



**TLOU ENERGY**

**Investor Presentation**  
**June 2018**



**POWERING  
BOTSWANA**

These presentation slides and the accompanying verbal presentation (together the "**Presentation Materials**") are confidential and have been issued in connection with the proposed placing of new ordinary shares ("**Placing Shares**") in the capital of Tlou Energy Limited (the "**Company**") and the proposed non-renounceable rights offer (the "**Transaction**").

These Presentation Materials do not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities in the Company ("**Company Securities**") nor shall they or any part of them form the basis of or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment with respect to Company Securities.

These Presentation Materials are for information purposes only and must not be used or relied upon for the purpose of making any investment decision or engaging in any investment activity. Whilst the information contained herein has been prepared in good faith, neither the Company, its subsidiaries (together with the Company, the "**Group**") nor any of the Group's directors, officers, employees, agents or advisers makes any representation or warranty in respect of the fairness, accuracy or completeness of the information or opinions contained in the Presentation Materials or otherwise in relation to the Group, its businesses or the Transaction, and responsibility and liability therefore (whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise) is expressly disclaimed, provided that nothing herein is intended to limit the liability of any such person for fraud. No duty of care or advisory obligation is owed by any member of the Group or any of its directors, officers, employees, agents or advisers to any recipient of the Presentation Materials. No reliance may be placed for any purpose whatsoever on the information contained in the Presentation Materials or the completeness or accuracy of such information. The figures and projections included in the Presentation Materials are based on internal assumptions made by the directors and employees of the Company and have not been reviewed or verified as to their accuracy by any third party. The information contained in the Presentation Materials are provided as at the date of this presentation and are subject to updating, completion, revision, verification and further amendment without notice. However, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update the Presentation Materials or to correct any inaccuracies in, or omissions from the Presentation Materials which may become apparent. The Presentation Materials should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at [www.asx.com.au](http://www.asx.com.au).

The content of these Presentation Materials has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("**FSMA**"). Reliance on the Presentation Materials for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested. Any person who is in any doubt about the subject matter to which this presentation relates should consult a person duly authorised for the purposes of FSMA who specialises in the acquisition of shares and other securities.

The Presentation Materials do not constitute an offer of transferable securities to the public for the purposes of section 85 FSMA. The Presentation Materials are exempt from the general restriction set out in section 21 FSMA on the communication of financial promotions on the grounds that they are directed only at: (i) persons whose ordinary activities involve them in acquiring, holding, managing and disposing of investments (as principal or agent) for the purposes of their business and who have professional experience in matters relating to investments or otherwise are "investment professionals" for the purposes of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) are persons who fall within Article 49(2)(a) to (d) of the Order; or (iii) otherwise fall within an applicable exemption within the Order (all such persons together being referred to as "**Relevant Persons**"). Persons of any other description, including those that do not have professional experience in matters relating to investment, should not rely or act upon the Presentation Materials. Any investment, investment activity or controlled activity to which the Presentation Materials may ultimately relate is available only to Relevant Persons and will be engaged in only with such Relevant Persons. The Presentation Materials are being distributed for and are only directed at Relevant Persons within the UK. Any person who is not a Relevant Person within the UK should not act or rely on the Presentation Materials.

The Presentation Materials do not constitute an offer of securities for sale in the United States, Australia, Japan or the Republic of South Africa or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement, nor may they be distributed to persons with addresses in the United States, Australia, Japan or the Republic of South Africa, or to any national or resident of the United States, Australia, Japan or the Republic of South Africa, or to any corporation, partnership, or other entity created or authorised under the laws thereof. Any such distribution could result in a violation of American, Australian, Japanese or South African law. It is the responsibility of each recipient outside the United Kingdom to ensure compliance with the laws of and regulations of any relevant jurisdiction. The Company Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States and may not be offered and sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offering of Company Securities in the United States.





