

**House Stock\***  
**Current price 7.6p**  
**Oil & Gas**  
**United Kingdom/Australia**

FTSE AIM All-Share Index	914
Reuters/Bloomberg	TLOU
No. of shares in issue (m)	237.2
Market Cap (£m)	18.1
Net Cash (£m) (Dec '16A)	1.5
Enterprise Value (£m)	16.6
Website	www.tlouenergy.com

Risked NAV (p/share)	25
Price/Risked NAV (x)	0.3

Next update	
Quarterly report	April 2017

Performance	1M	3M	12M
Absolute (%)	13	13	110
Rel Index (%)	14	(5)	41
Relative to	FTSE AIM Oil & Gas		

Assumed USD/GBP exchange rate: 1.25

**Conflicts of interest:**

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\* Shore Capital Stockbrokers Limited acts as Joint Broker to Tlou Energy Limited.

Please see page 13 for a glossary of common abbreviations.

**Research analyst**

**Craig Howie**

0151 600 3703  
 craig.howie@shorecap.co.uk

# Tlou Energy<sup>+</sup>

## In pole position at Lesedi

With a request for proposal (RFP) received from the Botswana government and Independent Power Corporation (IPC) signed up as preferred development partner for the Lesedi gas-to-power project, we believe that Tlou is extremely well positioned to progress with plans to achieve first power in CY2019. The company has a 100% interest in its coalbed methane acreage at Lesedi and Mamba, which together cover more than 8,000km<sup>2</sup> and host Botswana's first certified CBM gas reserves. These reserves follow successful flow testing and, in our opinion, the stage is now set for the transition into a leading Botswana independent power producer (IPP). We sense that Tlou is in pole position to emerge as the winner in the RFP tender process and, although project funding and the financial structure are also to be confirmed, we highlight Tlou's established and growing reserves base, which drives our initial fair value estimate of 25p/share.

**Leading position in a supportive African power market:** Tlou has established its credentials as a strong operator in Botswana, having successfully drilled and flow tested pilot wells and reported the country's first certified CBM gas reserves. We believe that this established (and growing) reserves base provides a solid foundation for future plans and we also highlight the highly supportive outlook for power demand in Botswana, which is suffering a severe energy shortage.

**Pressing ahead with plans for up to 100MW:** With an RFP received for an integrated gas-to-power project and a preferred development partner now on board, we believe that the stage is very well set for the achievement of first power in CY2019. There are numerous milestones to be achieved in the meantime, not least a successful RFP tender, although we believe that Tlou is in pole position to emerge as the winner to negotiate the crucial power purchase agreement (PPA).

**Gas volumes underpin 25p/share fair value estimate:** Several important deliverables are to be confirmed, including PPA signature, feasibility studies and project funding, ahead of a phased gas-to-power scheme starting with 10MW. We believe that successful delivery could provide some powerful share price catalysts and, in the meantime, have based our initial 25p/share fair value estimate on Tlou's robust and strategically important base of reserves and resources.

### Results and Forecasts

Year to	Turnover	Adj. PBT	Adj. EPS	DPS	Net cash	PER	EV/EBITDA	Div Yield
June	(A\$m)	(A\$m)	(c)	(c)	(A\$m)	(x)	(x)	(%)
2016A	0.0	(3.1)	(1.5)	-	1.2	n/a	n/a	n/a
2017F	0.0	(2.3)	(1.0)	-	0.4	n/a	n/a	n/a
2018F	0.0	(2.3)	(1.0)	-	(3.7)	n/a	n/a	n/a

Source: Tlou Energy, Shore Capital Markets

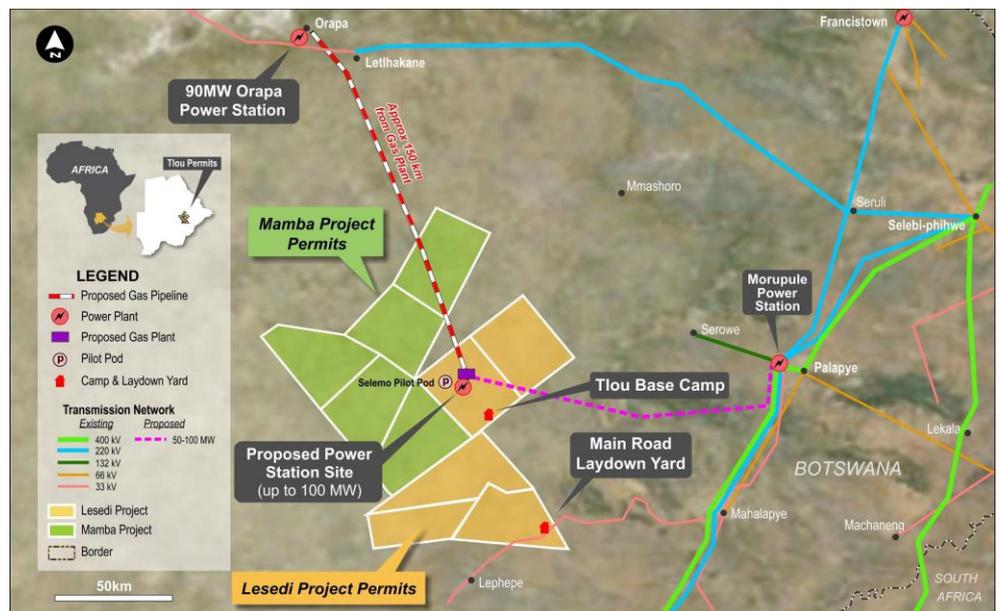
**Disclosures of potential conflicts of interest as required by regulatory bodies are shown on page 15.**

