

Tlou Energy Limited

A.B.N. 79 136 739 967

Consolidated Financial Statements for the half-year ended 31 December 2021

Corporate Directory

ABN	79 136 739 967
Directors	Martin McIver Anthony Gilby Gabaake Gabaake Colm Cloonan Hugh Swire
Company Secretary	Solomon Rowland
Administration & Registered Office	210 Alice Street Brisbane QLD 4000 Australia
Telephone:	+61 7 3040 9084
Auditors	BDO Audit Pty Ltd Level 10 12 Creek Street Brisbane QLD 4000
Bankers	Westpac Banking Corporation GPO Box 3433 Sydney NSW 2001
Share register	Australian Securities Exchange Ltd (ASX Code: TOU) AIM Stock Exchange UK (AIM Code: TLOU) 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") consisting of Tlou Energy Limited (referred to hereafter as the "Company" or "Tlou") and the entities it controlled at 31 December 2021.

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:

Martin Mclver	Non-Executive Chairman
Anthony Gilby	Managing Director & Chief Executive Officer
Gabaake Gabaake	Executive Director
Colm Cloonan	Finance Director
Hugh Swire	Non-Executive Director

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 develop power solutions in Sub-Saharan Africa through Coalbed Methane (CBM) gas-fired power, solar power, and hydrogen projects. 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 \$1,271,339 (December 2020: loss \$1,068,246). Information on operations and results during the period are set out below.

Lesedi Project Area, Botswana

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

Ownership: Tlou Energy Limited 100%

The Lesedi licenses cover an area of approximately 3,800 Km² and consists of four Prospecting Licences (PL) and a Production Licence. The Lesedi Power project is located in the Company's Production Licence area (~800 km²).

The Lesedi project has all currently required approvals in place to allow development to commence. The first phase of development is a 10MW gas-to-power project with electricity to be sold to Botswana Power Corporation (BPC) under a Power Purchase Agreement (PPA) signed during the reporting period. Under the terms of the PPA, BPC will purchase up to 10MW of power generated at Tlou's Lesedi power project.

During the half-year, the Company also signed a Convertible Note Agreement with Botswana Public Officers Pension Fund (BPOPF). Under the agreement BPOPF will provide funds which are planned to be used to finance construction of transmission line infrastructure to connect the Lesedi Project to the power grid, installation of generation assets, and ancillary costs to facilitate power generation and sale of electricity.

The principal terms of the Convertible Note Agreement are as follows:

- Amount: USD 5m
- Maturity: 5 years
- Interest rate: 7.75% per annum
- Conversion: Conversion to shares at a 10% discount to the 90-day VWAP

The status of the Lesedi area licences is as follows:

Licence	Expiry	Status
Production Licence 2017/18L	August 2042	Current
PL 001/2004	September 2023	Current
PL 003/2004	September 2023	Current
PL 035/2000	September 2022	Current
PL 037/2000	September 2022	Current

Directors' report continued

Mamba Project Area, Botswana

Licences: Prospecting Licences 237-241/2014
 Ownership: Tlou Energy Limited 100%

The Mamba project consists of five PL's covering an area of approximately 4,500 Km². The Mamba area is situated adjacent to Lesedi. In the event of a gas field development by Tlou, the Mamba area provides the Company with flexibility and optionality.

The Mamba project is in the exploration and evaluation phase with further operations required on these licences. The next stage of exploration is likely to be core hole drilling. Positive results from operations at Mamba could expand the reserves footprint across Tlou's project areas. In the event of successful development at Mamba, it is envisioned that this area would be developed as a separate project from Lesedi, with the potential for gas-fired power, solar power and hydrogen production.

The status of the Mamba area licences is as follows:

Licence	Expiry	Status
PL 237/2014	September 2023	Current
PL 238/2014	September 2023	Current
PL 239/2014	September 2023	Current
PL 240/2014	September 2023	Current
PL 241/2014	September 2023	Current

Boomslang Project Area, Botswana

Licence: Prospecting Licence 011/2019
 Ownership: Tlou Energy Limited 100%

Prospecting Licence, PL011/2019 designated "Boomslang", is approximately 1,000 Km² and is situated adjacent to the Company's existing licences. To date, the Company has not carried out ground operations in the Boomslang area having only received environmental approval to commence exploration activities in 2021. A renewal application for the Boomslang licence was submitted in December 2021 with renewal expected to be granted in late March 2022.

