



TLOU ENERGY

Tlou Energy Limited
ABN 79 136 739 967

Consolidated Financial Statements
for the half-year ended 31 December 2025

Corporate Directory

ABN	79 136 739 967
Directors	Ian Campbell Gabaake Gabaake Martin Gabobake Colm Cloonan
Company Secretary	Wedu Mbayi
Administration & Registered Office	210 Alice Street Brisbane QLD 4000 Australia
Operations Office	Victoria House 132 Independence Avenue Gaborone Botswana
Telephone:	+267 316 0857
Auditors	BDO Audit Pty Ltd Level 18 360 Queen Street Brisbane QLD 4000
Bankers	Westpac Banking Corporation GPO Box 3433 Sydney NSW 2001
Share register	Australian Securities Exchange Ltd (ASX Code: TOU) Botswana Stock Exchange (BSE Code: TLOU)

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Directors' report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of Tlou Energy Limited (referred to hereafter as the 'Company' or "Tlou") and the entities it controlled at 31 December 2025.

Directors

The names of the directors who held office at any time during the half-year and up to the date of this report are:

Ian Campbell	Non-Executive Chairman
Gabaake Gabaake	Executive Director
Martin Gabobake	Non-Executive Director – Appointed 21 July 2025
Colm Cloonan	Interim Managing Director and CFO
Hugh Swire	Non-Executive Director – Resigned 21 July 2025
Martin McIver	Non-Executive Director – Resigned 21 July 2025
Allan Sullivan	Non-Executive Director – Resigned 1 Jan 2026

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the consolidated entity is to explore and evaluate power solutions in Sub-Saharan Africa through Coalbed Methane ("CBM") gas-fired power. No revenue from these activities has been earned to date, as the consolidated entity is still in the exploration and evaluation or pre-development stage.

There have been no significant changes in the nature of the group's principal activities during the half-year.

Review and results of operations

The loss for the half-year after income tax amounted to \$60,467,681 (December 2024 loss \$3,766,513). This includes impairment of exploration and evaluation assets during the period of \$58,551,740. Excluding the impairment charge, the loss for the half-year would have been \$1,915,941.

The impairment materially reduced the Group's net asset position and reflects the Company's strategic decision to focus capital and development activities on its core Lesedi assets. The Group's ability to progress development activities remains dependent on securing additional funding. The Company remains in the pre-revenue appraisal and exploration phase.

During the six months to 31 December 2025, the Company continued advancing its flagship Lesedi Project in Botswana, progressing its gas-to-power and data centre strategy while evaluating options to enhance gas production capacity. The period was characterised by continued technical progress, equipment delivery and planning for hybrid gas-solar development, alongside ongoing funding initiatives.

Operational Review

Lesedi Project

The Lesedi Project remains Tlou's most advanced asset and integrates CBM gas production, gas-fired power generation and modular data centre infrastructure.

Gas Production and Field Appraisal

Production testing and dewatering activities continued at the Lesedi 4 and Lesedi 6 wells throughout the period. Both wells continued to produce gas and water, with the key operational focus remaining on reducing water output and increasing gas flow rates.

The wells continue to dewater largely independently within an undeveloped coal basin, reflecting the early stage of CBM development in Botswana. The Company engaged an independent consultant to reassess subsurface coal structures and provide recommendations aimed at improving near-term gas production and informing the longer-term drilling strategy.

The Board is currently evaluating options arising from this review, which may include:

- further operations on the existing coal seam
- alternative well designs
- targeting additional coal seams
- potential well stimulation techniques

Additional gas wells will ultimately be required to support expanded project capacity. The Board considers the Lesedi project to be the Company's key development asset and remains focused on advancing the project toward commercial outcomes as technical milestones and funding objectives are achieved.

Directors' report continued

Kala Data Centre Project

The modular data centre being developed with Kala Data FZCO ("Kala") made significant progress during the half-year.

Key developments included:

- Arrival and installation of the first data centre unit at Lesedi
- Delivery and placement of two 250kVA gas-fired generators
- Completion of the gas gathering line
- Electrical works to connect the generators to the data centre

In February 2026 the Data Centre was commissioned and commenced initial computational operations. This demonstrates the Company's ability to convert its CBM gas resources into revenue-generating energy solutions and represents the first utilisation of the Company's CBM gas resources in Botswana, albeit at a modest proof-of-concept scale. This is not considered a commercial project at this time. The installed data centre is designed for up to 1 MW of power with additional gas supply, generation capacity and further drilling required to increase output to this level.

