

GAS TO POWER IN BOTSWANA



TLOU ENERGY

MAY 2017

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COMPETENT PERSONS STATEMENT

The gas reserves and resource estimates for the Lesedi CBM Project provided in this presentation (refer slide 8) were released to the Market on 12 October 2016 (Announcement). Tlou 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.



Who

A Coalbed Methane (CBM) Gas-to-Power Development Company

Assets

Extensive Gas Reserves and Resources in Botswana

Our Goal

Supply Power to the huge market in Botswana & Southern Africa

Current Focus

Up to 100 MW Botswana Government supported Power Proposal



Aiming to monetise the Company's Gas assets through the supply of power to Botswana and Southern Africa

- **Independently Certified Gas Reserves** in place
- Approved **Environmental Impact Statement** for upstream development
- **Attractive market**, high power demand locally & regionally
- **Replace expensive power**, including imports and diesel generation
- **Supportive Government**, stable economic environment
- **First Gas-to-Power** potentially by 2019
- Extensive licence* area ~**8,300km²**
- **Experienced** team

* Renewal applications have been submitted for the five Prospecting Licences which cover the Company's Mamba project area which are due to expire on 30 June 2017.

COALBED METHANE (CBM)

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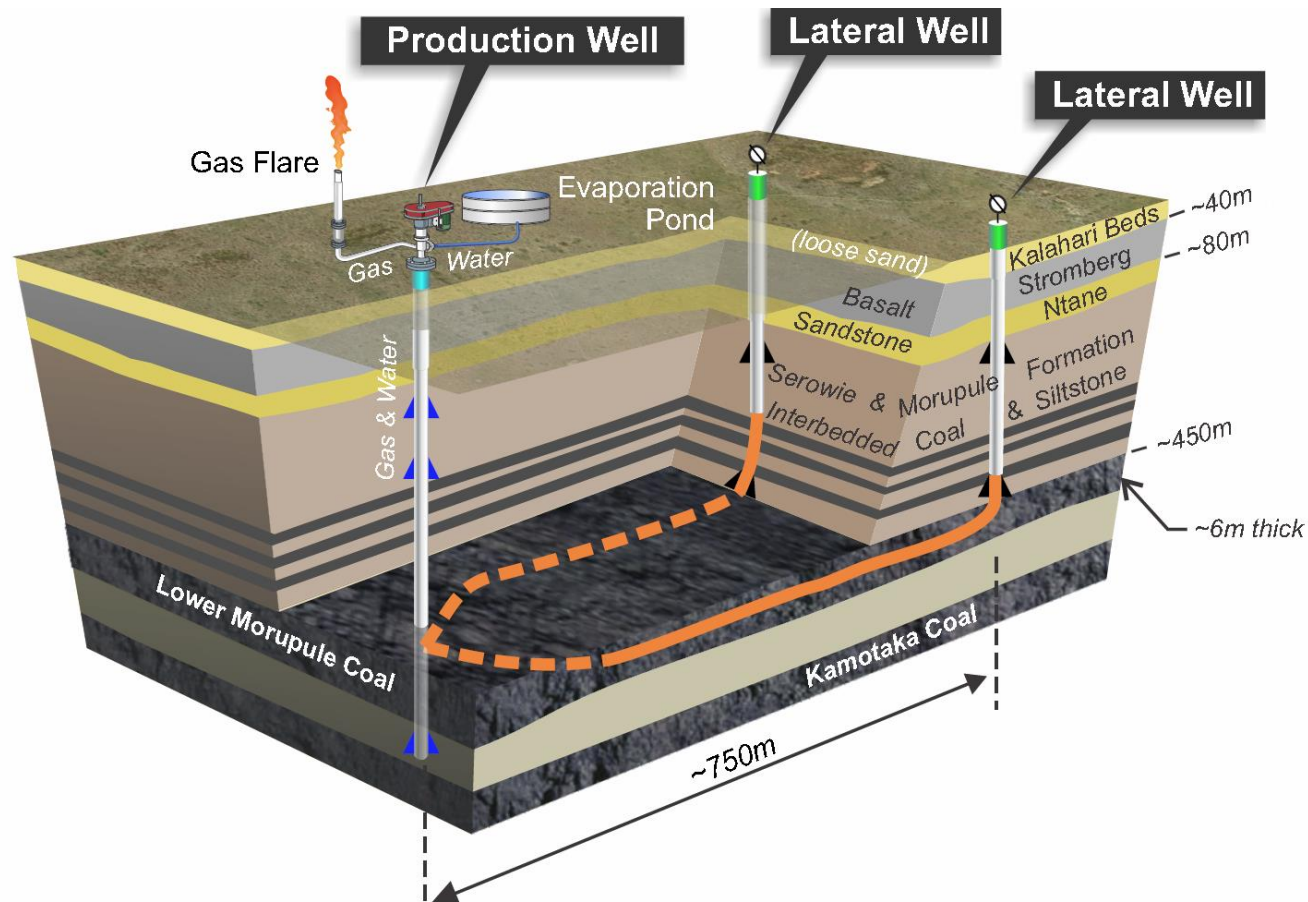
Natural gas produced from coal seams typically at depths of 400m-1,000m

CBM Production Process

Drilling into & then along coal seams

Initially releasing water & then natural gas

Gas collected at the surface – processed & used for power generation, LNG etc.