No recipient of these Presentation Materials should deal in or attempt to deal in or otherwise engage in any behaviour in relation to financial instruments (as defined in the Market Abuse Regulation ("MAR")), which would or might amount to "market abuse" for the purposes of MAR, based on the information in these Presentation Materials (and any related materials) until after the information has been made generally available. Nor should the recipient use the information in these Presentation Materials (and any related materials) in any way which would constitute market abuse. These Presentation Materials contain information which is, or may be, inside information in relation to the Company's listed securities. Accordingly, any person who receives these Presentation Materials must not deal in the Company's securities or encourage anyone else to do so and must not disclose these Presentation Materials to any other person until such time as the information ceases to be inside information. A breach of UK insider dealing rules may be a criminal offence and/or may constitute market abuse and these Presentation Materials are given on the basis that all recipients understand their legal and regulatory obligations with respect to inside information under both MAR and Part V of the Criminal Justice Act 1993.

Past performance information given in these Presentation Materials is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

These Presentation Materials contain forward-looking statements, including in relation to the Company, the Group, the Transaction and the Group's proposed strategy, plans and objectives. Such statements are generally identifiable by the terminology used, such as "may", "will", "could", "should", "would", "anticipate", "believe", "intend", "expect", "plan", "estimate", "budget", "outlook" or other similar wording. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. By its very nature, such forward-looking information requires the Company to make assumptions that may not materialise or that may not be accurate. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company to be materially different from any future results, projections, guidance on future earnings and estimates, performance or achievements expressed or implied by such forward-looking statements and such statements should not be relied upon as an indication or guarantee of future performance. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates, and other factors, many of which are beyond the control of the Company. Furthermore, the forward-looking information contained in the Presentation Materials is made as of the date of the Presentation Materials and the Company accepts no obligation to disseminate any updates or revisions to such forward-looking statements. The forward-looking information contained in the Presentation Materials is expressly qualified by this cautionary statement.

Investors are advised that by their nature as visual aids, presentations provide information in a summary form. The key information on detailed resource statements can be found in the Company's ASX and AIM press releases. Resource statements are provided to comply with ASX guidelines but investors are urged to read supporting information in full on the Company's website.

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.

Shore Capital Stockbrokers Limited ("**Shore Capital**"), which is authorised and regulated by the Financial Conduct Authority, are advising and acting only for the Company and no one else in connection with the Transaction and is not acting for or advising any other person, or treating any other person as its client, in relation thereto and will not be responsible for providing the regulatory protection afforded to clients of Shore Capital or advice to any person other than the Company in relation to the Transaction. Any other person attending this presentation should seek their own independent legal, investment and tax advice as they see fit.

**WARNING: You are advised to exercise caution in relation to the Presentation Materials. If you are in any doubt about any of the contents of this Presentation, you should obtain independent professional advice.**

**An investment in the Company's shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company. The Company does not guarantee any particular rate of return or the performance of the Company. Persons should have regard to the risks outlined in this Presentation. By attending or otherwise accessing this presentation, you warrant, represent, undertake and acknowledge to the Company that (a) you have read and agree to comply with the foregoing limitations and restrictions including, without limitation, the obligation to keep this presentation and its contents confidential, (b) you agree to treat this presentation and its contents as strictly private and confidential and to take all necessary steps to preserve such confidentiality, (c) you are able to receive this presentation without contravention of any applicable legal or regulatory restrictions. By attending or otherwise accessing this presentation, you agree to be bound by the foregoing limitations. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction.**



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 km<sup>2</sup> 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