The status of the Boomslang area licence is as follows:

Licence	Expiry	Status
PL 011/2019	March 2022	Renewal application submitted

Electricity grid connection

Work is set to commence on the transmission line and substations required to connect the Lesedi power project ("Lesedi") to BPC's electricity grid and funding has been secured for the construction of the required transmission line and substations.

The Lesedi project is located approximately 100Km from the existing electricity grid at Serowe. The development will include the erection of wooden poles fitted with an overhead 66kV transmission line. In addition, substations will be installed at Lesedi and close to Serowe. The Lesedi substation will integrate the generation assets with the transmission line and the Serowe substation will tie in with BPC's existing infrastructure.

The transmission line route has been surveyed and full environmental approval is in place. The line will predominantly cross flat, arid terrain with the last ~5 Km being through the outskirts of the Serowe township.

Directors' report continued

Lesedi Gas production

The Lesedi gas production wells continue to steadily perform. The Lesedi 3P ("L3") production pod was shut-in for approximately 18 months during the pandemic and was recently brought back into production following the resumption of full operations. Since resumption, Lesedi 3P has already recommenced flowing gas which is a very positive indicator and the Lesedi 4P production pod also continues to flow sustained gas

Hydrogen

During the half-year Tlou signed a binding Heads of Agreement (HOA) with Synergen Met Pty Ltd (Synergen Met), a hydrogen developer and a specialist in plasma torch and pyrolysis technology. The HOA envisages the construction and commissioning of a hydrogen and solid carbon prototype to be installed at the Lesedi Project in Botswana.

Synergen Met utilises unique intellectual property in the form of plasma technology to convert methane to hydrogen and potentially valuable solid carbon via a carbon neutral process. They have already built a first-generation working prototype developed in conjunction with the University of Queensland that has produced hydrogen and NaCN (Sodium Cyanide) for commercial applications.

Design work has commenced to modify this unit to produce hydrogen and solid carbon using Tlou's existing gas flows and approvals. The prototype will be constructed and tested in Queensland prior to transport to Tlou's Lesedi Project in 2022.

The objective is to grow this segment of Tlou's clean energy business via a joint venture with Synergen Met throughout the Southern African Development Community (SADC) region and potentially beyond, subject to mutual agreement.

The use of plasma technology for hydrogen production will be a first for the sub-Saharan region and could be advantageous for the production of low emission, clean energy across the region as well as in the related fields of waste-to-energy and waste disposal.

Tlou and Synergen Met intend to use the hydrogen produced from the prototype to generate electricity and possibly for transport fuel. Solid carbon will be made available for regional consumers that require the product. World markets for hydrogen and solid carbon black are predicted to expand considerably over the short and medium term.

Synergen Met considers that their process meets the definition of green hydrogen production via their plasma torch gas pyrolysis design.

Significant changes in the state of affairs

During the half-year ended 31 December 2021, 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

Post the half-year end the Company received funds under the convertible note agreement with BPOPF. 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 and expected results of operations

The Company is pursuing options to secure additional agreements for the purchase for Tlou's products. The Company are yet to confirm commercial gas flow rates and further funding will be required for the various projects. Issues such as the COVID-19 pandemic restricted operations and it remains unknown at this point if this or other issues could continue to have an impact on the Company's operations. The results of these matters are not yet known and cannot be determined with certainty. Commencement of projects may depend on the successful outcome of some or all of these items.

Directors' report continued

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2021 has been received and is attached to this report.

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

A handwritten signature in blue ink, appearing to read 'A. R. Gilby', with a long horizontal stroke extending to the right.

Anthony Gilby
Managing Director

Brisbane
2 March 2022

Auditor's independence declaration



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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF TLOU ENERGY LIMITED

As lead auditor for the review of Tlou Energy Limited for the half-year ended 31 December 2021, 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 'T R Mann', with a long horizontal flourish extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 2 March 2022

**Consolidated statement of comprehensive income
for the half-year ended 31 December 2021**

	Note	Consolidated	
		Dec 2021	Dec 2020
		\$	\$
Interest income		9	399
Other income		-	50,000
Expenses			
Employee benefits expense		(320,901)	(264,897)
Depreciation expense		(279,106)	(286,999)
Foreign exchange gain/(loss)		45,654	(35,300)
Share based payment expense		(14,670)	-
Professional fees		(107,675)	(98,305)
Occupancy costs		(9,000)	(15,427)
Other expenses	2	(585,650)	(417,717)
LOSS BEFORE INCOME TAX		(1,271,339)	(1,068,246)
Income tax		-	-
LOSS FOR THE PERIOD		(1,271,339)	(1,068,246)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(1,665,137)	(935,201)
Tax effect		-	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		(1,665,137)	(935,201)
TOTAL COMPREHENSIVE INCOME/(LOSS)		(2,936,476)	(2,003,447)
Earnings per share			
		Cents	Cents
Basic loss per share		(0.2)	(0.2)
Diluted loss per share		(0.2)	(0.2)

Notes to the consolidated financial statements are attached.

