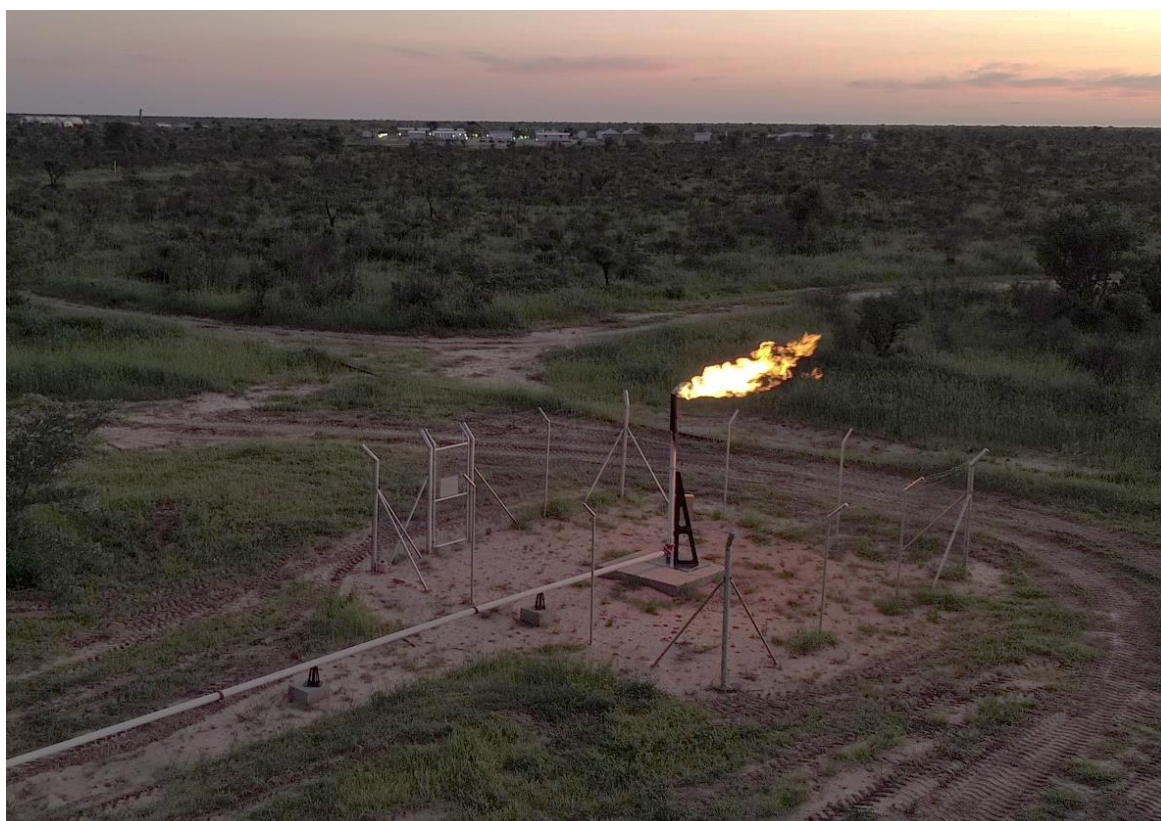
Gas Production

Gas is produced via lateral (horizontal) drilling techniques where one vertical production well is intersected by two lateral wells to form a Dual Lateral Production Pod (“Pod”). Currently, Tlou operates two Pods that are poised to support initial power generation.

During the quarter, Tlou focussed on dewatering the target coal reservoir to enhance gas flow rates with operations undertaken to achieve more consistent rates. A key issue addressed is the coal fines or particles that can cause the downhole pump to block and therefore constrain dewatering and gas production.

The company is meticulously monitoring the dewatering process. This involves closely overseeing the drawdown of water from the production wells while limiting any issues that could affect gas flow. By maintaining stringent control over this process, Tlou aims to optimise gas extraction efficiency and enhance consistent gas production rates.

The next phase of production well drilling is scheduled for 1H25 subject to additional funding being secured.



Lesedi 4P Production Well – January 2025

Power Generation

The Company is in discussions with power generation suppliers to install power generators at Lesedi. One proposal is for the use of reciprocating 1,375 kW Cummins branded gas engines with GE generators.

It is planned that power generators will be supplied and installed in phases, commensurate with gas production capacity.

1,375 kW generators can take up to 220m³ of methane per hour with actual power generation output subject to various factors including the temperature and altitude.

Transmission Line

Electricity generated at Lesedi will be sold into the grid via the 66kV transmission line that has been constructed by the Company. Construction of the 100km line is complete with minor finishings, including connecting the line to the Lesedi substation and the installation of switch gear remaining. These final works will be completed before the line is energised.

During the quarter the power line remained under care and maintenance. Once operational, it will grant Tlou access to the Botswana power market and the wider Southern African Power Pool providing the Company access to an enormous electricity market.

Substation

The generators will tie in with the transmission line via an electrical substation at Lesedi. By the end of the quarter the Lesedi substation was over 90% complete. The project is anticipated to be completed in early 2025.

During the quarter a 5MVA step-up transformer was delivered to the project site. This was a key component to finalise the substation. The 5MVA transformer will facilitate around 5MW of generation. Further transformers will be added as the project grows with the substation designed for expansion up to 25MW.

The substation's design is carefully aligned with the Company's strategic vision to facilitate the rapid expansion of generation capacity. The Company aims to scale up generation as gas production increases, contingent upon securing additional power purchase agreements and funding.

Lesedi project licences

The project area has four Prospecting Licences (PL) and a Production Licence which is the focus area for the development of Tlou's independently certified gas reserves and contingent resources. The table below summarises the status of the Lesedi licences:

Licence	Expiry	Status
Production Licence 2017/18L	Aug-42	Current
PL001/2004	Mar-26	Current
PL003/2004	Mar-26	Current
PL035/2000	Mar-25	Current
PL037/2000	Mar-25	Current

Other Project Areas

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

Mamba Project

The Mamba project is in the exploration and evaluation phase with further operations required on the licences. It consists of five Prospecting Licences covering an area of approximately 4,500 Km². In the event of successful drilling results at Mamba, it is envisioned that this area would be developed as a separate project from Lesedi. The Mamba area provides the Company with flexibility and optionality. The status of the Mamba licences are as follows:

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

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

Boomslang Project

Prospecting Licence, PL011/2019 designated "Boomslang", is approximately 1,000 Km². To date, the Company has not carried out ground operations in the Boomslang area. Like the Mamba project the first stage of operations is likely to include a seismic survey following by core-hole drilling.

The status of the Boomslang licence is as follows:

Licence	Expiry	Status
PL 011/2019	Jun-26	Current

PL renewal applications are submitted three months prior to expiration.

Cash Position

At the end of the quarter the Company had ~A\$499k cash on hand (unaudited). Unused financing facilities available at quarter end were A\$3.1m. The aggregate value of payments to related parties and their associates of A\$98k for the quarter (shown in item 6.1 of the Quarterly Cashflow Report) relates to directors' salaries and fees including tax and superannuation payments made on their behalf.

By Authority of the Board of Directors

Mr. Anthony Gilby
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About Tlou

Tlou is developing energy solutions in Sub-Saharan Africa through gas-fired power and ancillary projects such as high-density computational facilities. The Lesedi Gas-to-Power Project (“Lesedi”) in Botswana 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. 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.