## A leading Botswana operator

Established acreage position covers 8,300km<sup>2</sup> and contains 2P reserves of 3.9bcf

Since its formation in 2009, Tlou Energy has built a robust acreage position in Botswana, covering 8,300km<sup>2</sup> and encompassing the Lesedi and Mamba coalbed methane (CBM) projects, in which the company has a 100% interest. Here, an active work programme has included the successful flow testing of pilot wells and resulted in Botswana’s first independently-certified CBM reserves, recently upgraded to 3.9bcf (proved plus probable) and 261bcf (proved plus probable plus possible). We expect additional work and ongoing flow testing to result in further reserves upgrades capable of supporting a large integrated gas-to-power scheme. With environmental approvals secured for upstream development, Tlou’s strong progress to date was recently confirmed with a request for proposal (RFP) from the Botswana government for a CBM gas-to-power project of up to 100MW.

Fig 1: Tlou project location map



Source: Tlou Energy

Receipt of an RFP from Botswana government was a major milestone

Receipt of the RFP was a major milestone, in our opinion, and followed the government’s announcement in mid-2016 that the delivery of 100MW of CBM power would be incorporated into Botswana’s future generation supply plans. The country has a severe energy shortage and is reliant on expensive imported power and diesel generation to deliver its requirements. Tlou was one of only two companies selected to bid for the development of up to 100MW of generation capacity as part of an integrated CBM-to-power project. Receipt of the RFP was an essential step towards signature of a power purchase agreement with off-taker and state power utility Botswana Power Corporation (BPC). With a 12<sup>th</sup> July 2017 closing date, Tlou’s proposal will include details of the planned field development at Lesedi, the installation of power generation facilities and the supply of power into the local grid.

## IPC on board as development partner

IPC signed up as preferred development partner

In February 2017, Tlou announced that it had signed a binding heads of agreement with Independent Power Corporation Plc (IPC) to jointly develop the proposed gas-to-power project of up to 100MW at Lesedi. London-headquartered IPC is a developer and operator of power projects, and part-owned by TOME International, a Swiss-based project management consulting firm serving sub-Saharan Africa. IPC specialises in high efficiency, low emission gas-fired power generation and, since its formation in 1995, has developed and operated over 4,500MW of capacity, including projects in Angola, Ghana and South Africa. IPC also provides a comprehensive operations and maintenance (O&M) service for power generation and distribution assets, acting as technical operator for plants worldwide.

Important procurement relationship with GE is maintained

The IPC agreement provides for exclusivity until 31<sup>st</sup> December 2017 and is subject to mutual approval of the feasibility studies, funding package and final RFP tender response. Importantly, IPC has a long-standing relationship with General Electric (GE) in the UK for the supply of turbines and equipment. The agreement replaces Tlou's previous arrangement with GE and IK Holdings, although the procurement relationship with GE remains as a result of Tlou's agreement with IPC. The fact that IPC's relationship with GE is UK-based has the added benefit of allowing the project to meet UK local content rules, enabling project funding and support from UK and European credit export agencies. We also understand that IPC maintains strong relationships with investors specialising in African infrastructure projects.

RFP tender response currently being prepared

Tlou and IPC's strategy incorporates plans for an initial 10MW pilot project (using modular reciprocating engines) and a grid connection. Expansion towards 100MW of generating capacity and associated infrastructure is then proposed, with the use of gas turbine units that are commonly deployed in Africa and can be installed in open and combined cycle configurations. In the short term, Tlou and IPC will jointly finalise work on a detailed proposal for submission to the Botswanan ministry for the supply of CBM power in modular stages, including negotiations with various third parties on the terms of an offtake agreement, network access and project funding. IPC will prepare an initial detailed feasibility study and fund half of the external costs incurred in preparing the RFP tender (up to US\$200,000).