**Consolidated statement of financial position
as at 31 December 2021**

	Note	Consolidated	
		Dec 2021	June 2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		4,286,401	6,385,384
Trade and other receivables		345,950	267,258
Other current assets		40,462	2,201
TOTAL CURRENT ASSETS		4,672,813	6,654,843
NON-CURRENT ASSETS			
Exploration and evaluation assets	3	48,339,519	48,855,466
Other non-current assets		599,792	626,352
Property, plant and equipment	4	577,272	844,336
TOTAL NON-CURRENT ASSETS		49,516,583	50,326,154
TOTAL ASSETS		54,189,396	56,980,997
CURRENT LIABILITIES			
Trade and other payables		267,504	135,127
Lease liabilities		13,088	13,167
Provisions		306,310	297,636
TOTAL CURRENT LIABILITIES		586,902	445,930
NON-CURRENT LIABILITIES			
Lease liabilities		63,386	73,153
Provisions		113,000	114,000
TOTAL NON-CURRENT LIABILITIES		176,386	187,153
TOTAL LIABILITIES		763,288	633,083
NET ASSETS		53,426,108	56,347,914
EQUITY			
Contributed equity	6	106,763,927	106,763,927
Reserves		(6,880,814)	(5,230,347)
Accumulated losses		(46,457,005)	(45,185,666)
TOTAL EQUITY		53,426,108	56,347,914

Notes to the consolidated financial statements are attached.

**Consolidated statement of changes in equity
for the half-year ended 31 December 2021**

	Contributed Equity	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Consolidated					
Balance at 1 July 2020	99,753,504	736,587	(5,852,354)	(43,131,429)	51,506,308
Loss for the period	-	-	-	(1,068,246)	(1,068,246)
Other comprehensive income, net of tax	-	-	(935,201)	-	(935,201)
Total comprehensive income	-	-	(935,201)	(1,068,246)	(2,003,447)
Transactions with owners in their capacity as owners					
Share based payments	-	189,017	-	-	189,017
Shares issued, net of costs	2,531,466	-	-	-	2,531,466
	2,531,466	189,017	-	-	2,720,483
Balance at 31 December 2020	102,284,970	925,604	(6,787,555)	(44,199,675)	52,223,344
Balance at 1 July 2021	106,763,927	925,604	(6,155,951)	(45,185,666)	56,347,914
Loss for the period	-	-	-	(1,271,339)	(1,271,339)
Other comprehensive income, net of tax	-	-	(1,665,137)	-	(1,665,137)
Total comprehensive income	-	-	(1,665,137)	(1,271,339)	(2,936,476)
Transactions with owners in their capacity as owners					
Share based payments	-	14,670	-	-	14,670
	-	14,670	-	-	14,670
Balance at 31 December 2021	106,763,927	940,274	(7,821,088)	(46,457,005)	53,426,108

Notes to the consolidated financial statements are attached.

**Consolidated statement of cash flows
for the half-year ended 31 December 2021**

	Consolidated	
	Dec 2021	Dec 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of GST and VAT)	(1,049,650)	(819,217)
Interest received	9	399
Other receipts	-	50,000
GST and VAT received	21,891	19,548
NET CASH USED IN OPERATING ACTIVITIES	(1,027,750)	(749,270)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation assets	(959,344)	(512,549)
Payment for property, plant and equipment	(49,771)	(38,972)
NET CASH USED IN INVESTING ACTIVITIES	(1,009,115)	(551,521)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	3,000,754
Share issue costs	-	(280,271)
Payments of lease liabilities	(11,319)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	(11,319)	2,720,483
Net (decrease)/increase in cash held	(2,048,184)	1,419,692
Cash at the beginning of the period	6,385,384	1,576,471
Effects of exchange rate changes on cash	(50,799)	35,794
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4,286,401	3,031,957

Notes to the consolidated financial statements are attached.