Substation and Grid Connection

Construction of the Lesedi electrical substation remained approximately 90% complete throughout the reporting period.

Completion has been deferred pending availability of funding to finalise remaining works and grid tie-in. Securing this funding remains a key near-term priority for the Company. The substation is intended to provide grid access for both gas-fired and future solar generation.

Solar and Hybrid Power Strategy

During the half-year, Tlou and Kala progressed plans to incorporate solar generation at Lesedi to enhance energy security and sustainability.

Key initiatives include:

- Kala's proposed installation of 1 MW of solar PV
- Tlou's evaluation of an initial 5 MW solar project
- Conceptual potential to expand solar capacity to approximately 20 MW
- Proposed compressed natural gas storage to enable daytime gas storage and nighttime use

The Company is progressing discussions regarding both a solar power purchase agreement and project funding, although no binding agreements are yet in place.

The hybrid gas-solar concept could support a potential 24-hour baseload-style power solution, subject to technical performance and funding outcomes.

Exploration Assets

The Mamba and Boomslang project areas remain in the exploration phase, with technical work ongoing ahead of resource evaluation and potential development planning. All exploration and evaluation expenditure in relation to these areas has been impaired in the financial statements.

Liquidity and capital position

As at 31 December 2025, the Group had cash and cash equivalents of \$323,264 and net current liabilities of \$22,034,855. Net current liabilities primarily reflect the classification of convertible notes as current, together with shareholder loan funding utilised to support ongoing project activities. The significant impairment recognised during the period has materially reduced the Group's net asset position to \$842,166 at period end. The Board continues to prioritise funding initiatives to support near-term operational milestones at the Lesedi project.

During the half-year, net cash used in operating activities was \$1,615,154 and net cash used in investing activities was \$1,337,946, primarily reflecting ongoing project evaluation and appraisal activities. These outflows were partially offset by \$3,068,191 of financing inflows.

The Group continues to rely on existing funding facilities, support from major shareholders and potential future capital raisings to meet its working capital requirements and to progress exploration and evaluation activities. The Directors continue to actively manage cash flows and funding initiatives.

The Company has indicated that additional funding will be required and is actively pursuing funding initiatives. There can be no assurance that such funding will be secured on acceptable terms or within the required timeframe.

Directors' report continued

Outlook

Looking ahead, Tlou's key near-term priorities include:

- improving gas production performance at Lesedi
- securing funding to complete the substation
- advancing the proposed solar project
- progressing funding initiatives
- a reservoir model to be prepared ahead of the next gas well drilling phase
- core holes to be drilled to analyse all coal seams across the project area

The initial phase of power generation from Lesedi represents an important proof-of-concept milestone in the Company's broader gas-to-power and digital infrastructure strategy. However, the project remains in a pre-commercial phase and successful commercial outcomes remain dependent on achieving sustainable gas flow rates, securing required funding and completing remaining infrastructure.

Significant changes in the state of affairs

During the half-year ended 31 December 2025, there were no other significant changes to the state of affairs of the consolidated entity other than those stated above and disclosed in the financial report and notes thereof.

Matters subsequent to the end of the half-year

On 1 January 2026, Allan Sullivan resigned as a Director of the Company. In February 2026, the drawdown loan facility with ILC BC Pty Ltd was increased from \$5 million to \$10 million. Also in February, the Kala Data Centre commenced initial small-scale operations at the Lesedi project.

Other than the matters discussed in this report, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the group, the results of those operations or the state of affairs of the group in subsequent financial periods.

Likely developments, risks and expected results of operations

The Company has drilled wells in the Lesedi project area and plans to drill further wells to support development of its coal bed methane ("CBM") gas resources and associated power projects. The achievement of sustainable commercial gas flow rates from the Lesedi wells remains a key technical milestone and is critical to assessing the potential viability and commerciality of the project. At the date of this report, the level of gas that may ultimately be produced from the project and whether sustained commercial production rates can be achieved remains uncertain. Further wells will be required to produce sufficient gas for the planned Lesedi development.