Tlou's final retained interest will depend on the structure and terms of external funding package

At this stage, we understand that Tlou and IPC are effectively proceeding as co-sponsors, with ultimate IPP project ownership to be clarified as funding arrangements (including equity and debt) are finalised within the IPP special purpose vehicle. IPC has already commenced discussions with various project development and funding partners and received letters of interest for "in principle" funding support including grant funding for grid connection feasibility costs, debt funding of the initial 10MW engines, and equity/debt funding for the turbines underpinning the enlarged 100MW project. It is anticipated that the power lines necessary for grid connection will be funded within a separate vehicle, with the IPP paying a tariff for power transmission. Importantly, Tlou retains 100% ownership of the Lesedi CBM project (and its reserves) and has a right to participate in 50% ownership of the generation assets.

## Leveraging a growing reserves base

Significant reserves upgrade recently confirmed

Tlou recently reported a 44% increase in proved plus probable (2P) reserves to 3.9bcf and a 390% increase in proved plus probable plus possible (3P) reserves to 261bcf. This material increase in reserves (originally certified by consultants SRK in 2016) partly results from the certification of additional reserves at Lesedi, where recent work has included horizontal drilling in the Selemo pilot area. In addition, reserves have been certified for the first time in the Mamba block, following an assessment covering a western extension to the Selemo wells. Updated best estimate (2C) contingent resources totalling 235bcf are also estimated for Lesedi. Gas volumes as certified by SRK are tabulated in Fig. 2 (below).

We are very confident in Tlou's ability to prove up sufficient reserves for initial 10MW scheme

We believe that the recent reserves upgrade bodes very well for future commerciality, with the achievement of sustained gas flows from the Selemo pilots (each consisting of a vertical well and intersecting horizontal well) in the southern part of the block indicating significant gas production potential. Field appraisal is continuing with the long term testing of all three pilot wells at Selemo. SRK notes that further drilling will be needed to obtain the additional data required to support a further reserves upgrade and subsequent development decision, particularly in the northern and eastern areas. However, we believe that Tlou has already established a valuable reserves base and have a high level of confidence in the company's ability to prove up sufficient reserves for an initial 10MW gas-to-power scheme.

Substantial amount of data has already been obtained at Lesedi

At Lesedi, Tlou has obtained a substantial amount of technical data across the block, encompassing core laboratory analysis, wireline logging and short and long term flow testing. The flow testing has included drill stem tests and the deployment of wireline testing tools in wells completed with progressive cavity pumps. Long term testing has facilitated the measurement of water and gas flow rates as reservoir pressure drops around the general area of the pilot wells. New technical data from the Selemo pilot programme has confirmed the high level of stratigraphic continuity in the Lower Morupule coal seam along with reservoir and gas quality data, resulting in the recent reserves upgrade.

**Fig 2: Tlou CBM gas reserves and resources**

Location	Project	Tlou interest	Gas reserves (bcf)			Gas contingent resources (bcf)			Gas prospective resources (bcf)
			1P	2P	3P	1C	2C	3C	Best estimate
Karoo Basin Botswana	Lesedi CBM (Lower Morupule)	100%	0.2	3.5	117	4.3	67	470	-
Karoo Basin Botswana	Lesedi CBM (all coal seams)	100%	0.2	3.5	117	4.3	235	3,183	-
Karoo Basin Botswana	Mamba CBM (Lower Morupule)	100%	0.0	0.4	144	n/a	n/a	n/a	-
Karoo Basin Botswana	Lesedi CBM (exploration)	100%	-	-	-	-	-	-	8,596
<b>Total gas volumes (Lesedi and Mamba CBM) (all coal seams)</b>			<b>0.2</b>	<b>3.9</b>	<b>261</b>	<b>4.3</b>	<b>235</b>	<b>3,183</b>	<b>8,596</b>

Source: Tlou Energy, SRK

Significant 3P reserves base has already been certified at Mamba

Tlou's Mamba block is adjacent to the Lesedi project area and has not been evaluated to the same extent, with the most recent work consisting of desk top analysis of existing geological information comprising core analysis, aeromagnetic and seismic data. However, the significant amount of information available (including new technical data from the Selema pilot programme) at Lesedi has been extrapolated across to Mamba, complementing the re-examination of the existing technical data covering Mamba itself. This has led to the initial certification of gas reserves for Mamba. We note that, whilst Tlou's 2P reserves base is dominated by Lesedi, 3P reserves at Mamba are in fact larger than at Lesedi, indicating scope for a significant project in its own right, subject to further appraisal work.