Notes to the consolidated financial statements for the half-year ended 31 December 2021

Note 1. Significant 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 2021 consists of the Financial Statements of Tlou Energy Limited and the entities it controlled during the period ('Consolidated Entity').

Compliance with accounting standards

The half-year financial report is a general purpose financial report 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.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs. 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 2021, except as noted below.

New and revised standards

A number of new or amended standards became applicable for the current reporting period. The impact of the adoption of these standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates that the group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Because of the nature of the operations, exploration companies, such as Tlou Energy Limited, find it necessary on a regular basis to raise additional cash funds to fund future exploration activity and meet other necessary corporate expenditure. At the date of this financial report, the ability of the group to execute its currently planned development, exploration and evaluation activities requires the group to raise additional capital within the next 12 months. Accordingly, the group is in the process of investigating various options for the raising of additional funds which may include but is not limited to an issue of shares or the sale of exploration assets where increased value has been created through previous exploration activity.

At the date of this financial report, none of the above fund-raising options have been concluded and no guarantee can be given that a successful outcome will eventuate. The directors have concluded that as a result of the current circumstances there exists a material uncertainty that may cast significant doubt regarding the group's and the Company's ability to continue as a going concern and therefore the group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after taking into account the current status of the various funding options currently being investigated and making other enquiries regarding other sources of funding, the directors have a reasonable expectation that the group and the Company will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

The interim financial report does not include adjustments relating to the recoverability or classification of recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the group not be able to continue as a going concern.

Notes to the consolidated financial statements for the half-year ended 31 December 2021 continued

Note 1 Significant accounting policies (continued)

Fair values

The fair values of 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

In a prior period the Consolidated Entity converted a prospecting licence into a mining licence. A mining licence allows the commencement of commercial development. Despite this management believe that it is not practical to commence amortisation of the exploration and evaluation assets held in relation to the mining licence as the Consolidated Entity has not yet entered into production of a commercially viable resource.

**Notes to the consolidated financial statements
for the half-year ended 31 December 2021 continued**

Note 2. Expenses

Loss before income tax includes the following specific expenses:

	Dec 2021	Dec 2020
	\$	\$
Other expenses		
• Stock exchange and secretarial fees	140,890	135,919
• Engineers and consultants	210,491	196,764
• Investor relations	136,327	10,156

Note 3. Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

Accumulated costs in relation to an area no longer considered viable are written off in full in the year the decision is made. Regular reviews are undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

	Dec 2021	June 2021
	\$	\$
Exploration and evaluation assets	48,339,519	48,855,466
	48,339,519	48,855,466
	Dec 2021	Dec 2020
	\$	\$
Movements in exploration and evaluation phase		
Balance at the beginning of period	48,855,466	48,163,968
Exploration and evaluation expenditure during the half-year	1,002,050	418,103
Foreign currency translation	(1,517,997)	(844,131)
Balance at the end of period	48,339,519	47,737,940

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**Notes to the consolidated financial statements
for the half-year ended 31 December 2021 continued**

Note 4. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding freehold land) over their expected useful lives as follows:

Plant and equipment	3-7 years
Leasehold property	25 Years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

	Dec 2021	June 2021
	\$	\$
Property, plant and equipment at cost	4,116,391	4,249,527
Accumulated depreciation	(3,539,119)	(3,405,191)
	577,272	844,336

Movements in Carrying Amounts

Movement in the carrying amount of property, plant and equipment between the beginning and the end of the current period:

	Dec 2021	Dec 2020
	\$	\$
Balance at the beginning of year	844,336	1,273,953
Additions	49,773	73,074
Disposals	(1,551)	-
Depreciation	(277,555)	(286,999)
Foreign exchange movements	(37,731)	(32,842)
Carrying amount at the end of year	577,272	1,027,186

Note 5. Contingent liabilities

The Directors are not aware of any contingent liabilities at 31 December 2021.

**Notes to the consolidated financial statements
for the half-year ended 31 December 2021 continued**

Note 6. Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the consolidated entity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	Dec 2021 Shares	June 2021 Shares	Dec 2021 \$	June 2021 \$
Opening balance	600,199,039	450,180,185	106,763,927	99,753,504
Issue of ordinary shares during the year*	-	150,018,854	-	7,725,754
Share issue costs	-	-	-	(715,331)
Ordinary shares - fully paid	600,199,039	600,199,039	106,763,927	106,763,927

***Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of, and amounts paid on, the shares held. The fully paid ordinary shares have no par value. On a show of hands every member present at a meeting, in person or by proxy, shall have one vote and upon a poll, each share shall have one vote. The Company does not have authorised capital or par value in respect of its issued shares.

