



TLOU ENERGY

Investor Presentation
June 2018



**POWERING
BOTSWANA**

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The gas reserves and resource estimates for the Lesedi CBM Project provided in this presentation (refer slide 13) were released to the market on 20 February 2018 ("**Announcement**"). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Announcement and that all of the material assumptions and technical parameters underpinning the estimates in the Announcement continue to apply and have not materially changed. The gas reserve and resource estimates are based on and fairly represents, information and supporting documentation and were determined by Dr. Bruce Alan McConachie of SRK Consulting (Australasia) Pty Ltd, in accordance with Petroleum Resource Management System guidelines. Dr. McConachie is considered to be a qualified person as defined under the ASX Listing Rule 5.42 and has given his consent to the use of the resource figures in the form and context in which they appear in this Presentation.

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3 Company Information

Tlou Energy is an onshore gas exploration and power generation company with operations located in Botswana. The Company aims to produce gas-fired electricity for sale into the regional power market in Botswana and Southern Africa.

STOCK MARKET

ASX / AIM / BSE

TICKER

ASX:TOU / AIM:TLOU / BSE:TLOU

ISSUED SHARE CAPITAL

~329m (ASX 50%, AIM 44%, BSE 6%) / Fully Diluted ~331m

MARKET CAP (25-May-18)

AUD ~\$51.07m / GBP ~£27.51m / BWP ~P360m

CASH BALANCE (31-March-18)

AUD ~\$5.9m

AIM NOMINATED ADVISOR

GRANT THORNTON UK LLP

BROKERS (with Research)

SHORE CAPITAL STOCKBROKERS LIMITED (UK)
TAYLOR COLLISON LIMITED (Australia)

GEOLOGICAL CONSULTANT

SRK CONSULTING (AUSTRALASIA) PTY LTD





Martin McIver
Chairman

- Over 17 years experience in finance and mining services
- Currently CFO of the WorkPac group



Gabaake Gabaake
Executive Director

- Geologist, former Botswana Permanent Secretary at Ministry of Minerals Energy & Water
- Former Director of Debswana, De Beers



Anthony Gilby
MD & CEO

- Geologist, over 30 years experience
- Co-founder & MD/CEO of Sunshine Gas. Taken over in 2008 for ~A\$1.1bn



Hugh Swire
Non-executive Director

- BA Hons from Oxford, over 16 years experience in various roles
- Partner at Mahon China, former JP Morgan VP



Colm Cloonan
Finance Director

- Accountant, over 17 years experience
- Worked in various Industries including Power Generation in Australia



Linah Mohohlo
Non-executive Director

- Former Bank of Botswana Governor
- Former Director of both Debswana Diamond Company, Diamond Trading Company

Management

Solomon Rowland
Company Secretary & Legal Counsel

- Lawyer, over 16 years experience
- Juris Doctor from the University of Queensland

Danny Horne
Chief Operations Officer

- 28 years in the drilling industry including 16 years in the Oil & Gas/CBM Sector
- Qualified in Diesel Engineering, Diploma of Drilling (Onshore Oil & Gas)

Remigiyo Mavata
Chief Geologist

- Geologist with over 20 years African experience in multidisciplinary exploration in conventional and unconventional reservoirs
- Bachelor of Science in Geology from the University of Zimbabwe





Onshore Gas-to-power developer

- Clean natural CBM gas
- 8,300 km² project acreage, 100% owned and operated, De-risked project



Significant Gas Reserves and Contingent Resources

- Large gas asset, independently certified
- Sufficient gas in place for initial project development



Ideal location in Botswana

- Safe, low risk country with an excellent credit rating
- No ownership or exchange controls, stable supportive Government



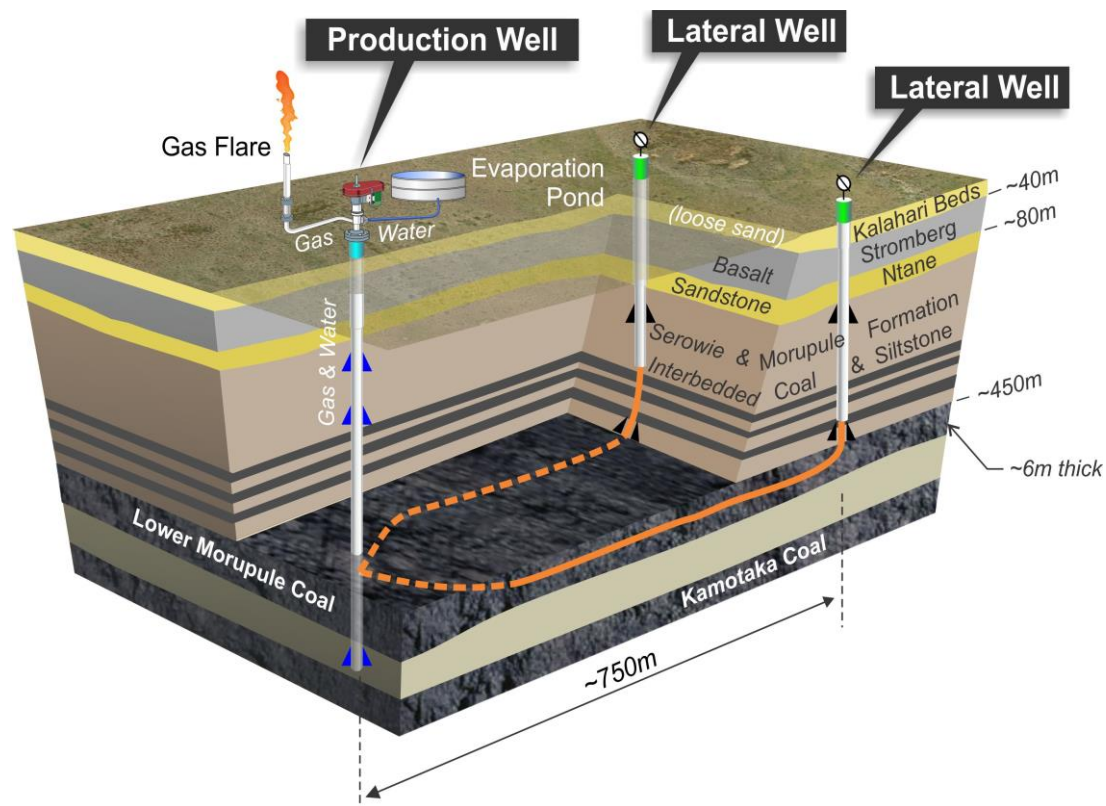
Huge market with chronic power requirement

- Significant local power shortage, CBM can replace expensive diesel and imported power
- Enormous regional market, easily accessible via the Southern African Power Pool (SAPP)



What does Tlou Energy do?

