TLOU ENERGY

25 June 2026

Letter to Shareholders

Dear Fellow Shareholders,

I would like to provide an update on where Tlou stands today, what we have learned over recent years, the work currently underway and the opportunities we believe remain available to the Company.

Many of you have supported Tlou for a long time. Some have been shareholders for five years, ten years or even longer. Many of you have stayed with us through what has undoubtedly been a very difficult period for the Company and for the share price.

I know that many shareholders are frustrated. Management and the Board share that frustration.

The purpose of this letter is not to make excuses or promises. Instead, I want to explain where we are today, what we have learned, what we are working on and how management views the opportunities available to the Company.

This letter may contain forward-looking statements that involve risks and uncertainties. Actual outcomes may differ materially from those expressed or implied. Investors should not place undue reliance on forward-looking statements.

Key Messages

- Gas production continues from L4 and L6
- Kala Data Centre remains operational
- Reservoir studies are investigating water ingress
- Lesedi substation remains approximately 90% complete
- Additional coal seams are being evaluated
- Solar and battery opportunities continue to be assessed
- Funding remains the primary near-term objective

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We Are Producing Gas

One important fact sometimes gets lost amongst the broader challenges facing the Company.

We are producing gas.

Both Lesedi 4 (L4) and Lesedi 6 (L6) continue to produce gas. Gas from L4 is currently supplying the Kala Data Centre. L6 continues to produce gas and is currently being flared.

While the production levels are not yet where we need them to be, the fact that we continue to produce gas remains an important milestone for the Company and demonstrates that the resource exists and could be commercialised.

Understanding the Water Problem

The biggest challenge we have faced at Lesedi over recent years has been water production.

Following further technical assessment, the Company is investigating whether part of the water production may be influenced by an underlying sandstone formation located beneath the Lower Morupule Coal Seam.

While we have always known the sandstone existed, the latest work suggests there may be communication between the sandstone and the coal seam through natural fractures.

If this assessment is correct, it provides a possible explanation for the higher-than-expected water production experienced at the wells.

This is both frustrating and encouraging.

Frustrating because it means another technical challenge must be addressed. Encouraging because it gives us a clearer understanding of what may be occurring underground and therefore provides a potential pathway towards a solution.

Before spending further shareholder funds on significant drilling programs, we want to ensure we properly understand this issue. We are therefore working with reservoir engineers and hydrologists to assess possible solutions.

Making More Use of Existing Wells

Regardless of the technical work underway, our objective remains unchanged. We want to maximise production from L4 and L6.

We are assessing improved pumping systems and operational changes that may allow us to increase water removal and improve gas production. These activities can potentially generate additional gas supply without the need for major new drilling expenditure.

Growing Revenue Through Kala

Kala remains our quickest pathway to increasing revenue.

The original connection to Kala was deliberately designed as a proof-of-concept project.

At the time, funding limitations meant connecting L4 directly to Kala represented the most practical way to demonstrate commercial gas utilisation. The project successfully demonstrated commercial gas utilisation and established a platform for future expansion.

We now have a functioning facility using Tlou gas. The next step is expansion.

L6 is over one kilometre from the current connection point and is not connected to Kala. Connecting L6 and increasing gas supply to Kala is one of the opportunities currently being evaluated.

Our objective is simple. We want to monetise as much gas as possible as quickly as possible.

Preparing for Future Development

For several years, development activity at Lesedi has been constrained by funding.

As we position ourselves for future growth, we are reviewing our camp, equipment and operational infrastructure. The goal is to ensure that when funding becomes available we are ready to move quickly rather than spend valuable time rebuilding operational capability.

Completing the Substation

The Lesedi substation remains one of the most important assets in the project.

It is approximately 90% complete. We estimate that around three months of work and approximately US$600,000 would be required to finish construction. These estimates are subject to final engineering review, contractor availability and funding.

Once completed, the substation provides direct access to the power grid. This dramatically increases the Company's strategic flexibility.

Gas can be directed to Kala. Electricity can potentially be supplied to the grid. Solar projects become more viable. Battery storage opportunities become more attractive.

The Company has already completed construction of the transmission line connecting the Lesedi Project to the Botswana power network, with completion of the substation representing the final major infrastructure component required for grid connection.

The substation remains a major priority.

Looking Beyond the Lower Morupule Coal Seam

Historically, much of our focus has been on the Lower Morupule Coal Seam.

However, that is not the only coal seam within our acreage. The Upper Morupule and Serowe seams also present potential opportunities.

Given what we have learned from the Lower Morupule Coal Seam, we believe it is sensible to investigate these additional targets. Core-hole drilling and updated geological analysis could provide valuable information regarding future development opportunities.

Working Smarter

The Company maintains ongoing industry dialogue with various participants operating in the region and will continue to assess opportunities that may improve development outcomes and infrastructure utilisation.

In our view, there are situations where collaboration may make more commercial sense than multiple companies independently spending money on duplicate infrastructure. Any potential collaboration would need to make commercial sense and create value for shareholders.

Solar and Battery Storage

One area that has become increasingly attractive is solar and battery storage.

Currently we spend significant amounts on diesel to operate the camp and support field activities. The Company has been presented solutions that could potentially reduce this diesel consumption through solar generation and battery storage.

Apart from reducing operating costs, such projects would improve the environmental profile of our operations and support our broader vision of becoming an integrated energy supplier.

The Bigger Vision

Many shareholders originally invested in Tlou because of the potential scale of the opportunity. That vision has not changed.

The immediate focus is on increasing gas production, growing revenue, completing infrastructure and securing funding. Longer term, we continue to see opportunities involving gas, solar, battery storage, data centres and power generation.

Botswana continues to require additional electricity supply. The region continues to require additional electricity supply.

Management believes Tlou remains well positioned with gas resources, licences, environmental approvals, transmission infrastructure and access to growing energy markets.

Our Immediate Priorities

Over the next 12 months management's focus will be:

- Increasing gas production from L4 and L6;
- Assessing options to reduce water ingress and improve reservoir performance;
- Expanding gas utilisation through the Kala Data Centre;
- Advancing completion of the Lesedi substation;
- Evaluating solar and battery opportunities;
- Improving reservoir modelling and geological understanding; and
- Securing funding to support project development.

Funding Remains the Key

I want to be completely honest. Funding has been the major challenge facing the Company.

Funding remains the major challenge today. There can be no certainty that funding initiatives currently under consideration will be completed or completed on acceptable terms.

Many of the opportunities discussed in this letter can be accelerated significantly with additional capital. Our task is to secure funding that allows us to move from proving concepts to scaling the business.

That remains management's primary objective.

Thank You

There is no denying that recent years have been difficult. The share price has declined significantly. Many shareholders have experienced substantial losses on paper.

We understand that reality.

What I can say is that management remains committed to improving the business and creating value from the assets we have.

We continue to believe Tlou possesses a unique combination of gas resources, strategic infrastructure, licences and development opportunities. The task ahead is to convert that potential into sustainable revenue and long-term value creation.

Importantly, Tlou retains ownership of a substantial prospective gas acreage position in Botswana together with a Mining Licence, environmental approvals, transmission infrastructure and established commercial relationships.

While progress has been slower than originally anticipated, management believes the Company now has a clearer understanding of the technical challenges facing the project and a defined pathway for advancing gas production, infrastructure development and revenue generation.

To those shareholders who have remained supportive throughout this period, thank you. Your patience and support are appreciated and not taken for granted.

We will continue working to justify that support.

Yours sincerely,

Dr. Ian Campbell
Chairman
Tlou Energy Limited