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Favorable Environment for Resource Investment

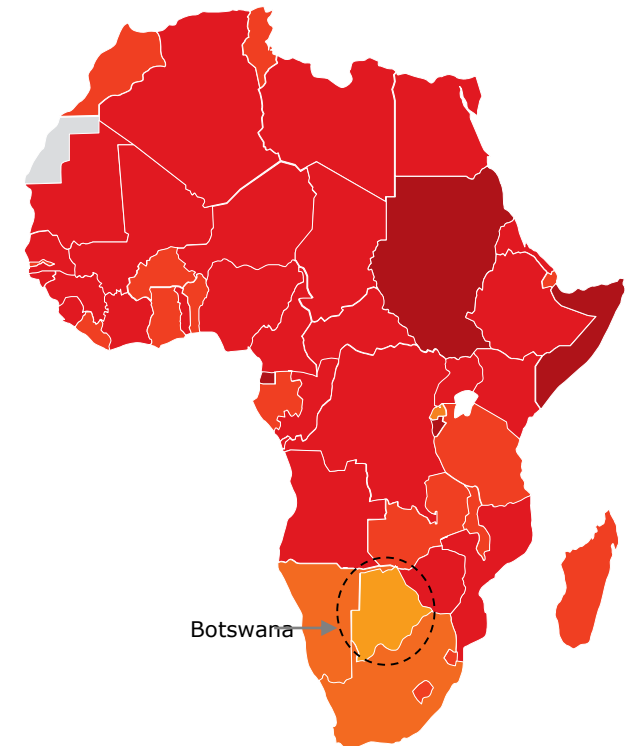
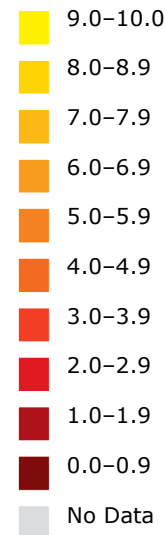
- Growing economy, Stable, democratic government
- Supportive stakeholders with a desire to:
 - Reduce foreign electricity dependence
 - Diversify national income away from diamonds
- Lowest corruption rate in Sub-Saharan Africa, globally ranked 35 of 176 countries (2016)