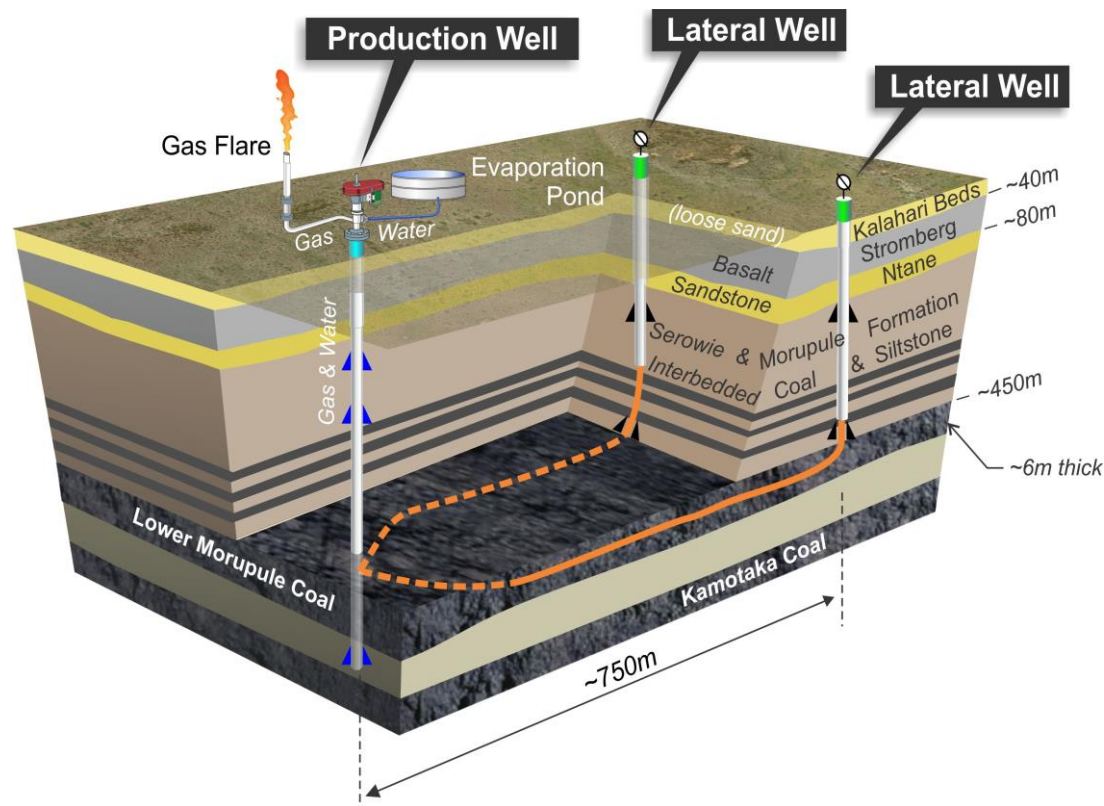
- Significant local power shortage, CBM can replace expensive diesel and imported power
- Enormous regional market, easily accessible via the Southern African Power Pool (SAPP)