The Company extracts CBM natural gas from coal, using horizontal drilling techniques. This CBM gas can then be used for electricity generation.



➤ Tlou's CBM extraction method

- ✓ Dual Lateral Pods, each comprising one vertical and two horizontal wells
- ✓ Proven technology
- ✓ Minimum footprint allowing agricultural use of land to continue
- ✓ No fracking required
- ✓ CBM can replace high carbon producing power generation such as diesel and coal fired power





TLOU ENERGY

*... generating power from
CBM in Botswana*



Where is the project?

Botswana - *The leading economy in Sub-Saharan Africa*

Ideal investment destination

Stable, democratic government

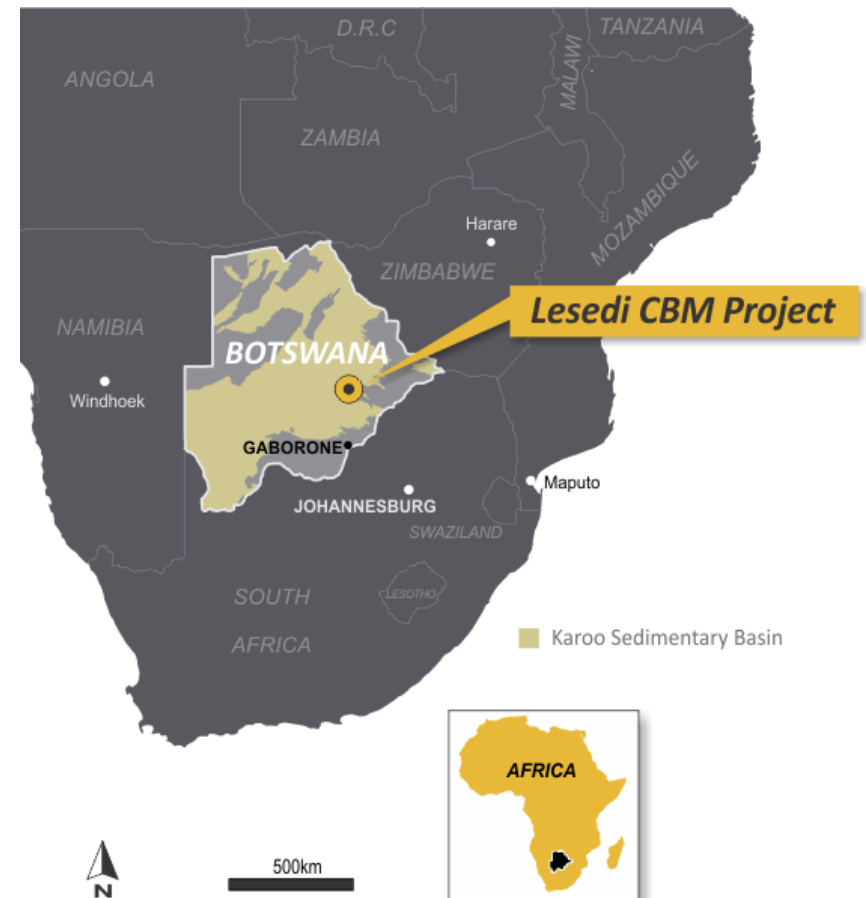
No foreign exchange controls

One of the worlds largest diamond producers

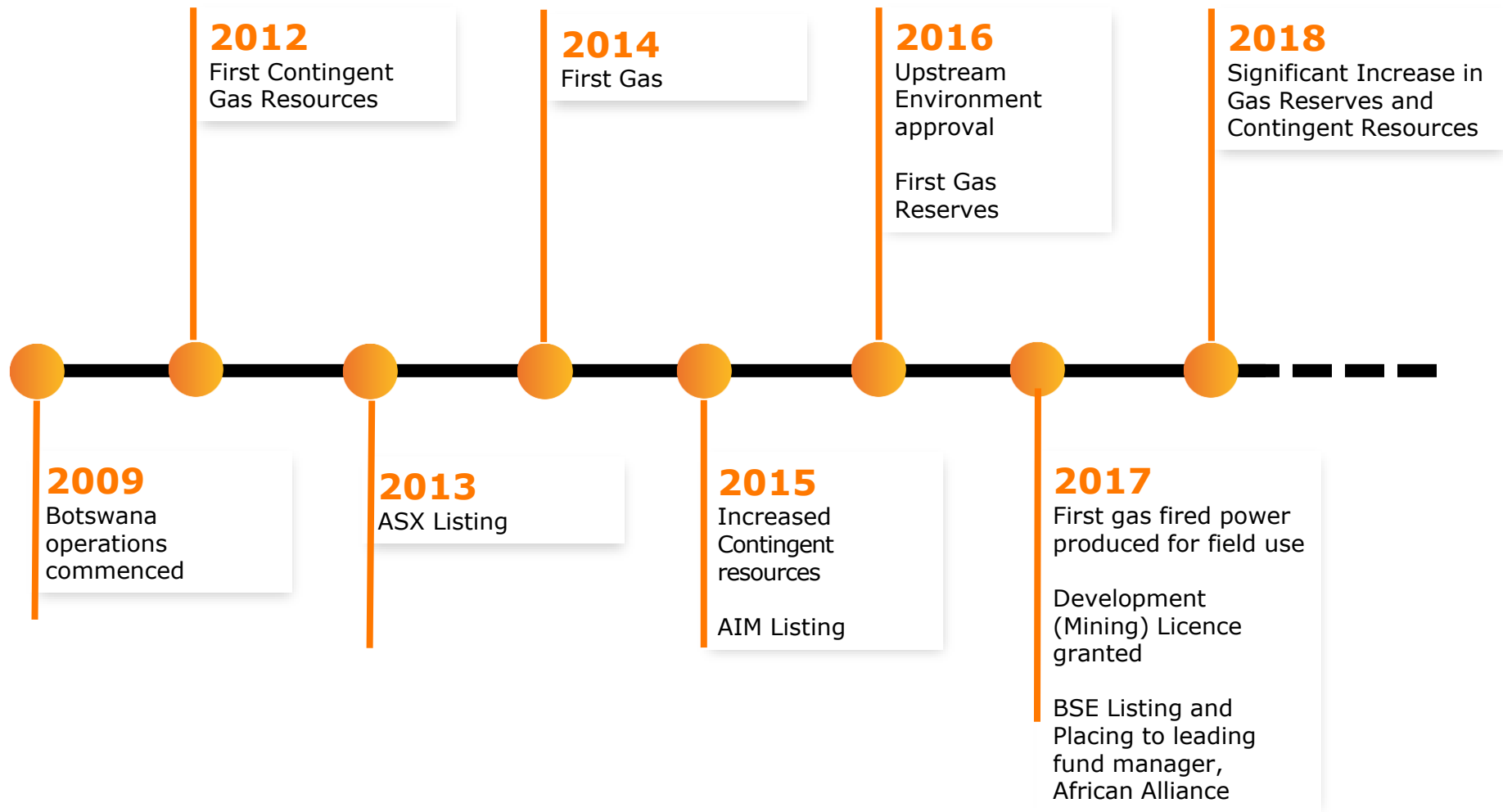
Growing economy

No “BE” or ownership restrictions

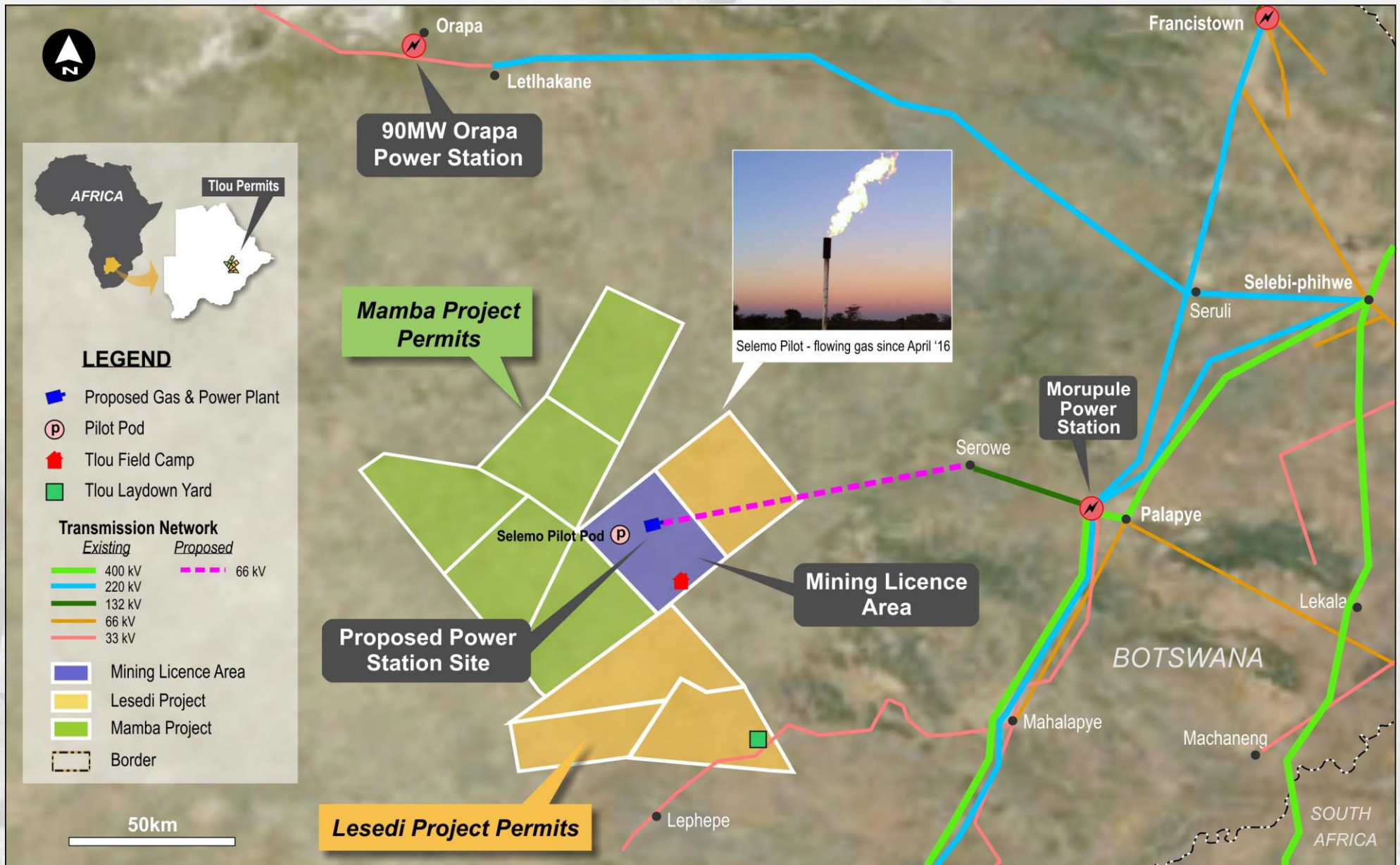
Excellent credit rating



How Have We Got Here?