Corruption Perceptions Index

Score

Very Clean

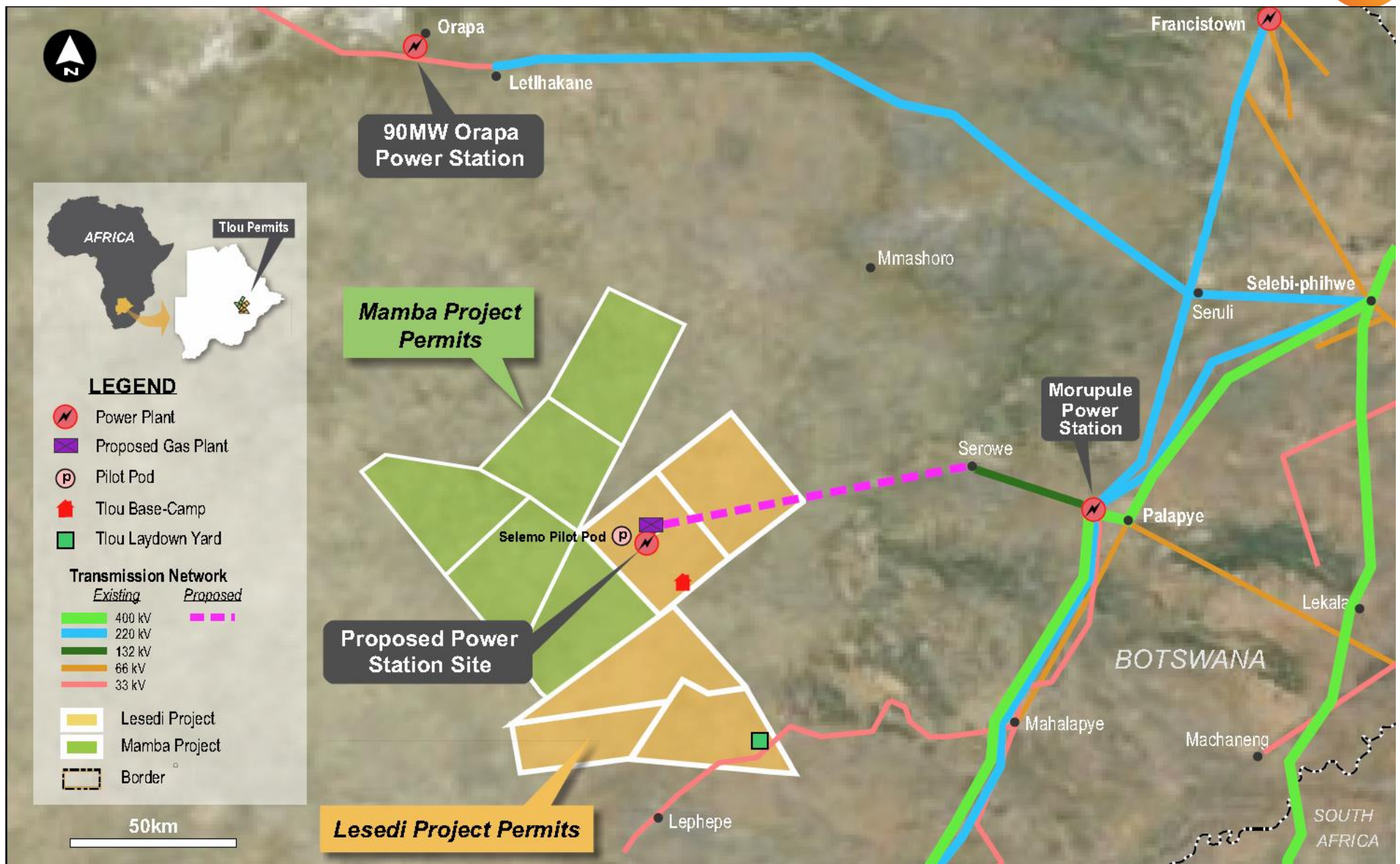
Highly Corrupt



Source: Transparency International

GAS TO POWER PLANS IN BOTSWANA

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Project Location and Supporting Infrastructure

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Government of Botswana looking to move away from expensive diesel generation and imported power

- Botswana's demand predicted to increase 31% to **1,017 MW by 2025**
- Current demand not being met
- In 2015 the shortfall in South Africa alone was **5,994 MW**

Southern African Development Community - Supply and Demand

Demand and Supply Balance with Current Peak Demand - 2015						
No. Country	Utility	Installed capacity (MW)	Operating Capacity (MW)	Current Peak Demand (MW)	Peak Demand Plus Reserves	Capacity excess/ shortfall including Reserves
Angola	ENE	2,210	1,772	1,599	1,829	(57)
Botswana	BPC	892	410	610	698	(288)
DRC	SNEL	2,442	1,066	1,317	1,507	(441)
Lesotho	LEC	74	70	150	172	(102)
Malawi	ESCOM	352	351	326	373	(22)
Mozambique	EDM/HCB/MOTRACO	2,724	2,279	1,780	2,036	243
Namibia	Nampower	501	354	629	720	(366)
South Africa	Eskom	46,963	36,000	36,711	41,994	(5,994)
Swaziland	SEC	70	55	227	260	(205)
Tanzania	TANESCO	1,380	823	935	1,070	(247)
Zambia	ZESCO/CEC/ LHPC	2,206	2,175	2,287	2,616	(441)
Zimbabwe	ZESA	2,045	1,555	1,589	1,818	(263)
TOTAL ALL		61,859	46,910	48,160	55,093	(8,183)
TOTAL Operating Members Only		57,917	43,964	45,300	51,821	(7,857)

Source: Data relates to 2015 and is taken from BPC's presentation at the 2016 Botswana Resource Sector Conference



RESERVES AND RESOURCES

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Independent Gas Reserves Certification⁽¹⁾

0.17
BCF
(1P)

3.9
BCF
(2P)

261.1
BCF
(3P)

Technical Fundamentals

Coal Depth	~260-764m
Gas Contents (Average)	4-6 m ³ /t (DAF)
Gas compositions	80-95% 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) (PL002/2004)	100%	0.15	3.5	117	4.3	67.4	470	-
Karoo Basin Botswana	Lesedi CBM (all coal seams) (PL001/2004, PL002/2004) ⁴	100%	0.15	3.5	117	4.3	235	3,183	-
Karoo Basin Botswana	Mamba CBM (Lower Morupule coal) (PL238/2014, PL240/2014)	100%	0.02	0.4	144	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 ASX 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 PL002/2004 shown in the second row of the table above includes the numbers for the Lower Morupule coal seam which are shown in the first row of the table above

5) The most recent Reserves assessment by SRK did not include a review and assessment of 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).