In the absence of commercial production, the Group expects to continue reporting operating losses in the near term while exploration, evaluation and appraisal activities continue. The timing and scale of any future revenues will depend on successful gas appraisal, completion of infrastructure, securing of required funding and satisfaction of regulatory and commercial conditions. The timing and quantum of future funding remains uncertain and may impact the pace of project development.

The Company is also evaluating complementary projects, including solar power generation and high-density computational facilities that may support a range of digital processing applications. These initiatives remain subject to technical evaluation, commercial arrangements, regulatory approvals and funding availability and remain at an early stage of development. There is no assurance that commercial outcomes will be achieved. No assurance can be given that these projects will proceed or that they will achieve commercial outcomes.

The Group is subject to a range of risks that could have a material adverse effect on its business, financial position, liquidity, funding requirements and future financial performance. The Board seeks to manage these risks through ongoing monitoring and mitigation strategies; however, risk management processes cannot provide absolute assurance that risks will not materialise. The risks outlined below are those currently considered material.

Directors' report continued

Risks

This list is not exhaustive and risks are not presented in any particular order of likelihood or potential impact.

Funding

Risk

The Group is in the pre-revenue appraisal, exploration and evaluation phase and remains dependent on external funding to support ongoing operations and to implement its planned activities. This includes funding required to complete infrastructure necessary to connect to the power grid, progress the Lesedi project and drill additional gas wells to support future production.

There can be no assurance that funding will be available when required, on acceptable terms or at all. Failure to secure additional funding when required may have a material adverse effect on the Group's financial position, liquidity and ability to progress its activities.

Mitigation

- The Company actively monitors its capital requirements and funding position.
- The Company maintains engagement with existing and potential investors.
- The Company's largest shareholder has historically supported the Group and has made a loan facility available.
- Management continues to evaluate equity, debt and alternative funding opportunities.

Geological and Reservoir Risk

Risk

The commercial success of the Lesedi project depends on achieving sustainable gas flow rates from CBM wells. While gas production has been demonstrated, the ability to achieve and maintain commercial flow rates across the field has not yet been established. There remains a risk that gas production may not meet expectations, which could adversely affect project viability and future plans.

Mitigation

- Ongoing production testing and reservoir analysis is being undertaken.
- Independent technical consultants have been engaged to review subsurface conditions and development strategies.
- Further appraisal drilling and reservoir modelling is planned to improve understanding of the resource.
- Historical seismic surveys and core hole data are used to guide development planning.

Power Sales and Infrastructure Risk

Risk

The Company has entered into a 10 MW Power Purchase Agreement with Botswana Power Corporation. There is a risk that delays in grid connection infrastructure, generator performance, gas supply or other technical factors could delay first power generation and associated revenues or the PPA term could expire and not be renewed. No other binding power or gas sales agreements are currently in place.

Mitigation

- The Company works closely with contractors and engineers to progress infrastructure in line with project plans.
- Alternative customer opportunities continue to be evaluated, including data centre demand and regional power markets.
- The Company is progressing complementary solar initiatives to diversify potential power supply sources.

Regulatory and Freedom to Operate Risk

Risk

The Group's operations are subject to licences, approvals and regulatory oversight in Botswana. Changes in government policy, regulatory frameworks or stakeholder sentiment could impact the Company's ability to operate or expand its activities.

Mitigation

- The Company maintains ongoing engagement with relevant government authorities.
- The Group actively engages with local communities, landowners and stakeholders.
- Compliance with licence conditions and regulatory requirements is regularly monitored.

Directors' report continued

Environmental Risk

Risk

The Group operates in an environment subject to strict environmental regulation. Non-compliance or environmental incidents could result in penalties, delays or reputational damage.

Mitigation

- Environmental approvals are in place for current activities.
- The Company seeks to meet or exceed regulatory requirements.
- Specialist environmental advisers support permitting and monitoring activities.
- Ongoing environmental monitoring programs are maintained.

Climate and Energy Transition Risk

Risk

Global and regional climate policies and energy transition initiatives may impact demand for fossil fuel-based power generation over time. Changes in policy settings, carbon regulation or market preferences could affect the long-term outlook for gas-to-power projects.

Mitigation

- Gas-fired generation is considered by some market participants to be a potential transitional fuel within regional energy markets.
- The Group is evaluating solar generation to complement gas-fired power.
- Management continues to monitor policy developments and market trends.