We anticipate a further reserves upgrade in Q2 2018

We expect appraisal of the flagship Lesedi project to form a key part of the work programme from later this year, as Tlou seeks to prove up sufficient proved and probable reserves to support its initial 10MW gas-to-power project. We estimate that an approximate 20bcf reserves base would be sufficient to underpin this initial commercial development and expect Tlou to undertake a programme of appraisal drilling combined with seismic and aeromagnetic surveys from late CY2017, ahead of a reserves update in the second quarter of next year. Given the extent of the existing 3P reserves envelope (117bcf) at Lesedi, we already have a high level of confidence in Tlou's ability to achieve another material reserves upgrade ahead of financial close and commercial development of its gas-to-power project.

## Stage set for initial ten megawatts

Commercialisation involves numerous parallel workstreams

Following receipt of the RFP from the Botswana government, recent reserves upgrade and agreement bringing in IPC as Tlou's preferred development partner, we believe that the stage is now very well set for commercial development of Tlou's initial 10MW gas-to-power scheme. Commercialising such an IPP project is a complex task, involving numerous important work streams that will run in parallel through to first power, which we believe could be achieved by Q3 2019. A timeline schematic illustrating the indicative work programme is shown in Fig. 8 (Pg. 11) and demonstrates the wide variety of deliverables involved on the commercial, regulatory and operational fronts. We believe that a successful RFP tender, signature of a power purchase agreement and subsequent financial close will be absolutely critical to the Lesedi gas-to-power project's success through the first half of CY2018.

Successful RFP tender is a crucial deliverable; we believe that Tlou is in pole position

On the commercial side, we would expect Tlou and IPC to finalise an SPV ownership structure for the project (incorporating "in principle" debt and equity funding) along with a base case financial model based on the feasibility studies undertaken to date. The technical and financial aspects will be incorporated into the RFP tender response, which needs to be submitted in July 2017 (supported by a detailed feasibility study). In our view, given Tlou's successful drilling and testing programme and existing upstream environmental approvals, the company and IPC are in pole position to win the tender against the single competing bidder (which we understand is another Botswana CBM player). We acknowledge the timing risks associated with the Botswana government's response and subsequent negotiation of a PPA, but believe that PPA signature can reasonably be expected to occur in early CY2018.

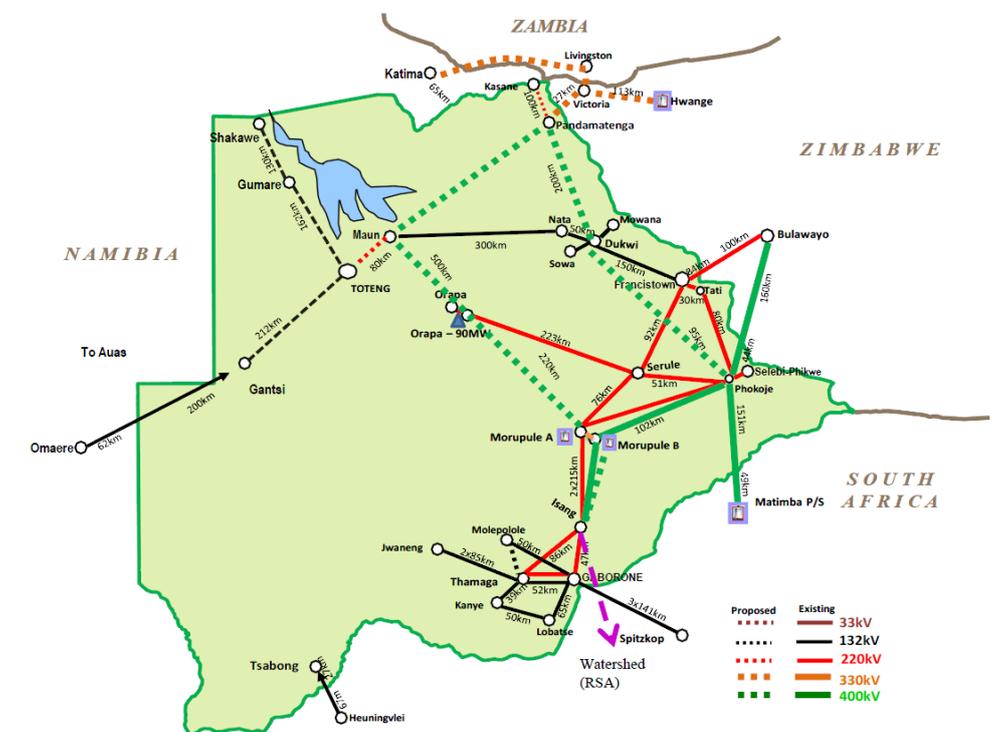
Grid connection point is located 70km to the east