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PROJECT DEVELOPMENT STRATEGY – up to 100 MW

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Independent Power Corporation (IPC*) Heads of Agreement
- A major step towards commercialising Tlou's gas resources

- Tlou & IPC to jointly develop a CBM to power project (IPP Project)
- In-principle Funding Support received from IPC partners for power generation and network access assets
- Tlou to fund and develop the gas field post offtake agreement
- IPC to project manage the downstream elements of the IPP project
- Tlou retains 100% of the Lesedi CBM Project, including current and future gas Reserves
- Tlou retains the right to hold up to 50% in the power generation assets

* Further details about IPC is available in the Appendix.



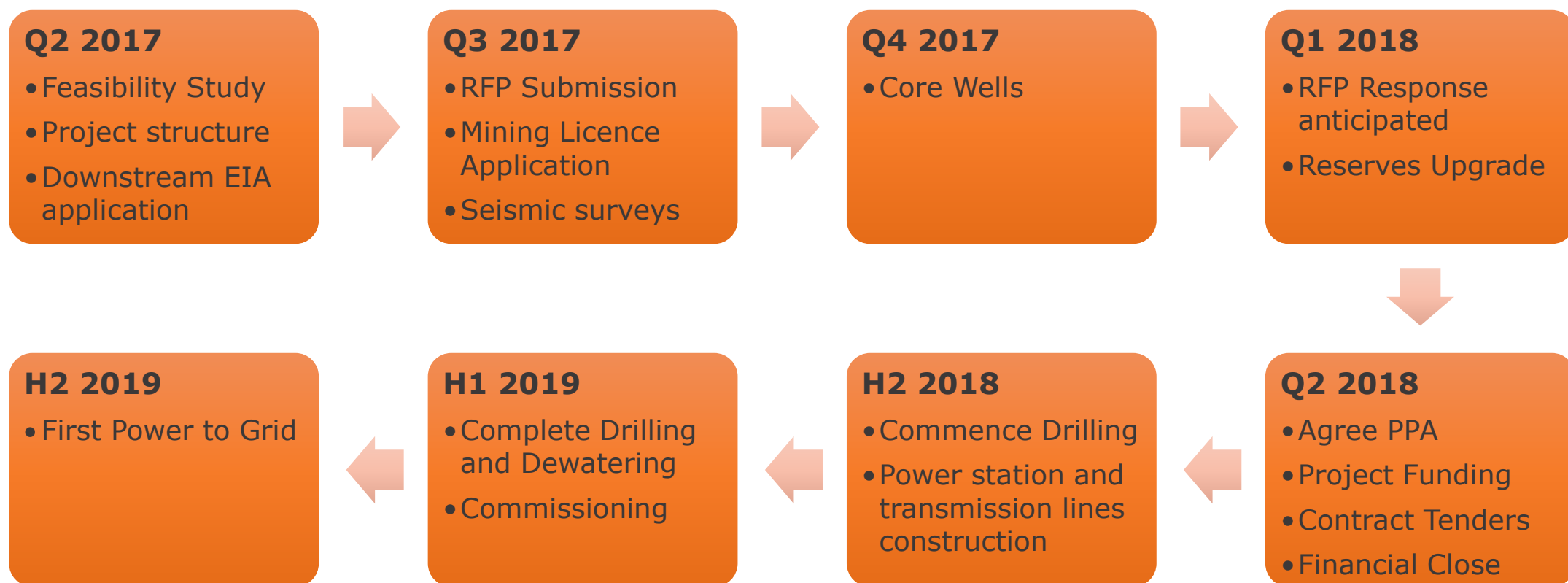
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INITIAL PROJECT – MILESTONES

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Plan to deliver first gas to market via the first phase (up to 10 MW) of the 100 MW Government Request for Proposal (RFP)