Health and Safety Risk

Risk

Operations are conducted in remote locations and involve heavy equipment and industrial processes. There is an inherent risk of workplace incidents.

Mitigation

- The Company employs experienced personnel and maintains a formal safety management system.
- Dedicated Safety, Health and Environment personnel are in place.
- External audits of safety systems are undertaken.
- Site safety inductions are mandatory for personnel and visitors.

Remote Operations Risk

Risk

The Company's operations are located significant distances from major service centres, which may increase logistical complexity, costs and response times in the event of operational issues.

Mitigation

- On-site medical and operational support capability is maintained.
- The Company has invested in equipment and infrastructure to support autonomous operations.
- A purpose-built field operations camp is in place.

People and Capability Risk

Risk

The Group operates in a competitive market for skilled technical and corporate personnel. Loss of key personnel or inability to attract suitably qualified staff could adversely affect project execution.

Mitigation

- The Company implements succession planning and targeted recruitment.
- Incentive structures and development opportunities are used to support retention.
- Management continues to strengthen organisational capability as the project progresses.

Directors' report continued

Forward-looking statement

The matters set out above regarding likely developments and expected results of operations are forward-looking in nature and subject to significant uncertainties and risks. Actual outcomes may differ materially from those currently anticipated.

Environmental regulation

The Directors are satisfied that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. The Directors are not aware of any breaches of these requirements and to the best of their knowledge, all activities have been undertaken in compliance with environmental regulations.

Rounding of amounts

The company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest dollar in accordance with the instrument.

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2025 has been received and is attached to this report.

Signed in accordance with a resolution of the Board of Directors.



Colm Cloonan

Interim Managing Director

Brisbane

16 March 2026

Auditor's independence declaration



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DECLARATION OF INDEPENDENCE BY R J LIDDELL TO THE DIRECTORS OF TLOU ENERGY LIMITED

As lead auditor for the review of Tlou Energy Limited for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tlou Energy Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'R J Liddell', is written over a light blue horizontal line.

R J Liddell
Director

BDO Audit Pty Ltd

Brisbane, 16 March 2026

**Consolidated statement of comprehensive income
for the half-year ended 31 December 2025**

	Note	Dec 2025 \$	Dec 2024 \$
Interest income		111	1,724
Expenses			
Employee benefits expense		(371,127)	(683,533)
Depreciation expense		(52,101)	(53,230)
Impairment - exploration and evaluation assets	5	(58,551,740)	-
Foreign exchange gain/(loss)	2	105,704	(959,718)
Interest expense		(1,095,451)	(1,305,882)
Share based payment expense		-	(7,897)
Professional fees		(105,821)	(163,699)
Occupancy costs		(2,968)	(10,771)
Other expenses	2	(395,137)	(573,014)
Fair value gain/(loss) on financial instruments		849	(10,493)
LOSS BEFORE INCOME TAX		(60,467,681)	(3,766,513)
Income tax		-	-
LOSS FOR THE PERIOD		(60,467,681)	(3,766,513)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(61,274)	2,548,987
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		(61,274)	2,548,987
TOTAL COMPREHENSIVE INCOME/(LOSS)		(60,528,955)	(1,217,526)
Earnings per share			
		Cents	Cents
Basic loss per share	5	(4.7)	(0.3)
Diluted loss per share	5	(4.7)	(0.3)

Notes to the consolidated financial statements are attached.

**Consolidated statement of financial position
as at 31 December 2025**

	Note	Dec 2025 \$	June 2025 \$
CURRENT ASSETS			
Cash and cash equivalents		323,264	210,581
Trade and other receivables	3	379,253	227,189
Other current assets	4	852,812	780,695
TOTAL CURRENT ASSETS		1,555,329	1,218,465
NON-CURRENT ASSETS			
Exploration and evaluation assets	5	21,206,491	78,808,960
Other non-current assets		600,582	601,709
Property, plant and equipment		1,199,948	1,254,378
TOTAL NON-CURRENT ASSETS		23,007,021	80,665,047
TOTAL ASSETS		24,562,350	81,883,512
CURRENT LIABILITIES			
Trade and other payables	6	4,807,084	4,334,756
Convertible notes	8	13,377,720	13,229,130
Derivatives		33,699	34,548
Short term loan	7	5,036,913	2,470,000
Lease liabilities		8,952	19,370
Provisions		325,816	294,587
TOTAL CURRENT LIABILITIES		23,590,184	20,382,391
NON-CURRENT LIABILITIES			
Provisions		130,000	130,000
TOTAL NON-CURRENT LIABILITIES		130,000	130,000
TOTAL LIABILITIES		23,720,184	20,512,391
NET ASSETS		842,166	61,371,121
EQUITY			
Contributed equity	9	131,011,488	131,011,488
Reserves		(8,225,419)	(8,164,145)
Accumulated losses		(121,943,903)	(61,476,222)
TOTAL EQUITY		842,166	61,371,121