In addition to the PPA, an interconnection agreement is required to provide access to the local grid. However, we note that state-owned BPC is an integrated power utility responsible for generation, transmission and distribution. Therefore, we believe that a grid access agreement can be readily combined with the PPA. Whilst Lesedi does not currently have transmission infrastructure in place, the BPC-operated grid (see Fig. 3) is located circa 70km to the east and we expect the “poles and wires” required for grid connection to be incorporated into the feasibility study. Transmission line assessments are already underway, considering routes, integration points and required upgrades to the BPC network. At this pre-feasibility stage, we estimate capital costs for transmission lines of approximately US\$20m, which is circa 40% of the total estimated 10MW project cost but would enable the transmission of significant quantities of incremental power beyond this initial phase.

Project financing is to be confirmed and will be an important value driver

Another critical commercial aspect is project funding, the structure of which will be an important value driver for Tlou, in our opinion, given the implications for the company’s retained interest in the Lesedi IPP vehicle. As we have discussed, preferred development partner IPC is reported to have strong relationships with relevant funders and has received letters of interest for “in principle” funding support. Financial close will be dependent on a successful RFP tender, PPA signature, a bankable feasibility study, lender due diligence, a mining licence award, downstream environmental approvals and a reserves upgrade. The pre-money value attributed to Tlou’s existing 100% interest in Lesedi will also be an important subject of negotiation. Financial close is the key milestone to be achieved prior to pressing the button on project development and construction.

**Fig 3: Transmission infrastructure development in Botswana**



Source: BPC (Botswana Resources Sector Conference 2016)

Comprehensive feasibility studies are underway

Development, engineering and design studies are underway, encompassing upstream aspects (e.g. well locations and orientation), transmission and generation. The RFP requires details covering all of these areas, so this work will feed into both the RFP response and bankable feasibility study. Under the terms of its agreement with Tlou, IPC will prepare the initial detailed feasibility study supporting the RFP tender and has committed to fund half of the external costs incurred in preparing the tender (up to US\$200,000). We therefore expect Tlou to incur only modest costs in relation to the feasibility study and RFP. Ahead of financial close and in anticipation of breaking ground on the project, Tlou and IPC will also begin their own tendering process for drilling and EPC contracts, with the former likely to include both local drilling contractors and international service companies. IPC has its own O&M capability so this element could be “insourced” for a period of time.

Further appraisal likely to include 2D seismic survey and stratigraphic drilling

We expect flow testing of the three Selemo pilot wells to continue and Tlou is also planning further appraisal work including drilling, an aeromagnetic survey and seismic data acquisition from late CY2017 (again subject to partner/equity funding). Having reprocessed and reinterpreted the existing aeromagnetic dataset and updated the geological/structural model, SRK is to provide Tlou with recommendations for an optimal appraisal programme. In the meantime, the company guides towards a circa 200km 2D seismic survey and a small number of stratigraphic wells to provide cores for further analysis. In the context of the wider Lesedi project, we expect this appraisal work to be undertaken at relatively modest cost, perhaps in the region of US\$5m. Once completed, the anticipated appraisal programme would feed into an updated assessment of reserves and resources, currently scheduled for H1 2018 and broadly coinciding with finalisation of the bankable feasibility study.

Commencement of development drilling to precede installation of generation and transmission

Subject to financial close, Tlou anticipates breaking ground on the initial 10MW phase in mid-CY2018, beginning with development drilling which is estimated to initially incorporate around fourteen “dual lateral” production wells (at a total cost of circa US\$20m). Following drilling, up to six months of dewatering will be required before gas flows at commercial rates, and development drilling will therefore commence at an early stage. Infill drilling of a smaller number of wells would be required longer term to offset depletion in the initial well stock. Lesedi’s generation component will involve the relatively rapid installation of modular units and cost a currently estimated US\$10m. We therefore estimate ball-park total capex for the initial 10MW scheme of circa US\$55m, incorporating field appraisal/development along with the installation of a gas processing plant, transmission lines and reciprocating engines.

First power targeted for Q3 2019, with critical milestones anticipated in the shorter term

Subject to satisfactory completion of the above milestones, Tlou is targeting first power at Lesedi in Q3 2019. Getting to this point will be a major undertaking, but we believe that successful delivery of the critical elements could provide some powerful share price catalysts in the meantime. With an anticipated power price of circa 15 cents/mWh (between current prices for coal-fired and solar power generation), we estimate that the first 10MW phase has the potential to generate annual gross (100%) revenues of circa US\$13m and EBITDA of around US\$8m, with subsequent expansion towards 100MW providing a very material project. Importantly, we expect the PPA to be denominated in US dollars and look forward to confirmation of the status of the RFP tender and subsequent PPA signature, along with a bankable feasibility study enabling a detailed assessment of project economics.