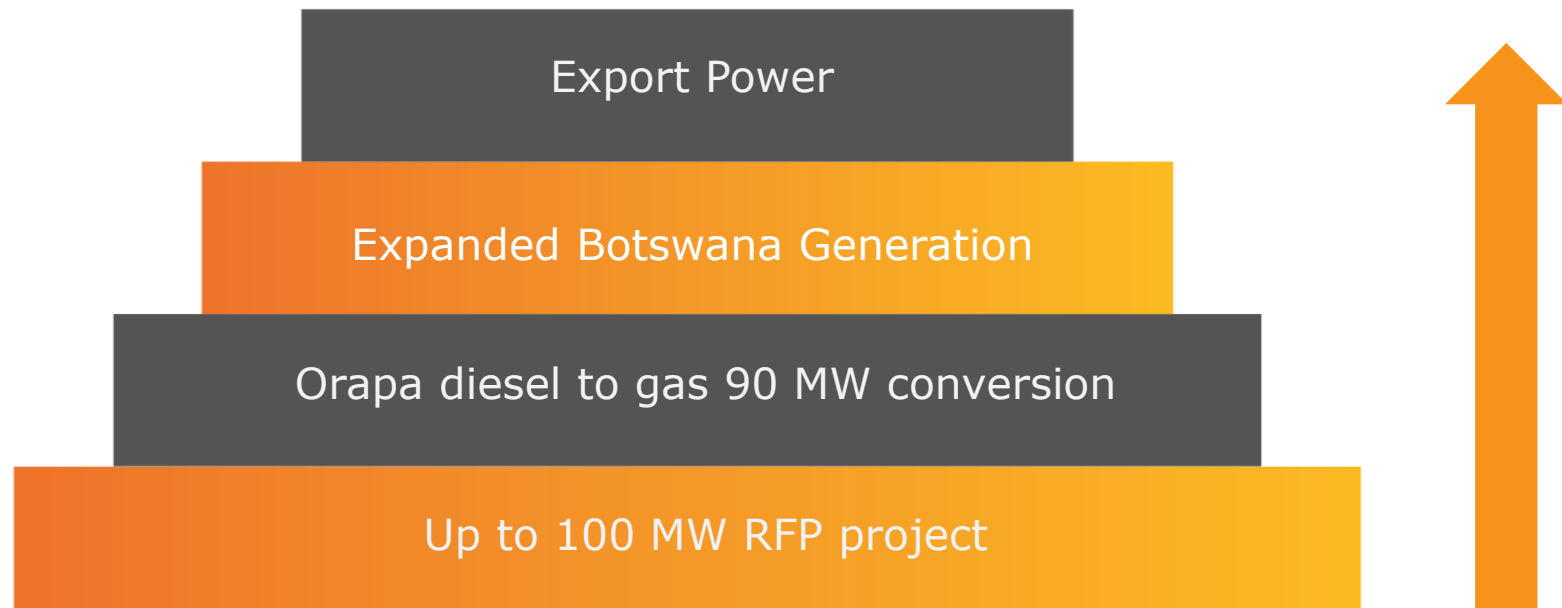


The timeline above is indicative and should not be taken as a definitive plan. There are various aspects to the project that are out of the control of Tlou, so may take longer to complete than currently anticipated. This may delay other aspects of the project and the ability of the Company to get power to market.

LONG TERM EXPANSION POTENTIAL

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Vision to build a mid-tier energy provider in Southern Africa



The Orapa 90MW power plant is an existing government operated dual fuel (diesel and gas) plant located ~150km from Tlou's Lesedi CBM Project. The Orapa plant is current fuelled by diesel only.

Tlou has:

an enormous quantity of independently certified gas

a huge electricity market on its doorstep and a very supportive government

the experience and partners, together with access to funding, to make the project happen

MARKET	ASX / AIM
EPIC	TOU / TLOU
SHARES IN ISSUE	~304M (Fully Diluted ~311M)
MARKET CAP (30-April-17)	AUD ~\$35M / GBP ~£20M
CASH BALANCE (30-April-17)	AUD ~\$7M
NOMAD	GRANT THORNTON UK LLP
JOINT BROKERS	SHORE CAPITAL STOCKBROKERS LIMITED / OPTIVA SECURITIES LIMITED
PROJECT CO-SPONSOR	INDEPENDENT POWER CORPORATION PLC
GEOLOGICAL CONSULTANTS	SRK CONSULTING (AUSTRALASIA) PTY LTD

BOARD OF DIRECTORS

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Led by an experienced team including a pioneer of CBM in Queensland

Martin McIver
Chairman

- Over 17 years experience in finance and mining services
- Formerly with PwC
- Current General Manager – Mergers and Acquisitions of the WorkPac group

Anthony (Tony) Gilby
MD & CEO

- Geologist with over 30 years industry experience
- Co-founder of a number of successful CBM companies in Queensland
- Previous technical roles for ESSO & Exxon
- Co-founder & MD/CEO of Sunshine Gas. Taken over by QGC (BG) in 2008 for ~A\$1.1bn

Colm Cloonan
Finance Director

- Accountant (FCCA) with over 17 years experience
- Worked in various industries including power generation in Australia
- In-depth company knowledge having served in various roles, including CFO, since 2009