Notes to the consolidated financial statements are attached.

**Consolidated statement of changes in equity
for the half-year ended 31 December 2025**

	Contributed Equity	Share Based Payments Reserve	Foreign Currency Translation Reserve	Convertible Equity Reserve	Accumulated Losses	Total
	\$	\$	\$		\$	\$
Consolidated						
Balance at 1 July 2024	130,015,701	1,303,276	(12,024,330)	1,304,931	(58,007,597)	62,591,981
Loss for the period	-	-	-	-	(3,766,513)	(3,766,513)
Other comprehensive income, net of tax	-	-	2,548,987	-	-	2,548,987
Total comprehensive income	-	-	2,548,987	-	(3,766,513)	(1,217,526)
Transactions with owners in their capacity as owners						
Share based payments	-	7,897	-	-	-	7,897
Shares issued, net of costs	995,787	-	-	-	-	995,787
	995,787	7,897	-	-	-	1,003,684
Balance at 31 December 2024	131,011,488	1,311,173	(9,475,343)	1,304,931	(61,774,110)	62,378,139
Balance at 1 July 2025	131,011,488	-	(9,469,076)	1,304,931	(61,476,222)	61,371,121
Loss for the period	-	-	-	-	(60,467,681)	(60,467,681)
Other comprehensive income, net of tax	-	-	(61,274)	-	-	(61,274)
Total comprehensive income	-	-	(61,274)	-	(60,467,681)	(60,528,955)
Transactions with owners in their capacity as owners						
Share based payments	-	-	-	-	-	-
Shares issued, net of costs	-	-	-	-	-	-
	-	-	-	-	-	-
Balance at 31 December 2025	131,011,488	-	(9,530,350)	1,304,931	(121,943,903)	842,166

Notes to the consolidated financial statements are attached.

**Consolidated statement of cash flows
for the half-year ended 31 December 2025**

	Dec 2025	Dec 2024
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of GST and VAT)	(1,067,079)	(1,431,334)
Interest received	111	1,724
Interest paid	(548,186)	-
NET CASH USED IN OPERATING ACTIVITIES	(1,615,154)	(1,429,610)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation assets	(1,295,188)	(2,998,619)
Payment for property, plant and equipment	(42,758)	(32,829)
NET CASH USED IN INVESTING ACTIVITIES	(1,337,946)	(3,031,448)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	995,788
Proceeds from borrowings	3,079,056	1,420,000
Payments of lease liabilities	(10,865)	(10,706)
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,068,191	2,405,082
Net (decrease)/increase in cash held	115,091	(2,055,975)
Cash at the beginning of the period	210,581	2,517,135
Effects of exchange rate changes on cash	(2,408)	37,971
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	323,264	499,131

Notes to the consolidated financial statements are attached.

Notes to the consolidated financial statements for the half-year ended 31 December 2025

Note 1. Material accounting policies

Introduction

Tlou Energy Limited (Tlou) is a company domiciled and incorporated in Australia. The Financial Report for the half-year ended 31 December 2025 consists of the Financial Statements of Tlou Energy Limited and the entities it controlled during the period ('Consolidated Entity' or the 'Group').

Compliance with accounting standards

The half-year financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The half-year financial report does not include all the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report of the group for the year ended 30 June 2025 and any public announcements made by Tlou during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs except for derivative financial instruments which are measured at fair value through profit or loss. The financial report is presented in Australian dollars.

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2025, except as noted below.