Botswana Project Map

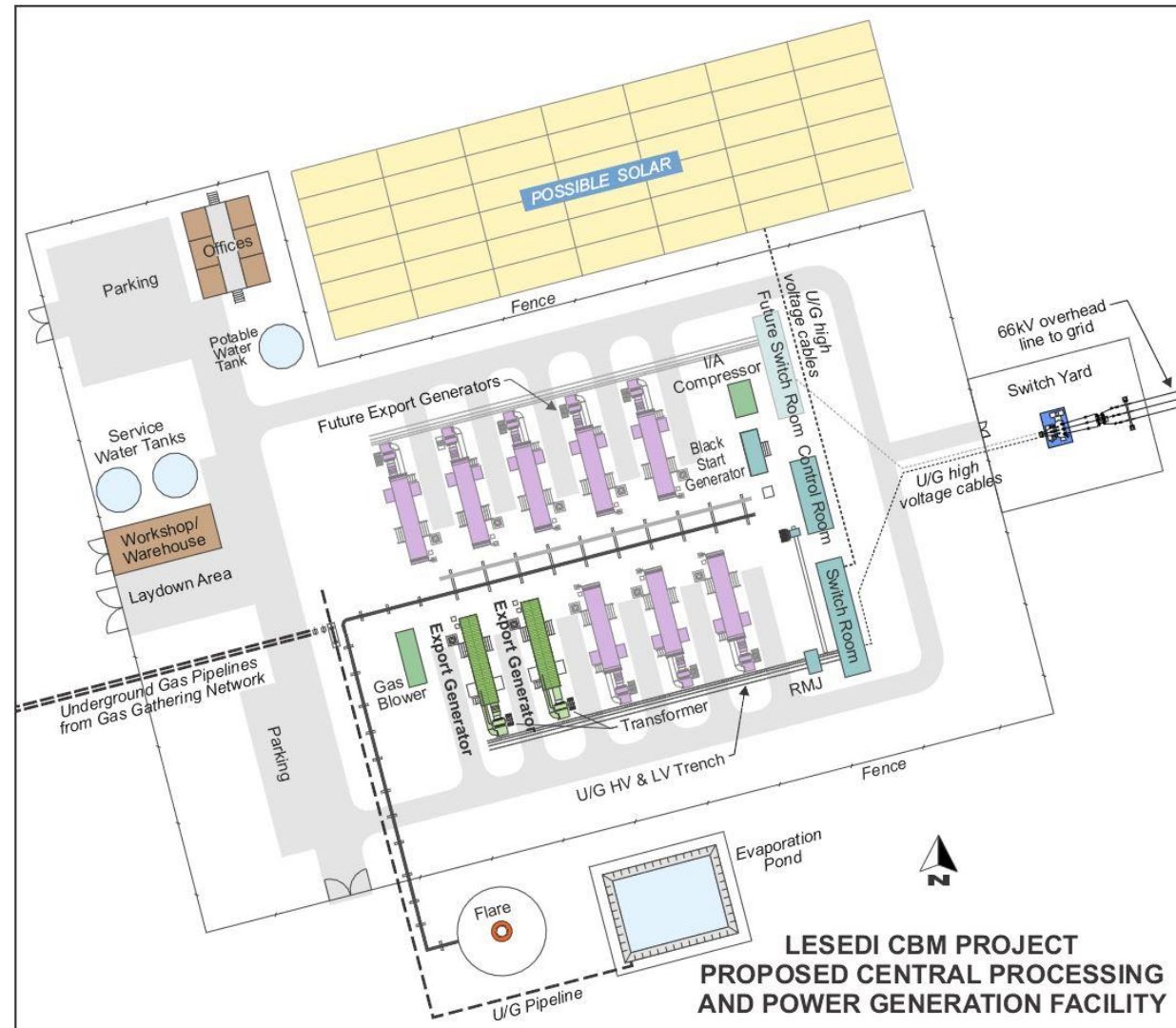


➤ Develop up to 10 MW of power:

- ❖ Targets first revenue while minimising initial capex requirement
- ❖ Sufficient gas reserves already in place
- ❖ Achieves grid connection and facilitates simple expansion
- ❖ Easily integrate solar generation

➤ Strategy:

- ❖ Drill pilot wells sufficient for the first 2 MW
- ❖ Complete environmental approval for transmission lines and power generation assets
- ❖ Construct transmission lines and install generators
- ❖ Connect to local Botswana grid
- ❖ Sell power via an agreed Power Purchase Agreement or on the regional spot market



12 Project Benefits

➤ **For Investors**

- ❖ Leading CBM project in the region
- ❖ Significantly de-risked
- ❖ Enormous potential upside as the project moves into development and generates first revenue
- ❖ Much larger projects planned post the initial 10 MW

➤ **For Botswana**

- ❖ Creates vital direct and indirect employment
- ❖ Energy security by removing the need to import expensive power
- ❖ Develops a new industry to diversify the economy
- ❖ Delivers further royalties and taxes to the Government

Creating employment in Botswana since 2009



Independent Gas Reserves Certification⁽¹⁾

**0.35
BCF
(1P)**

**40.8
BCF
(2P)**

**426.6
BCF
(3P)**

Technical Fundamentals

Coal Depth	~350-800m
Gas Contents (Average)	~6 m ³ /t (DAF)
Gas compositions	~85% methane

Location	Project	Tlou Interest	Gas Reserves ⁽¹⁾			Gas Contingent Resources ⁽²⁾			Gas Prospective Resource (BCF) ³
			1P (BCF)	2P (BCF)	3P (BCF)	1C (BCF)	2C (BCF)	3C (BCF)	
Karoo Basin Botswana	Lesedi CBM (Lower Morupule coal) (ML 2018/18L, PL001/2004)	100%	0.34	25.2	252	4.6	45.6	331	-
Karoo Basin Botswana	Lesedi CBM (all coal seams) (ML 2018/18L, PL001/2004) ⁴	100%	0.34	25.2	252	4.6	214	3,043	-
Karoo Basin Botswana	Mamba CBM (Lower Morupule coal) (PL238/2014-PL241/2014)	100%	0.01	15.5	175	n/a	n/a	n/a	-
Karoo Basin Botswana	PL003/2004, PL035/2000, PL037/2000	100%	-	-	-	-	-	-	8,596 ⁶

Notes:

Gas Resource numbers have been rounded to the nearest tenth for amounts less than 100 BCF, otherwise to the nearest whole number. Refer to Competent Persons Statement in the disclaimer slide of this presentation.

1) Tlou's Gas Reserves have not been adjusted for fuel or shrinkage and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).

2) Contingent Gas Resources are (100%) Unrisked Gross and are derived from the SRK certification at 31 March 2015 for all coal seams (as previously announced by Tlou on 9 April 2015) with adjustment for the gas volumes which have now been certified by SRK in the Gas Reserves category.

3) ASX Listing Rule 5.28.2 Statement relating to Prospective Resources:

The estimated quantities of petroleum gas that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

4) The Gas Reserves and Contingent Gas Resources for all coal seams in PL001/2004 and ML 2018/18L shown in the table above includes the numbers for the Lower Morupule coal seam which are shown in the first row of the table.

5) The most recent Reserves assessment by SRK did not include a review and assessment of additional Contingent Resources in the Lesedi Project Area or Contingent Resources in the Mamba Project area.

6) Prospective Gas Resources are (100%) Unrisked Gross and are derived from a report to Tlou from Netherland, Sewell and Associates Inc (NSAI) dated 16th February 2012 regarding certification for all coal seams located in the remaining prospecting licences (as previously announced by Tlou in its prospectus dated 20 February 2013).



Gas Reserves Summary

- ✓ Sufficient Reserves already in place for initial project development
- ✓ Further Reserves and Resources in place for significant expansion

2P Gas Reserves in place:
~41 BCF

- a 10 MW project for 25 years would require:

Approx. 28 BCF¹

3P Gas Reserves in place:
~427 BCF

- a 100 MW project for 25 years would require:

Approx. 274 BCF¹

3C Contingent Resources
~3,043 BCF

- This is sufficient gas¹ for 300 MW for 40+ years, based on a 50% recovery factor

1. Billion Cubic Feet, based on 1 MW of power being produced from 300,000 standard cubic feet of gas per day.





Power Purchase Agreements (PPA)

Direct discussions with Botswana Power Corporation for a small scale pilot project

Government 100 MW re-tender proposal being considered, subject to terms

Regional 3rd party off-takers

Downstream EIA

Inception report and local stakeholder meetings complete

Scoping report, project assessment and management plan to be prepared

Approx. 9 month process

Core-hole drilling

Core rig purchased, expected on site in June 2018

Core-hole drilling planned for mid 2018

Core-holes aimed at expansion of gas reserves



Drilling of development production wells has a number of advantages:

Project Development will be progressed as Tlou continues discussions on Power Purchase Agreements and downstream Environmental and licencing approvals are finalised

Existing cash facilitates completion of one production pod only

Additional funds will allow more pods to be drilled and at lower cost due to economies of scale and lowers risk

New production pods will be dual laterals, intersecting a vertical well – located in the area identified by reserve certifiers for initial project development, where quality seismic and core-hole data control exists

Subject to results, these wells could provide sufficient gas for an initial 2 MW power generation project

Production pods are planned to be drilled in H2 2018, with dewatering to be completed prior to production testing and installation of 2 MW of power generation in 2019

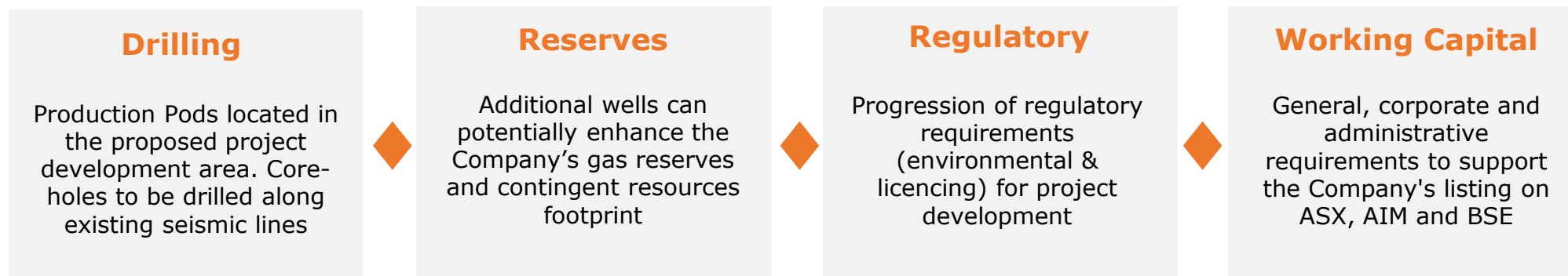
Potential for better production rates in a multi-well program due to a larger area being dewatered

Production pods to be drilled at a different orientation to existing wells and in a higher gas content area based on seismic and core-hole data, to potentially enhance gas flow rates

Successful results will significantly de-risk the project prior to development financing, including the addition of more certified reserves



Existing cash and proceeds raised to be used as follows:



Proceeds:	USD \$m	GBP £m	AUD \$m	BWP Pm
Cash Balance (1 May 2018)	4.2	3.1	5.5	42.3
Equity Proceeds (net of costs)#	3.0	2.2	3.9	30.0
	7.2	5.3	9.4	72.3
Uses:				
Production Wells*	1.5	1.1	2.0	15.4
Equipment, Camp costs and Field Personnel	1.8	1.4	2.4	18.4
Vertical Core-holes	0.5	0.3	0.6	4.6
Reserves, Environmental, Technical studies	0.3	0.3	0.5	3.5
Corporate staff incl. Directors	1.3	1.0	1.7	13.3
Working Capital	1.7	1.2	2.2	17.1
	7.2	5.3	9.4	72.3

*Existing funds and committed capital from the placement and underwriting agreements facilitate the drilling of the first planned dual lateral pilot production pod. The Company plans to drill up to two more production pods subject to the level of participation in the entitlement offer. #Exchange rates used AUD:USD 0.769, AUD:GBP 0.567, AUD:BWP 7.697.



Placing and Entitlement Offer to raise up to circa A\$8.0 million

Offer Components	Placing (A\$2.5m)	Entitlement Offer (up to A\$5.5m)
Brokers	Shore Capital	Taylor Collison – Underwriter (Underwritten Amount A\$1.37m)
Offer shares	24.75m Placing shares (including AIM depository interests)	1 new share for each 6 shares held (non-renounceable entitlements)
Pricing	A\$0.10 per share (Aust register) £0.0575 per share (AIM register)	A\$0.10 per share (Aust register) £0.0575 per share (AIM register)
Issue price discount	<ul style="list-style-type: none"> Discount to last traded price on ASX of 23% and on AIM of 27% 	<ul style="list-style-type: none"> Discount to last traded price on ASX of 23% and on AIM of 27%