Gabaake Gabaake
Executive Director

- Geologist and former Botswana Permanent Secretary, Minerals Energy & Water
- Very strong government and industry relationships in Botswana
- Former director of international resource companies including Debswana, De Beers and DTC

KEY MANAGEMENT AND CONSULTANTS

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Experienced management team and consultants to drive the project

Danny Horne
Chief Operating 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 experience with African based projects
- Experience in multidisciplinary exploration in conventional and unconventional reservoirs
- Batchelor of Science in Geology from the University of Zimbabwe

Phil Hicks
Commercial Manager

- 20 years experience in advising companies on financial matters, corporate strategy and managing corporate finance transactions including M&A and equity capital markets
- Former Head of Corporate Finance at Wilson HTM Corporate Finance
- Has undertaken a significant number of transactions in the coal seam gas, coal and mining services sectors

Solomon Rowland
**Company Secretary
& Legal Counsel**

- Over 16 years experience in various private, government and in-house legal roles
- Involved in advising government departments on commercial, corporate governance and policy matters
- Holds a Juris Doctor from the University of Queensland

Experienced partners with worldwide expertise



Independent Power Corporation

- IPC is a British power development company, specialising in high efficiency, low emissions, gas fired power plants
- IPC has considerable experience operating in Africa including the development of power projects in Angola, Ghana and South Africa
- IPC have introduced funding partners who have provided letters of interest for in-principle funding support to Tlou for the downstream infrastructure requirements of the IPP Project
- IPC and its funding partners plan to facilitate the building and funding of the necessary power generation and network access assets, enabling Tlou to commercialise its gas resources



SRK Consulting

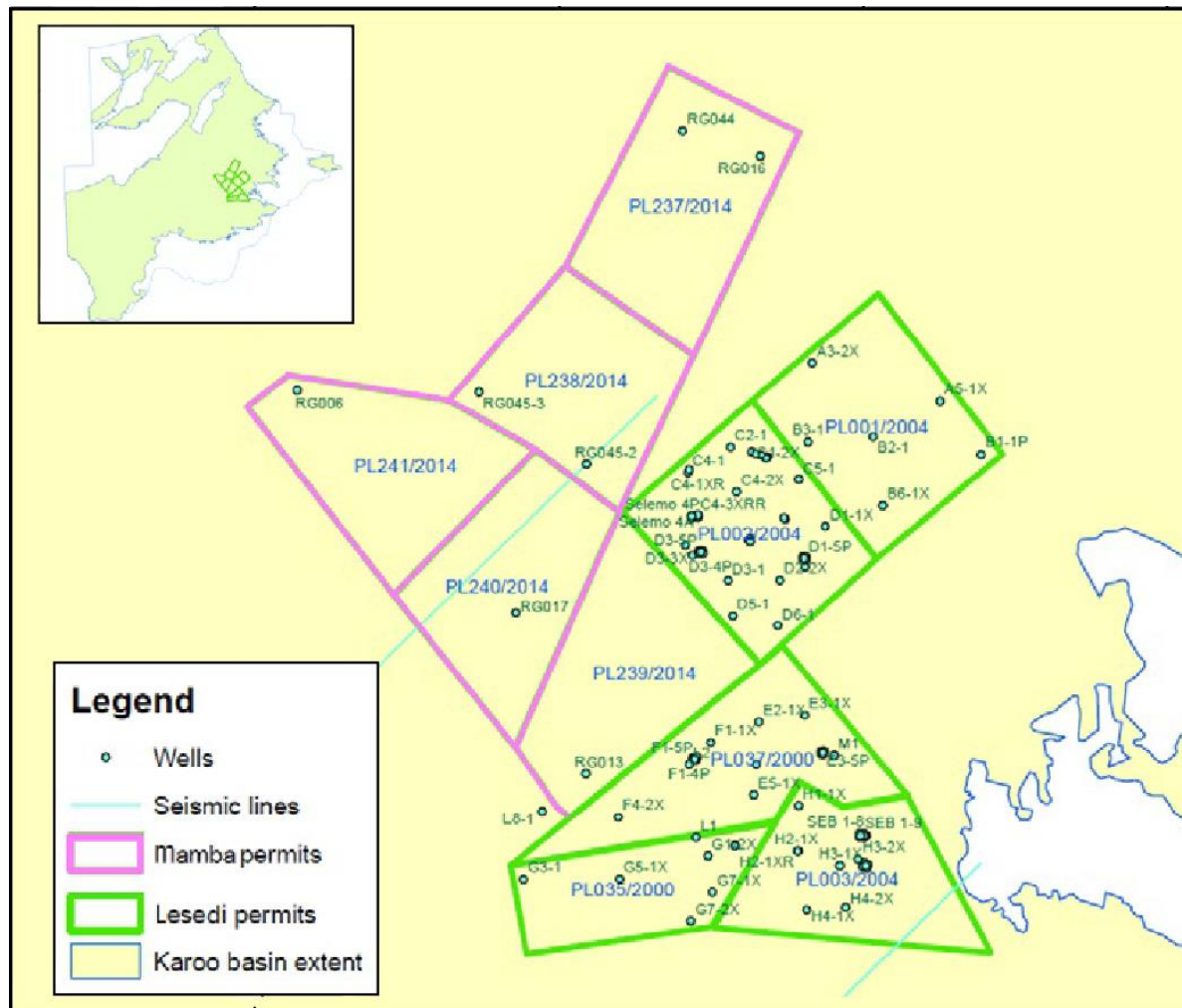
- Independent specialist geological consultants
- Develop geological and hydrological model of CBM basins
- Clients include many of the worlds mining and exploration companies
- International firm with offices in 20 countries
- SRK have provided Tlou an updated geological/structural model of the Tlou Project areas to support future gas Reserve assessments