Notes to the consolidated financial statements for the half-year ended 31 December 2025

Note 1 Material accounting policies (continued)

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

For the half-year ended 31 December 2025, the Group incurred a loss after income tax of \$60,467,681, which includes an impairment of exploration and evaluation assets of \$58,551,740. Net cash used in operating activities was \$1,615,154 and net cash used in investing activities was \$1,337,946. As at 31 December 2025, the Group had net current liabilities of \$22,034,855, including convertible notes of \$13,377,720. Commitments due within the next 12 months total \$770,945.

The Group is in the pre-revenue appraisal, exploration and evaluation phase and will require additional funding to meet its working capital requirements and to progress development of its power projects.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The Group's ability to continue as a going concern is therefore dependent on the successful execution of the funding and refinancing initiatives described below.

Notwithstanding the existence of this material uncertainty, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis after consideration of the following matters:

- The Company's largest shareholder has provided an unsecured loan facility, of which \$4,393,087 remains available at the date of this report.
- The Company's largest shareholder has also confirmed that they are willing to support the Company as required over the coming year.
- Accrued interest of \$1,582,987 included in trade and other payables is not expected to be settled until the Company has sufficient funds available and may be settled in equity, subject to shareholder approval.
- The Group is in discussions with ILC Investments Pty Ltd and ILC BC Pty Ltd (collectively known as "ILC") regarding amounts owed under convertible loans, including potential capitalisation or conversion of interest balances.
- Convertible loans with ILC are contractually repayable on demand and are classified as current liabilities; however, ILC has not indicated an intention to demand repayment within the next 12 months.
- The BPOPF convertible note matures in January 2027 when the note may be converted or repaid. If repayment is required, the Directors expect the obligation would be refinanced or otherwise managed at that time.
- At the date of this report, interest of \$859,468 (USD\$587,539) is owed by the Company on the convertible note. This interest is to be paid from the unsecured loan facility from the Company's largest shareholder.
- The Company is progressing discussions with its data centre partner which may include potential funding support for gas production and/or solar development.
- Amounts of \$903,675 payable to current and former Directors are not expected to be called upon until the Company has sufficient funds available and may be settled in equity, subject to shareholder approval.
- Management continues to actively assess opportunities to raise additional funds through equity, debt or other funding arrangements.

While these matters provide support for the going concern basis, they are subject to uncertainty and there is no guarantee that sufficient funding will be secured when required.

Based on the matters set out above, the Directors have a reasonable expectation that the Group will be able to access sufficient funding to meet its obligations as and when they fall due for at least 12 months from the date of this report.

However, the ability of the Group to continue as a going concern is dependent on the successful outcome of the funding initiatives described above. Should the Group be unable to secure additional funding or maintain the continued support of key stakeholders, this may cast significant doubt on the Group's ability to continue as a going concern.

If the Group is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts that differ from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the classification of liabilities that might be necessary should the Group be unable to continue as a going concern.

Notes to the consolidated financial statements for the half-year ended 31 December 2025 continued

Note 1 Material accounting policies (continued)

Fair values

The fair values of the Consolidated Entity's financial assets and financial liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

Accounting estimates and judgements

Critical estimates and judgements are continually evaluated and are consistent with those disclosed in the previous annual report.

Exploration & evaluation assets

The consolidated entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to reporting date.

Management has considered whether Tlou is still in the exploration and evaluation (E&E) phase or has moved into development. The projects should still be classified as E&E as the technical and commercial feasibility has not been established. In particular:

- whilst there has been independently certified gas reserves and contingent resources whether or not the reserve gas flow rates will be of a commercial quantity has not been established;
- funding for the commercialisation of reserves and for a commercial level of production has not been confirmed; and
- a final investment decision has not been made.

At the date of this report the Directors consider that Tlou is still in the E&E phase. While the Company has made significant progress during the reporting period, the three points above are still relevant, i.e. (i) commercial gas flow rates are yet to be established, (ii) agreed funding to commercialise the project is not yet in place, (iii) the Company has not reached a final investment decision. Based on these facts and despite the progress made to date the project remains in the E&E stage.