## Forecasts and valuation

Tlou and IPC aim to secure a project financing package

We have generated P&L and cash flow forecasts (see Fig. 5 and Fig. 6) through FY2018, during which time Tlou remains in the pre-revenue phase and we assume the maintenance of annual operating expenses (including central overheads) at circa A\$1.8m. We also assume that current levels of exploration/appraisal spend remain at circa A\$2.0m p.a., but would expect this to increase if Tlou and IPC secure a partner or equity investor to fund these activities. In its interim results, Tlou reported net cash of A\$2.4m at 31<sup>st</sup> December 2016 and funds are therefore constrained. However, as we have discussed, there is limited financial exposure to the current RFP submission or supporting detailed feasibility study and IPC is already in discussions with potential project development and funding partners.

Estimated sum-of-the-parts valuation of 25p/share

With feasibility studies to be finalised along with project financing, we have based our sum-of-the-parts valuation (see Fig. 4) on certified gas volumes. These will, we believe, play an important role in the project financing negotiations (particularly regarding the equity interest that Tlou eventually retains). This Risked NAV approach takes mid-case reserves and contingent resources, risking the latter with a circa one-in-three probability of success. Our assumed per unit NPV of US\$1/mcf is consistent with other African gas projects assessed by us and attributes a value approaching US\$90m to Tlou's 100% interest in Lesedi and Mamba, at the current stage. Adjusting for financial items, including the present value of central costs, we derive a fair value of 25p/share (compared to the current 7.6p share price).

We believe that our reserves-based approach is appropriate at the current stage

Whilst acknowledging the uncertainty associated with winning the RFP tender in the first instance, we believe that Tlou is in pole position here and look forward to updating our valuation in line with the various milestones. Deliverables which are crucial to the investment case include signature of a PPA and reaching financial close, prior to breaking ground on the initial 10MW project. As details on the project financing package and economics emerge, we will be in a position to undertake a more detailed assessment of Lesedi's value to Tlou, particularly once the size of the company's retained equity interest is confirmed. In the meantime, Tlou already has a 100% interest in a material gas project and we believe that this provides a credible means of attributing value at the pre-feasibility/pre-financing stage.

**Fig 4: Tlou sum-of-the-parts valuation summary**

	Unrisked	CoS*	Risked	Unrisked	Risked	Risked
	US\$m	%	US\$m	c/share	c/share	p/share
2P reserves	4.0	90	3.6	0.02	0.02	0.01
2C contingent resources	243.1	35	85.1	1.02	0.36	0.29
Forecast net cash (FY2017F)	0.3	100	0.3	0.00	0.00	0.00
PV central costs	(13.5)	100	(13.5)	(0.06)	(0.06)	(0.05)
<b>Risked NAV</b>	<b>233.9</b>	<b>-</b>	<b>75.5</b>	<b>0.99</b>	<b>0.32</b>	<b>0.25</b>

Assumed USD/GBP exchange rate: 1.25

Source: Shore Capital Markets. \*Chance of Success

Assumed USD/AUD exchange rate: 0.75

## Conclusions

Stage now set for transition into a leading IPP in Botswana

With a request for proposal (RFP) received from the Botswana government and IPC signed up as preferred development partner for the Lesedi gas-to-power project, we believe that Tlou is extremely well positioned to progress with plans to achieve first power in CY2019. The company has a 100% interest in its coalbed methane acreage at Lesedi and Mamba, which together cover more than 8,000km<sup>2</sup> and host the country's first certified CBM gas reserves. These reserves follow successful flow testing and, in our opinion, the stage is now set for Tlou's transition into a leading IPP in Botswana and the country's first gas-to-power producer. Local power market fundamentals are already very supportive.

We believe that Tlou is in pole position to win RFP tender

We sense that Tlou is in pole position to emerge as the winner in the RFP tender process and, although project funding and the financial structure are to be confirmed, we highlight Tlou's established and growing reserves base, which drives our initial fair value estimate of 25p/share. Given the successful flow testing of wells and substantial amount of data that has already been obtained at Lesedi, we are very confident in Tlou's ability to prove up sufficient reserves for its initial 10MW power scheme and anticipate a further reserves upgrade in Q2 2018. Commercialisation will involve numerous parallel work streams and we anticipate that delivery of the various milestones could provide some powerful share price catalysts.

Tlou has an established reserves base to support future plans

In the meantime, we believe that our reserves-based approach is the most appropriate method of valuing Tlou. The company currently has a 100% interest in a high quality base of gas reserves and resources, which have been independently certified and will likely play an important role in forthcoming project financing negotiations. As details on the project financing package and economics emerge, we will be in a position to undertake a more detailed assessment of the Lesedi gas-to-power scheme's value to Tlou (particularly regarding the company's retained equity interest). In the shorter term, we believe that a successful RFP submission is the critical milestone for investors to look forward to.