What is CBM?

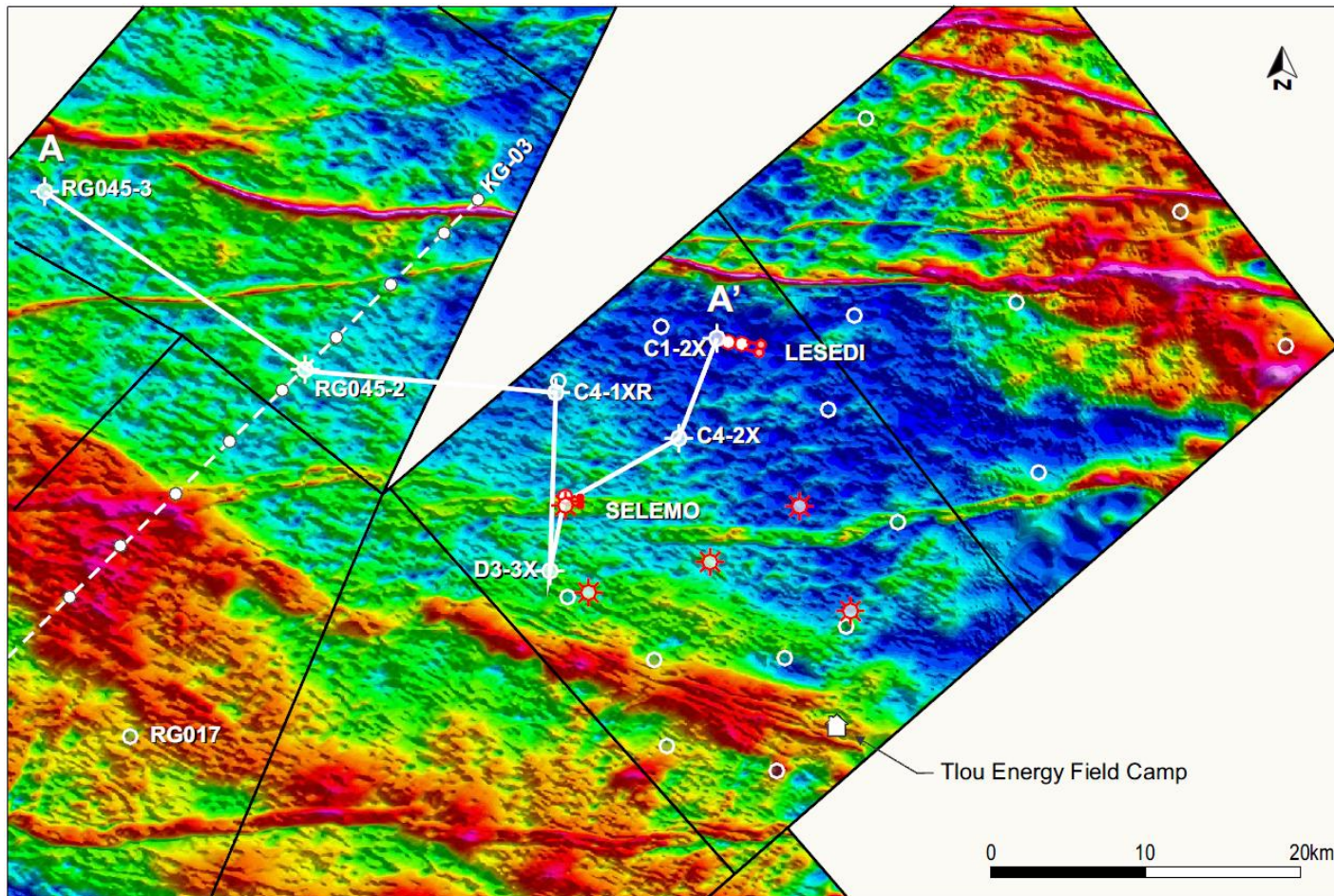
- Chemically identical to other sources of gas but is produced by non-conventional methods
- Extracted from coal seams rather than sandstone reservoirs
- Main component from natural gas is methane
- Typically found at depths of 400m – 1,000m enabling lower drilling costs per well in comparison to conventional gas wells
- Emerging markets, notably India & Africa are now looking to unlock the potential of CBM due to cost advantages & energy crisis