**Notes to the consolidated financial statements
for the half-year ended 31 December 2025 continued**

Note 2. Expenses

Loss before income tax includes the following specific expenses:	Dec 2025	Dec 2024
	\$	\$
Other expenses		
• Stock exchange and secretarial fees	(81,276)	(281,582)
• Engineers and consultants	(185,756)	(76,838)
• Investor relations	-	(72,045)
Unrealised foreign exchange gain/(loss)		
• Effect of foreign exchange movement on convertible notes	110,163	(960,743)

Note 3. Trade and other receivables

	Dec 2025	June 2025
	\$	\$
Current		
Other receivables	224	224
GST/VAT receivable	379,029	226,965
	<u>379,253</u>	<u>227,189</u>

Note 4. Other current assets

	Dec 2025	June 2025
	\$	\$
Deposits	852,812	780,695
	<u>852,812</u>	<u>780,695</u>

**Notes to the consolidated financial statements
for the half-year ended 31 December 2025 continued**

Note 5. Exploration and evaluation expenditure

	Dec 2025	June 2025
	\$	\$
Exploration and evaluation assets	21,206,491	78,808,960
	<u>21,206,491</u>	<u>78,808,960</u>
Movements in exploration and evaluation assets	\$	\$
Balance at the beginning of period	78,808,960	71,994,040
Exploration and evaluation expenditure during the year	1,063,061	4,289,829
Impairment expense	(58,551,740)	-
Foreign currency translation	(113,790)	2,525,091
Balance at the end of period	<u>21,206,491</u>	<u>78,808,960</u>

Exploration and evaluation expenditure is carried forward in respect of areas of interest for which rights of tenure are current and where one of the following conditions is met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and commercial exploitation of the area of interest, or alternatively by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.

Impairment assessment

During the period, the Group recognised an impairment of exploration and evaluation assets of \$58,551,740 following a strategic reassessment of the Group's broader exploration portfolio and a decision to focus capital allocation and development activities on the Company's core Lesedi assets.

The impairment primarily relates to exploration areas outside the Lesedi development focus. No impairment indicators were identified at the reporting date in respect of the retained Lesedi 4 and Lesedi 6 well assets beyond the uncertainties inherent in early-stage CBM development.

In assessing impairment indicators under AASB 6, management considered factors including funding priorities, time to potential commercialisation and the Group's decision to focus development activities on the Lesedi core assets.

Following this assessment, exploration and evaluation expenditure associated with areas outside the Lesedi core focus was impaired. Management has not identified any impairment indicators at the reporting date in respect of the retained Lesedi 4 and Lesedi 6 well assets.

The recoverability of the capitalised exploration and evaluation expenditure attributable to these wells is dependent on successful future development and commercial exploitation of the Lesedi project or, alternatively, its sale.

This assessment is consistent with the Group's strategic focus on the Lesedi project as described in the Directors' Report. The impairment charge recognised during the period is disclosed in the consolidated statement of comprehensive income.

**Notes to the consolidated financial statements
for the half-year ended 31 December 2025 continued**

Note 6. Trade and other payables

Current

Trade payables	426,159	787,445
Accruals	1,020,370	984,284
Interest payable on convertible notes	2,347,245	2,058,733
Other payables	1,013,310	504,294
	4,807,084	4,334,756

Note 7. Short term loan

	Dec 2025	June 2025
	\$	\$
Loans advanced	5,036,913	2,470,000
Interest expense for the period	207,995	151,569
Interest accrued during the period	(207,995)	(151,569)
	5,036,913	2,470,000

The Company has a loan agreement with ILC BC Pty Ltd ACN 137 272 596 ("ILCB") to provide an unsecured loan facility. ILCB and ILC investments Pty Ltd ("ILC"), a substantial shareholder in the Company are both controlled by the same party. Interest on funds drawdown is charged at 10% per annum. At the reporting date A\$5,036,913 has been drawn down. The loan is repayable 10 business days after ILCB requests payment of all outstanding amounts from the Company or when the Company elects to repay ILCB all outstanding amounts. The loan facility was increased to a \$10m facility post the end of the reporting period.

**Notes to the consolidated financial statements
for the half-year ended 31 December 2025 continued**

Note 8. Convertible notes

The parent entity has convertible notes and loans as follows:

	Dec 2025	June 2025
	\$	\$
Convertible notes	8,489,708	8,599,872
Convertible loans	4,888,012	4,629,258
	<u>13,377,720</u>	<u>13,229,130</u>

Convertible Notes

The parent entity issued convertible notes totalling US\$5,000,000 on 24 January 2022. The notes are convertible into ordinary shares of the parent entity, at the option of the holder at the higher of:

- (a) A 10% discount to the weighted average traded price of the Company's shares on the ASX over the 90 days prior to the Conversion Date; and
- (b) A\$0.06

The notes incur interest at 7.75% and the issuer agreed to capitalise interest for the first 24 months with interest payments due at six-month intervals thereafter. The notes expire on 24 January 2027, being 5 years after issue.