**Fig 5: Tlou Energy profit & loss (A\$'000)**

Year-end June	2016A	2017F	2018F
<b>Turnover</b>	-	-	-
Cost of sales	-	-	-
<b>Gross profit</b>	-	-	-
Operating expenses	(1,807)	(1,800)	(1,800)
Share based payments	0	(200)	(200)
Share issue costs	(779)	0	0
Depreciation and amortisation	(261)	(265)	(265)
<b>Operating loss</b>	<b>(2,847)</b>	<b>(2,265)</b>	<b>(2,265)</b>
Net interest	28	2	0
Foreign exchange gain/(loss)	(247)	0	0
<b>Loss before tax</b>	<b>(3,066)</b>	<b>(2,263)</b>	<b>(2,265)</b>
Tax	-	-	-
<b>Net loss</b>	<b>(3,066)</b>	<b>(2,263)</b>	<b>(2,265)</b>
Average shares in issue (m)	197.9	229.3	237.2
<b>Basic loss per share (cents)</b>	<b>(1.5)</b>	<b>(1.0)</b>	<b>(1.0)</b>

Source: Tlou Energy, Shore Capital Markets

**Fig 6: Tlou Energy cash flow (A\$'000)**

Year-end June	2016A	2017F	2018F
Payments to suppliers and employees	(2,897)	(2,150)	(2,150)
Interest received	28	2	0
Tax received	566	100	100
<b>Operating cash flow</b>	<b>(2,303)</b>	<b>(2,048)</b>	<b>(2,050)</b>
Capital expenditure	(5,808)	(2,000)	(2,000)
<b>Free cash flow</b>	<b>(8,111)</b>	<b>(4,048)</b>	<b>(4,050)</b>
Share issues (net)	2,065	3,176	0
<b>Net cash flow</b>	<b>(6,046)</b>	<b>(872)</b>	<b>(4,050)</b>
Foreign exchange differences	73	0	0
Opening net cash	7,198	1,225	353
<b>Closing net cash</b>	<b>1,225</b>	<b>353</b>	<b>(3,697)</b>

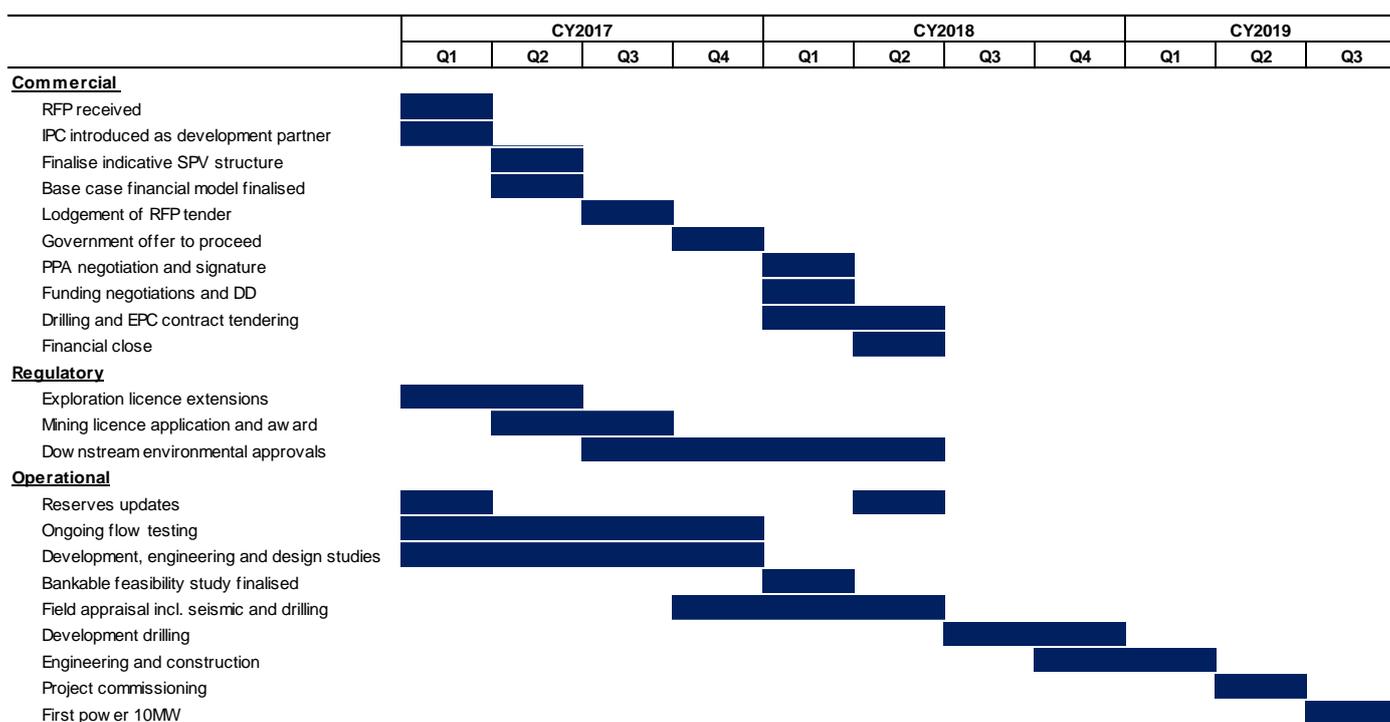
Source: Tlou Energy, Shore Capital Markets