Geological Database for the Lesedi and Mamba Projects



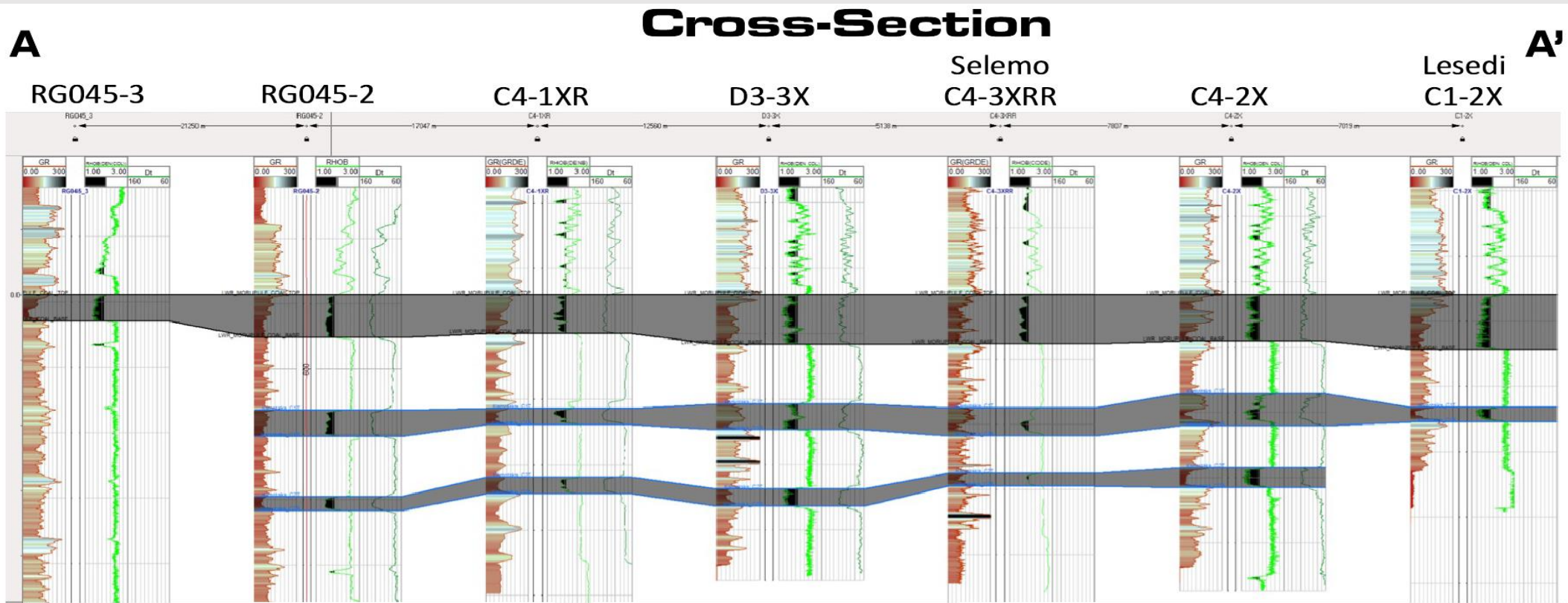
- Extensive geological database used to provide an accurate sub-surface picture
- Comprises over 100 wells in the Tlou Project area and surrounds
- Includes many wells cored and evaluated for CBM parameters (e.g. gas content)
- Seismic data also exists within the Mamba Project area

Aeromagnetic Map of the Lesedi and Mamba Projects



- Tlou recently commissioned reprocessing of existing aeromagnetic data
- Structural features are now more clearly evident
- Lower risk areas have been high-graded for more work
- Provides framework for new seismic acquisition

Cross-section A-A' showing lateral extent of Lower Morupule Coal target



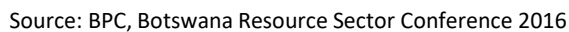
Lower Morupule
Coal target section
is laterally
extensive over
large distances

Thickness
variations are
relatively minor

Additional CBM
targets also exist



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PROJECT IMAGES

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Field Camp, Botswana



Operations, March 2017



Tlou CBM Well



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