Independently Certified Gas Reserves & Contingent Resources



Huge electricity market



Supportive government



Low cost drilling



Significant CBM experience



Mining licence granted



Aiming to provide power for Botswana and Southern Africa

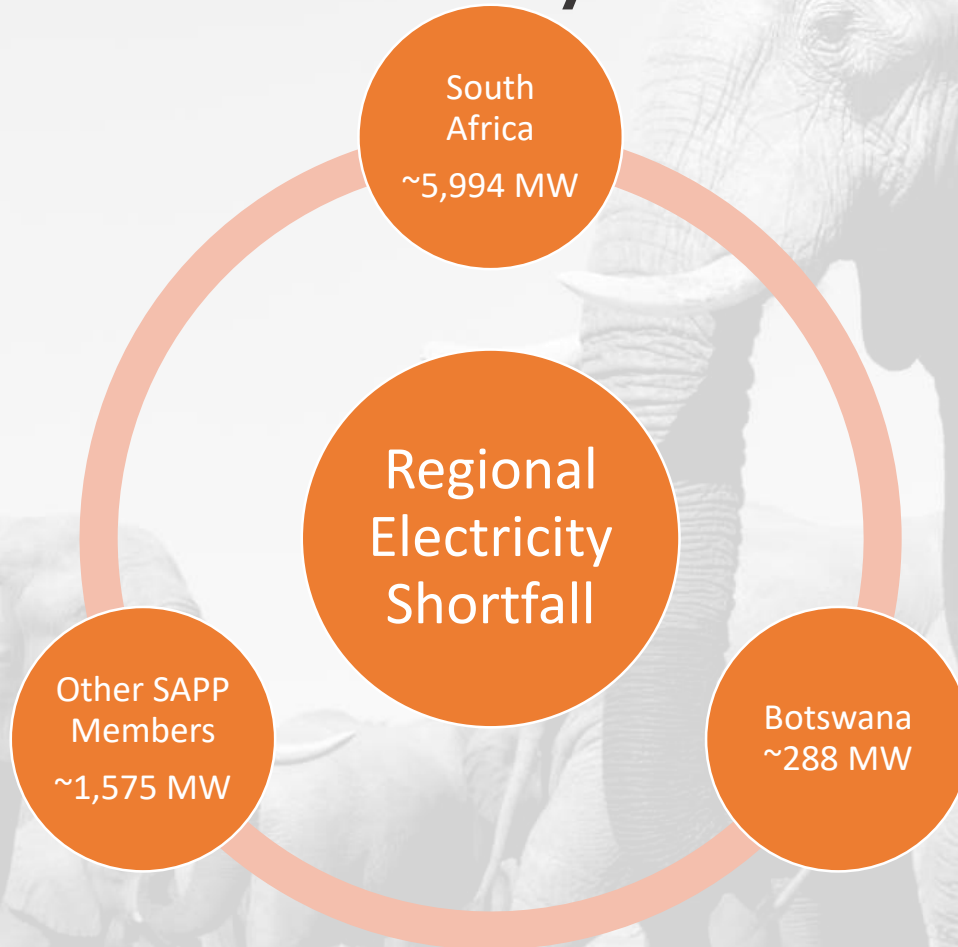


Appendix



TLOU ENERGY

SAPP Electricity Shortfall

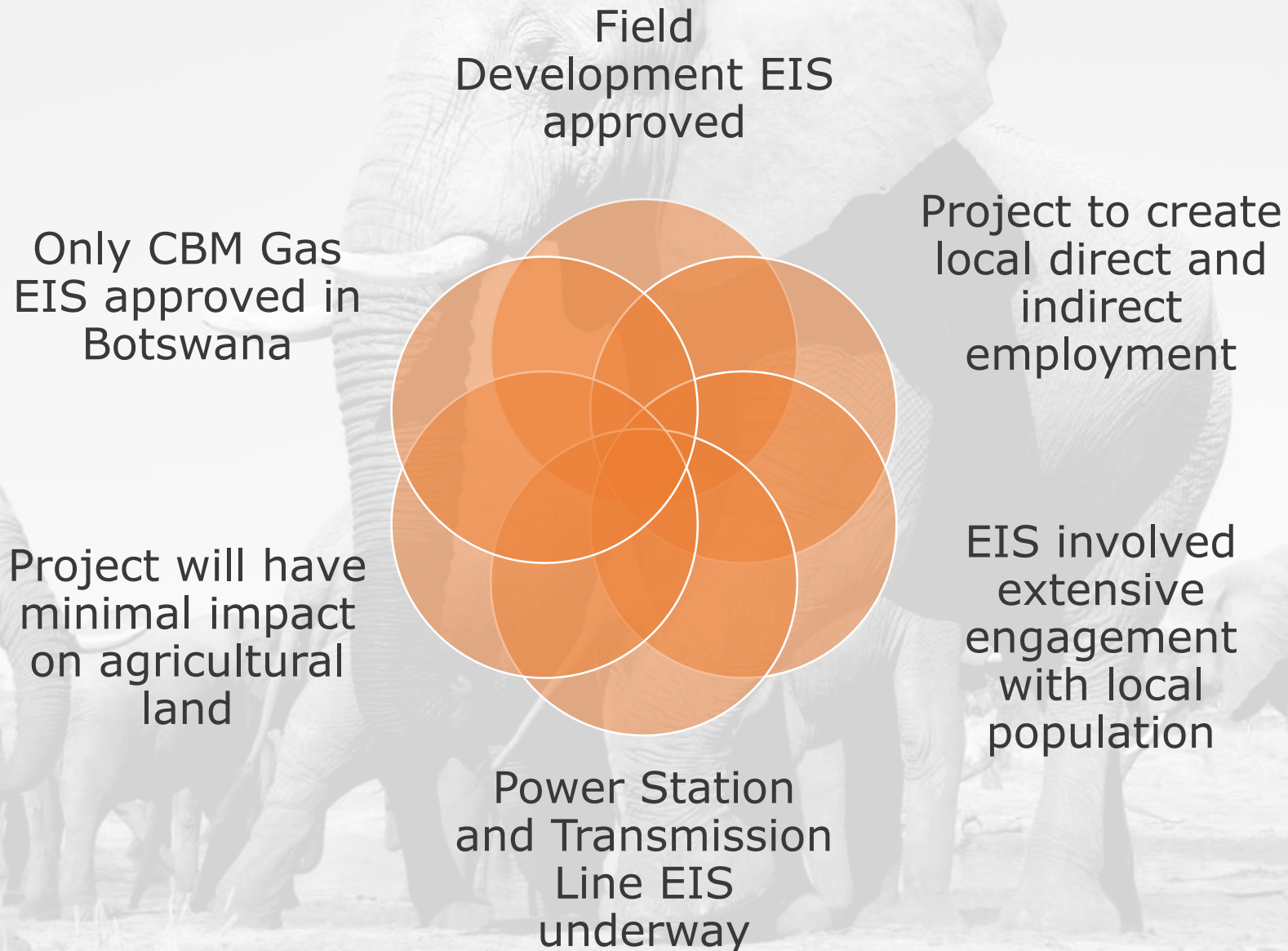


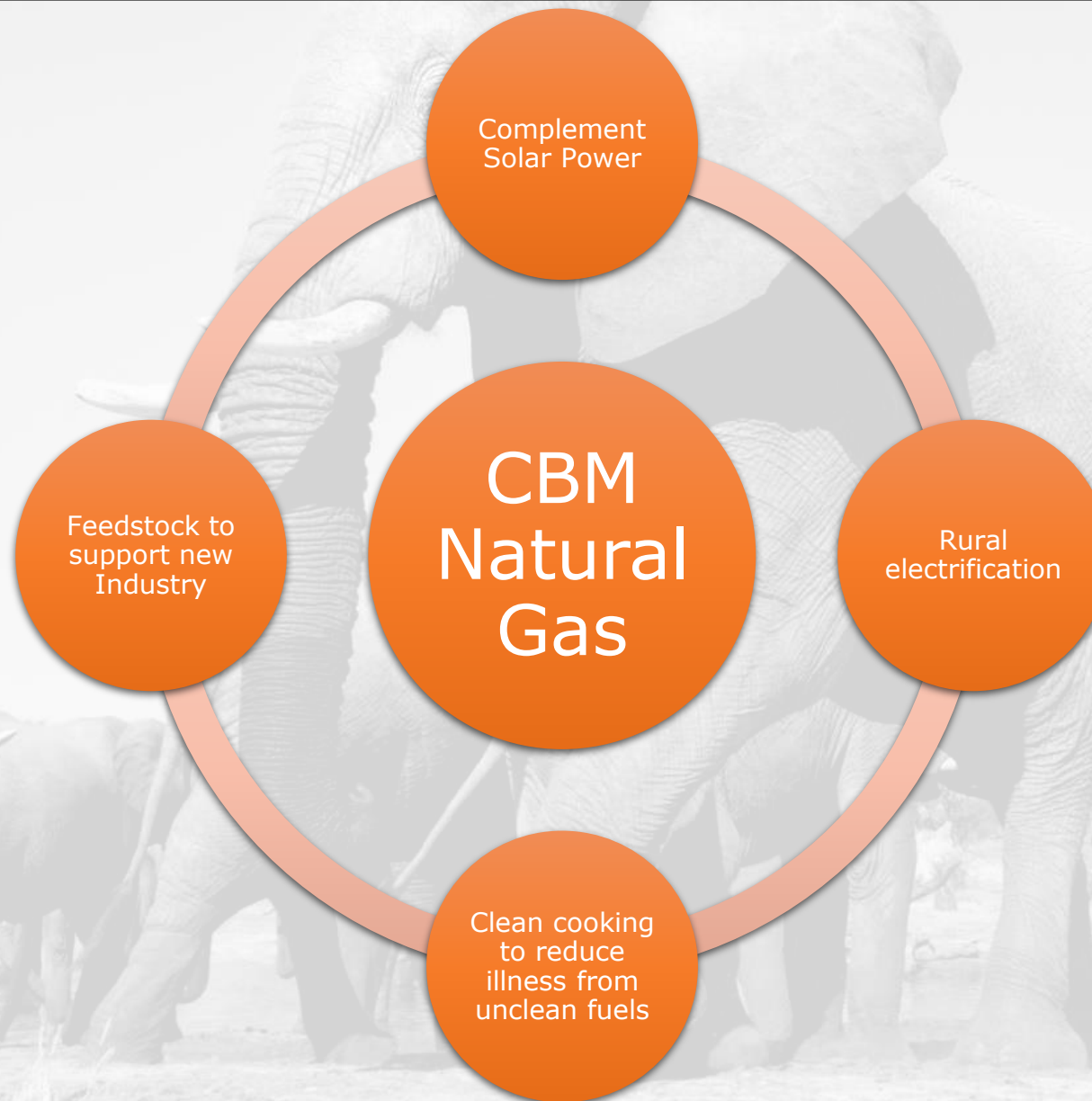
➤ Southern African Power Pool (SAPP)

- 12 member countries
- Aimed at developing a competitive electricity market in the region
- Facilitates transmission of power across all member states
- Gives the end user a choice of electricity supplier
- Wheeling licence required in Botswana
- Wheeling tariffs charged by the relevant utility

Source: Botswana Power Corporation presentation at the 2016 Botswana Resource Sector Conference.
Shortfall represents peak demand and reserves less operating capacity.