**Fig 7: Tlou asset summary table**

Asset	Location	Status	Operator	Tlou Energy working interest	Key next steps
Lesedi CBM	Botswana	Appraisal and development	Tlou	100%	Lodgement of RFP tender July 2017
Mamba CBM	Botswana	Exploration and appraisal	Tlou	100%	Further evaluation including geophysical surveys Q4 2017

Source: Tlou Energy, Shore Capital Markets

**Fig 8: Tlou indicative work programme**



Source: Tlou Energy, Shore Capital Markets

## Executive management

### **Tony Gilby – Managing Director and Chief Executive Officer**

Geologist with over thirty years' experience, beginning career at Delhi Petroleum and holding a variety of positions there and at Esso following its acquisition of Delhi.

Roles included exploration geology, geophysics, petrophysics and working at the Exxon Production Research Centre in Houston.

Founder of Sunshine Gas, where he remained MD until its sale for A\$1.1bn in 2008.

Founding director of Tlou Energy, assuming the role of MD and CEO in 2012.

Bachelor of Science (first class honours) degree in geology from University of Adelaide.

### **Gabaake Gabaake – Executive Director**

Former senior civil servant in Botswana, retiring as Permanent Secretary in the Ministry of Minerals, Energy and Water Resources and maintaining strong government relationships.

Has served on various private company boards including De Beers, Debswana and DTC.

BSc Geology from University of Botswana and MSc Groundwater Hydrology from University College London.

### **Colm Cloonan – Finance Director**

FCCA-qualified with over seventeen years' experience in various finance roles across sectors including power generation in Australia.

Joined Tlou Energy in 2009 and was a key member of the team involved in the company's successful listing on ASX in 2013.

Studied accountancy at the Galway-Mayo Institute of Technology.

### **Phil Hicks – Commercial Manager**

Twenty years' experience in corporate finance including M&A and ECM transactions.

Has advised on a significant number of deals in the CBM, coal and mining services sectors.

Former Head of Corporate Finance at Australian stockbroking firm Wilson HTM.

### **Solomon Rowland – Company Secretary and Legal Counsel**

Lawyer with over sixteen years' experience in areas including commercial, planning and environmental law; Legal Counsel at Tlou since 2013.

Previously worked at Crown Law, representing the Queensland Government and advising on a wide range of commercial, corporate governance and policy matters.

Juris Doctor (JD) degree from University of Queensland.

## Common abbreviations

1P	Proved
2P	Proved + Probable
3P	Proved + Probable + Possible
BCF	Billion Cubic Feet
BFS	Bankable Feasibility Study
BOE	Barrels of Oil Equivalent
CBM	Coalbed methane
EPC	Engineering, procurement and construction
GIIP	Gas Initially In Place
GSA	Gas Sales Agreement
GTP	Gas-to-power
IPP	Independent Power Producer
kWh	Kilowatt-hour
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MBOE	Thousand Barrels of Oil Equivalent
MCF	Thousand Cubic Feet
MMBOE	Million Barrels of Oil Equivalent
MMCFD	Million Cubic Feet per Day
MW	Megawatt
O&M	Operations and maintenance
PPA	Power Purchase Agreement
PSC	Production Sharing Contract
RFP	Request for Proposal
TCF	Trillion Cubic Feet

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**London Office**

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**Bond Street House  
14 Clifford Street  
London W1S 4JU  
T: +44 (0)207 408 4080**

**Liverpool Office**

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**The Corn Exchange  
Fenwick Street  
Liverpool L2 7RB  
T: +44 (0)151 600 3700**

**Edinburgh Office**

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**1<sup>st</sup> Floor  
3/5 Melville Street  
Edinburgh EH3 7PE  
T: +44 (0)207 079 1670**