Options and performance rights

At 31 December 2021, the following options for ordinary shares in Tlou Energy Limited and performance rights were on issue.

Options

Issued to:	Grant Date	Exercise Price	Expiry Date	31/12/2021	31/12/2020
Shareholders	20-Jul-20	\$0.08	20-Jul-22	37,509,400	37,509,400
Service providers	20-Jul-20	\$0.08	20-Jul-22	20,000,000	20,000,000
				<u>57,509,400</u>	<u>57,509,400</u>

Performance rights

The following table shows the number, movements and exercise price of performance rights at 31 December 2021.

Issue Date	Hurdle Price	Conditions	1/07/2021	Issued	Exercised	Expired	31/12/2021
31 January 2017	\$0.28	See (i)	2,275,000	-	-	-	2,275,000
19 October 2018	\$0.165	See (ii)	2,225,000	-	-	-	2,225,000
19 October 2018	\$0.22	See (iii)	2,225,000	-	-	-	2,225,000
24 November 2021	\$0.10	See (iv)	-	3,000,000	-	-	3,000,000
25 November 2021	\$0.165	See (v)	-	3,000,000	-	-	3,000,000
			<u>6,725,000</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>12,725,000</u>

The outstanding performance shares have the following key terms and conditions:

	Number	Performance condition	Expiry date
(i)	2,275,000	The shares will only vest once the share price of the Company's securities listed on the ASX reaches \$0.28 and closes at that price or above for a period of 10 consecutive trading days.	31/01/2024
(ii)	2,225,000	The shares will only vest once the share price of the Company's securities listed on the ASX reaches \$0.165 and closes at that price or above for a period of 10 consecutive trading days.	31/01/2025
(iii)	2,225,000	The shares will only vest once the share price of the Company's securities listed on the ASX reaches \$0.22 and closes at that price or above for a period of 10 consecutive trading days.	31/01/2025
(iv)	3,000,000	The shares will only vest once the share price of the Company's securities listed on the ASX reaches \$0.10 and closes at that price or above for a period of 10 consecutive trading days.	31/01/2025
(v)	3,000,000	The shares will only vest once the share price of the Company's securities listed on the ASX reaches \$0.165 and closes at that price or above for a period of 10 consecutive trading days.	31/01/2025
The Performance Shares will lapse if:			
		<ul style="list-style-type: none"> • None of the pricing conditions are met; or • the participant does not meet the service conditions. 	

Notes to the consolidated financial statements for the half-year ended 31 December 2021 continued

Note 7. Share-based payments

Share Options and Performance Rights may be granted to certain personnel of the Company on terms determined by the directors or otherwise approved by the Company at a general meeting.

Share options are granted for no consideration. Options and entitlements to the options are vested on a time basis and/or on specific performance-based criteria such as share price increases or reserves certification. Options granted as described above carry no dividend or voting rights. When exercisable, each option is convertible to one ordinary share.

Performance Rights are linked to the share price performance of the Company, ensuring alignment with the interests of the Company's shareholders. For the Performance Rights that are issued but not yet exercised at the date of this report to vest and, therefore, become exercisable by a participant, certain performance conditions are required to be met as set out below. On vesting, holders of Performance Rights will be entitled to acquire Tlou Energy Limited ordinary shares at nil cost.

Note 8. 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 2021 no revenue has been derived from its operations (2020: \$nil).

Segment assets

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

	Dec 2021	June 2021
	\$	\$
Botswana	49,513,349	50,321,772
Australia	3,234	4,382
	<u>49,516,583</u>	<u>50,326,154</u>

Note 9. Events occurring after balance date

Post the half-year end the Company received funds under the convertible note agreement with BPOPF. 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 2021 and of its performance for the financial half-year ended on that date; and
 - (iii) 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



Anthony Gilby
Managing Director

Dated at Brisbane this 2nd day of March 2022

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 2021, 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, a summary of significant accounting policies 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 2021 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 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 Company's financial position as at 31 December 2021 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



T R Mann
Director

Brisbane, 2 March 2022