	\$	\$
Opening Balance	8,599,872	8,417,722
Interest payable	(323,010)	696,732
Interest accrued	323,010	(696,732)
Effect of foreign exchange movement	(110,164)	182,150
Host liability	<u>8,489,708</u>	<u>8,599,872</u>

Convertible Loans

ILC Investments Pty Ltd ("ILC") and ILC BC Pty Ltd ("ILCB") have provided loans to the Company, made up of a converted ILC term loan along with an additional \$2m loan from ILC and a separate \$1m loan from ILCB. ILC is Tlou's largest shareholder. Interest on the loans is charged at 10% per annum. The convertible loans are repayable at the earlier of 30 April 2026 or 60 days after the date the Company first generates and supplies electricity into the grid from its Lesedi project. At any time during the term, ILC and ILCB may elect to convert the whole or part of the loan into shares in the Company at \$0.035 per share.

	Dec 2025	June 2025
	\$	\$
Opening balance	4,629,258	3,785,480
Interest expense for the period	564,447	1,409,482
Interest accrued during the period	(305,693)	(565,704)
Financial liability	<u>4,888,012</u>	<u>4,629,258</u>

**Notes to the consolidated financial statements
for the half-year ended 31 December 2025 continued**

Note 9. Contributed equity

	Dec 2025	June 2025	Dec 2025	June 2025
	Shares	Shares	\$	\$
Opening balance	1,298,584,319	1,270,133,251	131,011,488	130,015,701
Issue of ordinary shares during the year	-	28,451,068	-	995,787
Share issue costs	-	-	-	-
Ordinary shares - fully paid	<u>1,298,584,319</u>	<u>1,298,584,319</u>	<u>131,011,488</u>	<u>131,011,488</u>

Note 10. Contingent liabilities

The Directors are not aware of any contingent liabilities at 31 December 2025.

Note 11. Segment information

Identification of reportable segments

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance. The Company currently operates in one segment, being the exploration, evaluation and development of coalbed methane resources and power generation in southern Africa.

Segment revenue

As at 31 December 2025 no revenue has been derived from its operations (2024: \$nil).

Segment assets

Segment non-current assets are allocated to countries based on where the assets are located as outlined below.

	Dec 2025	June 2025
	\$	\$
Botswana	23,002,530	80,654,628
Australia	4,491	10,419
	<u>23,007,021</u>	<u>80,665,047</u>

Note 12. Commitments

Exploration expenditure

To maintain an interest in the exploration tenements in which it is involved, the consolidated entity is required to meet certain conditions imposed by the various statutory authorities granting the exploration tenements or that are imposed by the joint venture agreements entered into by the consolidated entity. These conditions can include proposed expenditure commitments. The timing and amount of exploration expenditure obligations of the consolidated entity may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest. Subject to renewal of all prospecting licences, and variations to agreements the consolidated entity's proposed expenditure obligations along with obligations under contracts related to the construction of transmission lines and associated infrastructure which are not provided for in the financial statements are as follows:

	Dec 2025	June 2025
	\$	\$
Minimum expenditure requirements		
• not later than 12 months	589,725	736,787
• between 12 months and 5 years	181,220	-
	<u>770,945</u>	<u>736,787</u>

**Notes to the consolidated financial statements
for the half-year ended 31 December 2025 continued**

Note 13. Events occurring after reporting date

On 1 January 2026, Allan Sullivan resigned as a Director of the Company. In February 2026, the drawdown loan facility with ILC BC Pty Ltd was increased from \$5m to \$10m. Also in February, the Kala Data Centre commenced initial small-scale operations at the Lesedi project.

Other than the matters discussed in this report, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the group, the results of those operations or the state of affairs of the group in subsequent financial periods.

Directors' declaration

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001* including:
- (i) the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
 - (iii) based on the matters described in Note 1 (Going Concern), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Colm Cloonan
Interim Managing Director

Dated at Brisbane this 16th day of March 2026

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tlou Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Tlou Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



R J Liddell
Director

Brisbane, 16 March 2026