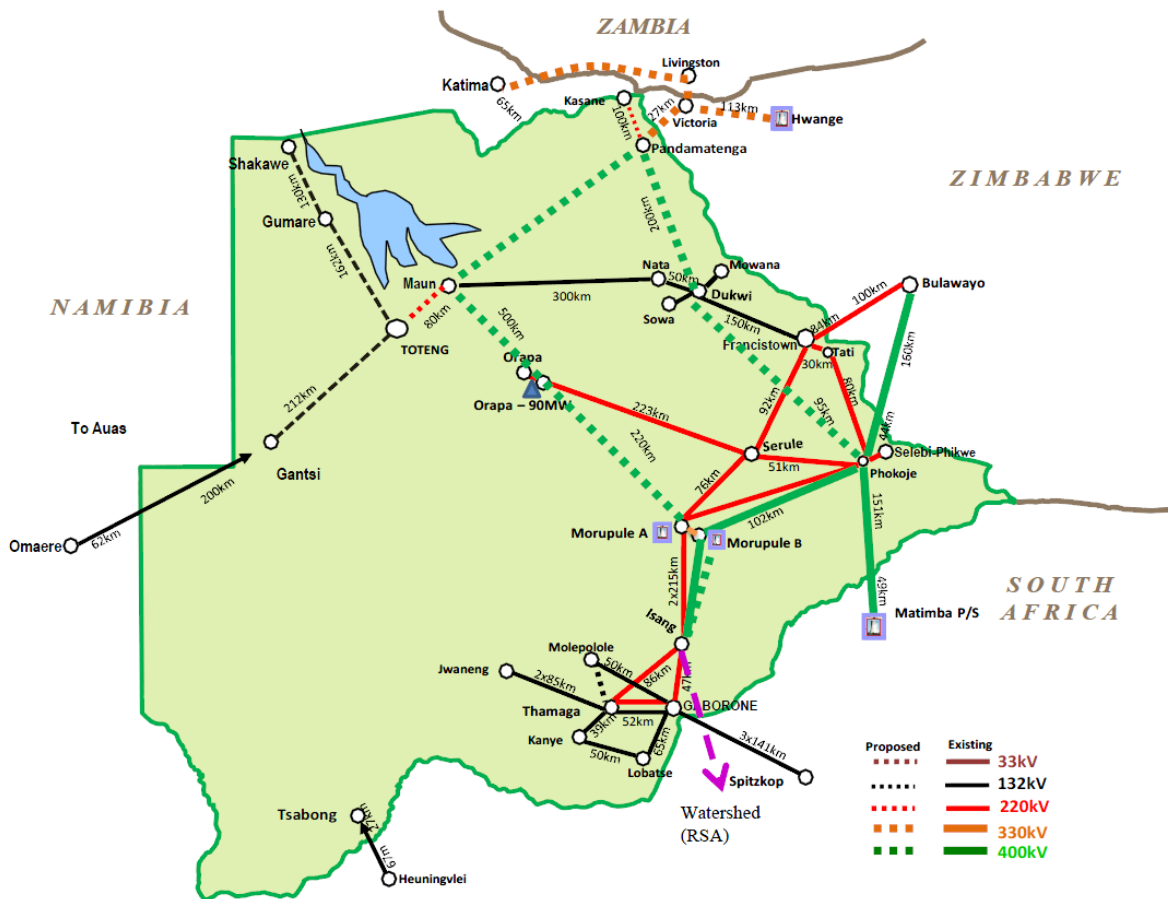


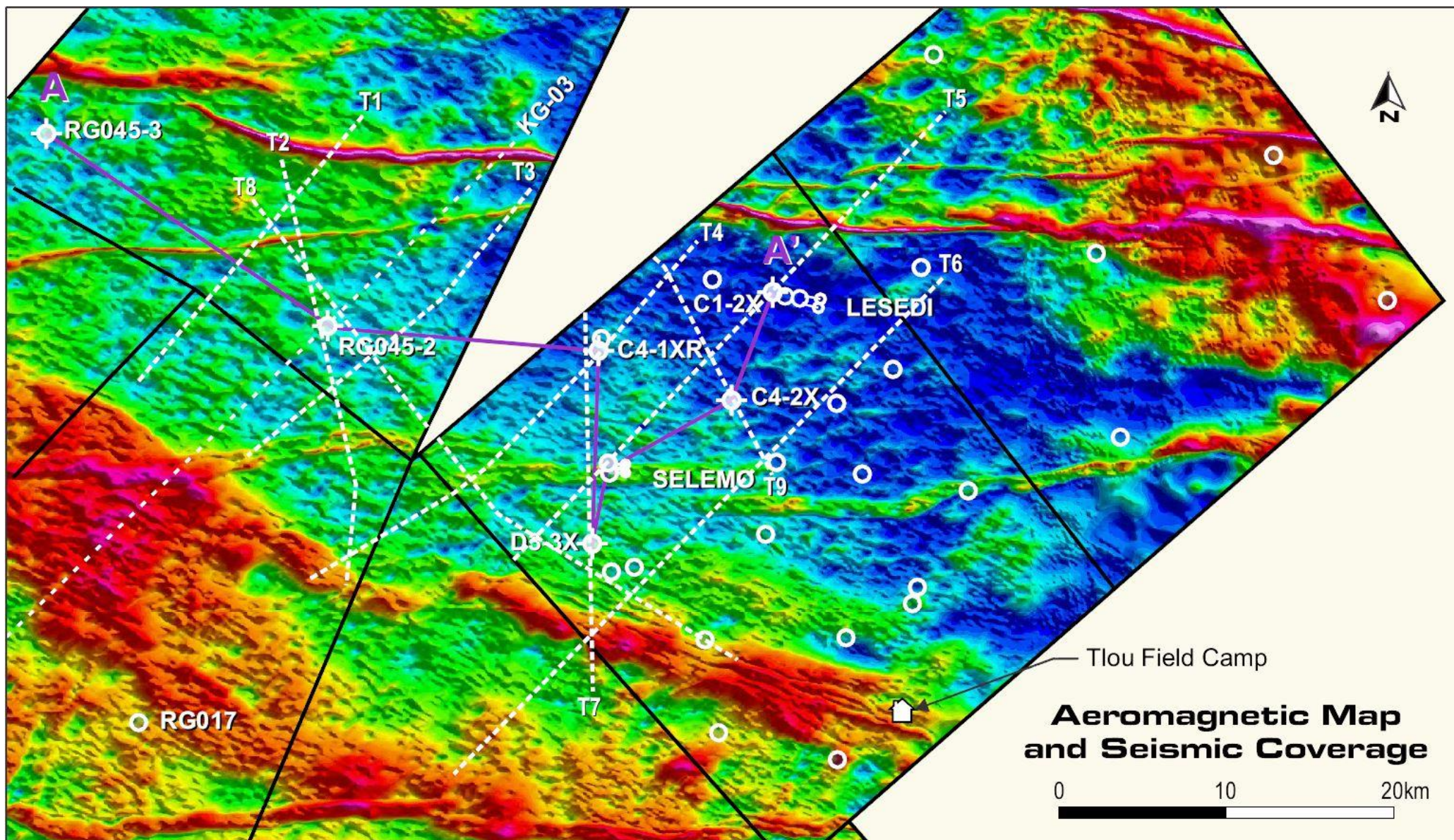


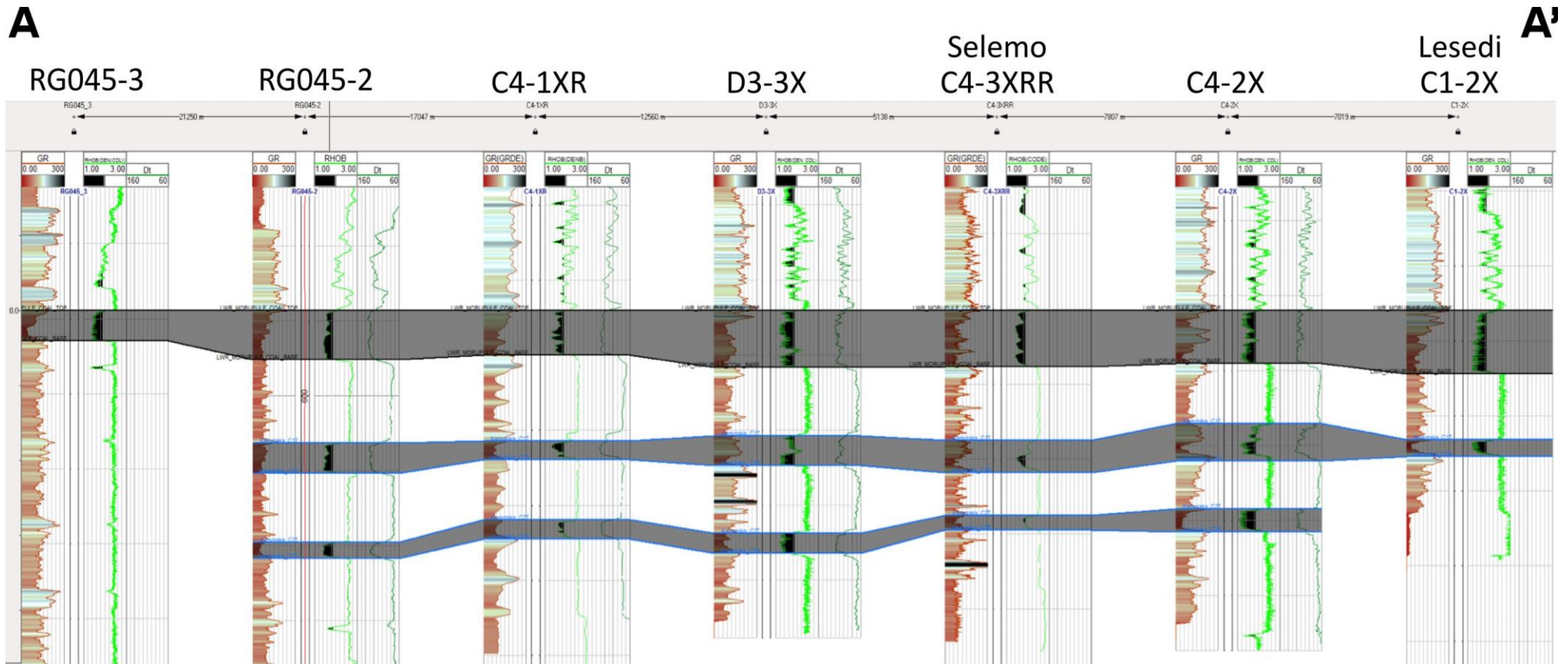


Existing power distribution network in place

World class power network in place and access to neighbouring countries







Coal cross-section corresponds to line A-A' on the Aeromagnetic Map on the previous slide.



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