# 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

---

---

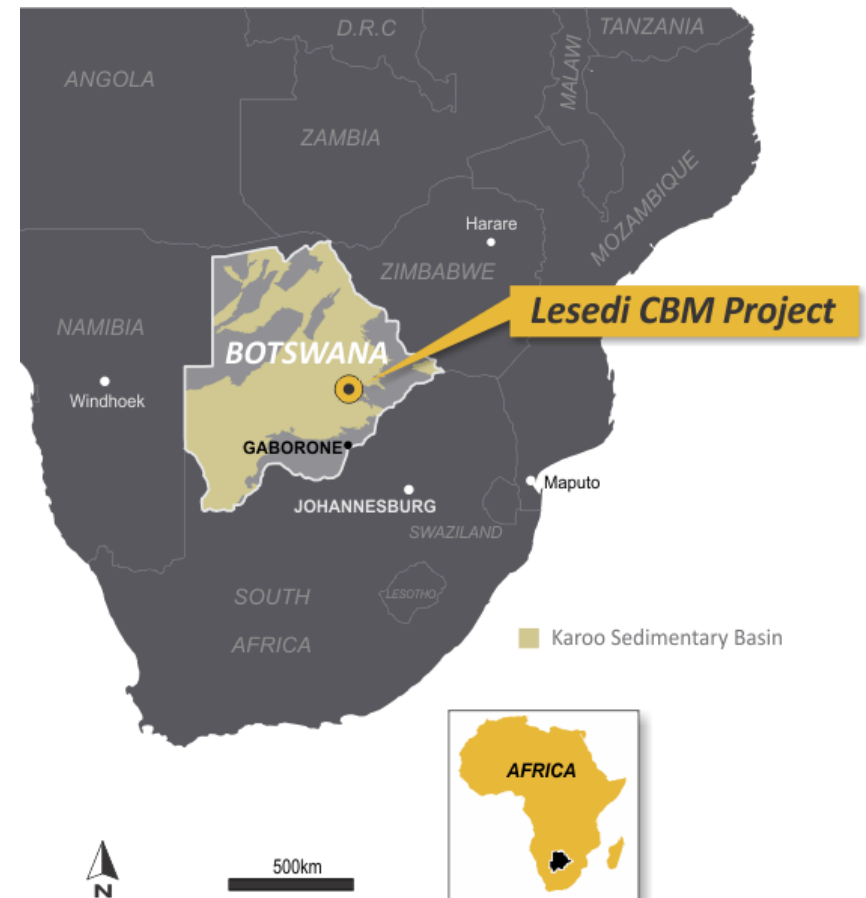
No “BE” or ownership restrictions

---

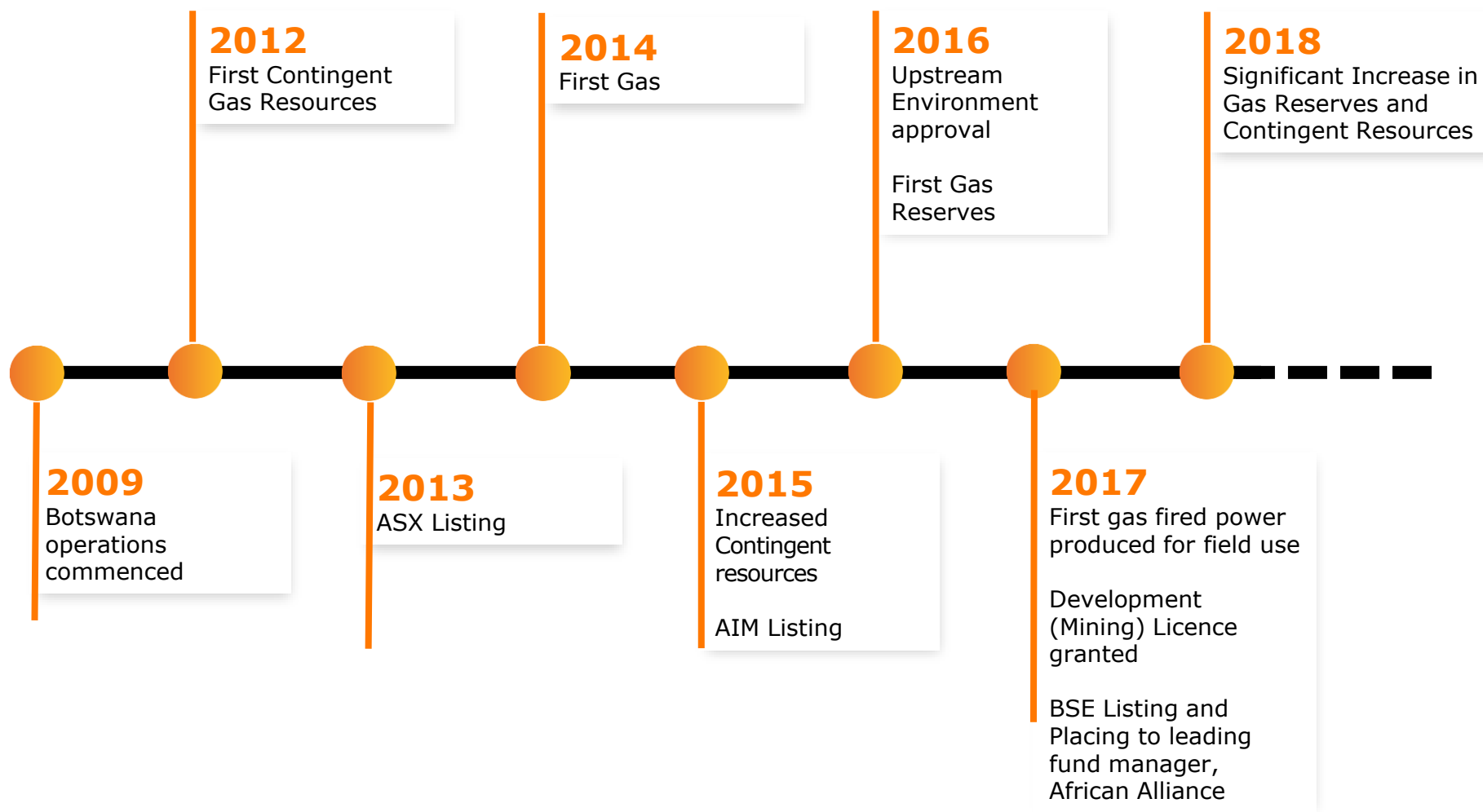
---

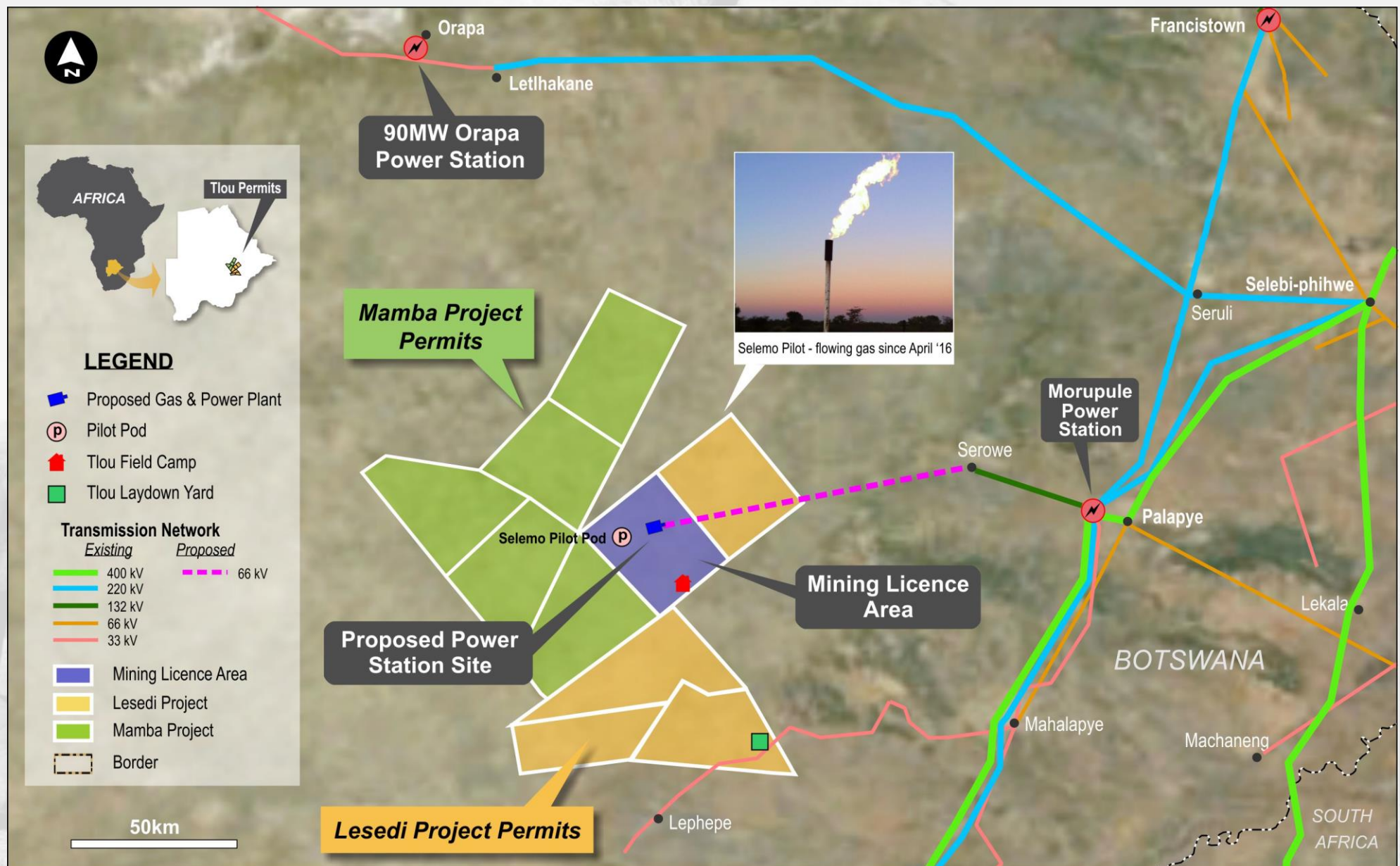
Excellent credit rating

---



# How Have We Got Here?





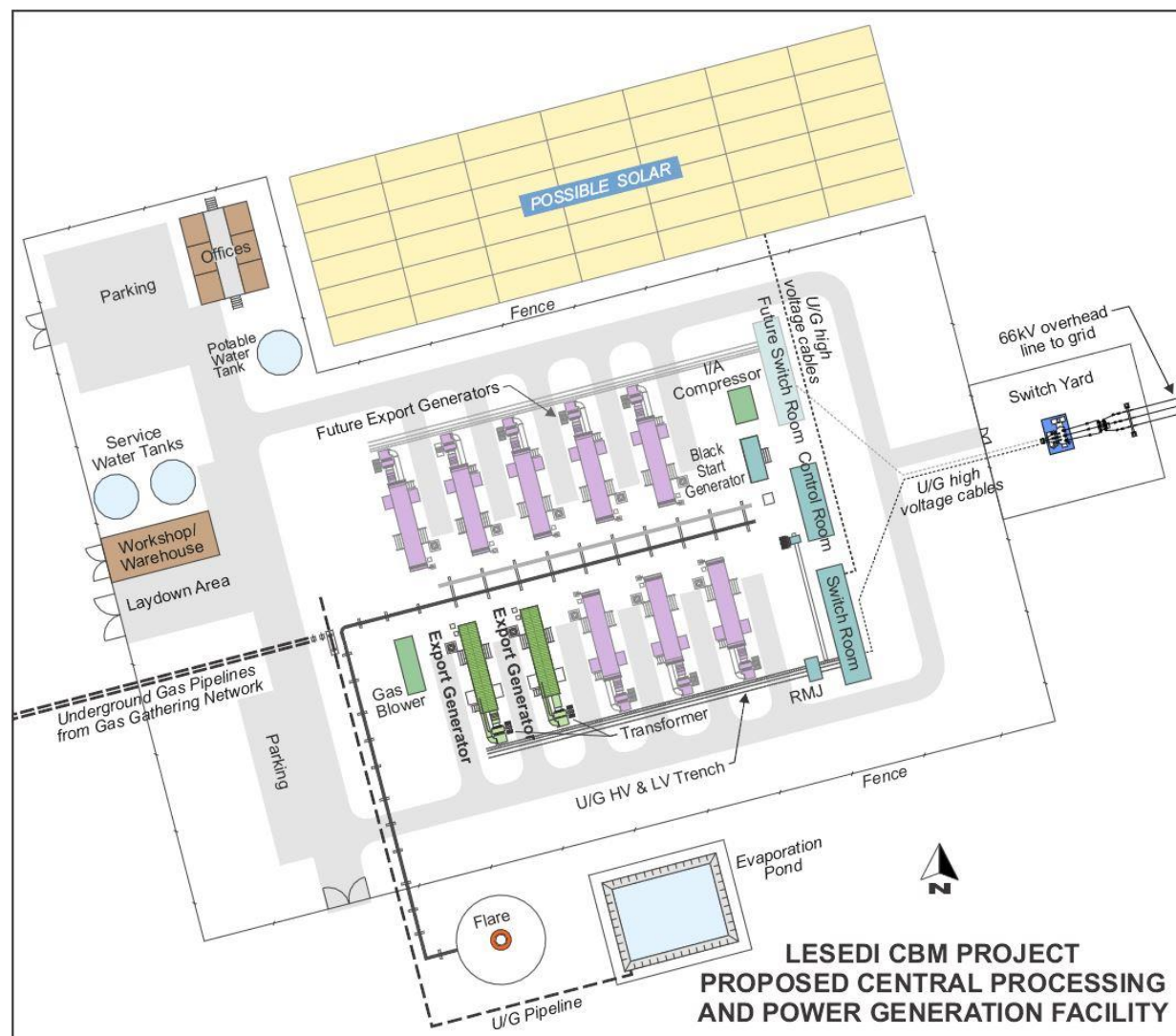


## ➤ Develop up to 10 MW of power:

- ❖ 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



## ➤ **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<sup>(1)</sup>

**0.35  
BCF  
(1P)**

**40.8  
BCF  
(2P)**

**426.6  
BCF  
(3P)**

## Technical Fundamentals

**Coal Depth**

**~350-800m**

**Gas Contents (Average)**

**~6 m<sup>3</sup>/t (DAF)**

**Gas compositions**

**~85% methane**

Location	Project	Tlou Interest	Gas Reserves <sup>(1)</sup>			Gas Contingent Resources <sup>(2)</sup>			Gas Prospective Resource (BCF) <sup>3</sup>
			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) <sup>4</sup>	100%	<b>0.34</b>	<b>25.2</b>	<b>252</b>	<b>4.6</b>	<b>214</b>	<b>3,043</b>	-
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 <sup>6</sup>

### 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).





- ✓ 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 BCF<sup>1</sup>

3P Gas Reserves in place:  
~427 BCF

- a 100 MW project for 25 years would require:

Approx. 274 BCF<sup>1</sup>

3C Contingent Resources  
~3,043 BCF

- This is sufficient gas<sup>1</sup> 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 3<sup>rd</sup> 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:

### Drilling

Production Pods located in the proposed project development area. Core-holes to be drilled along existing seismic lines

### Reserves

Additional wells can potentially enhance the Company's gas reserves and contingent resources footprint

### Regulatory

Progression of regulatory requirements (environmental & licencing) for project development

### Working Capital

General, corporate and administrative requirements to support the Company's listing on ASX, AIM and BSE

<b>Proceeds:</b>	<b>USD \$m</b>	<b>GBP £m</b>	<b>AUD \$m</b>	<b>BWP Pm</b>
Cash Balance (1 May 2018)	4.2	3.1	5.5	42.3
Equity Proceeds (net of costs) <sup>#</sup>	3.0	2.2	3.9	30.0
	<b>7.2</b>	<b>5.3</b>	<b>9.4</b>	<b>72.3</b>
<b>Uses:</b>				
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
	<b>7.2</b>	<b>5.3</b>	<b>9.4</b>	<b>72.3</b>

\*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. <sup>#</sup>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"> <li>Discount to last traded price on ASX of 23% and on AIM of 27%</li> </ul>	<ul style="list-style-type: none"> <li>Discount to last traded price on ASX of 23% and on AIM of 27%</li> </ul>







## 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



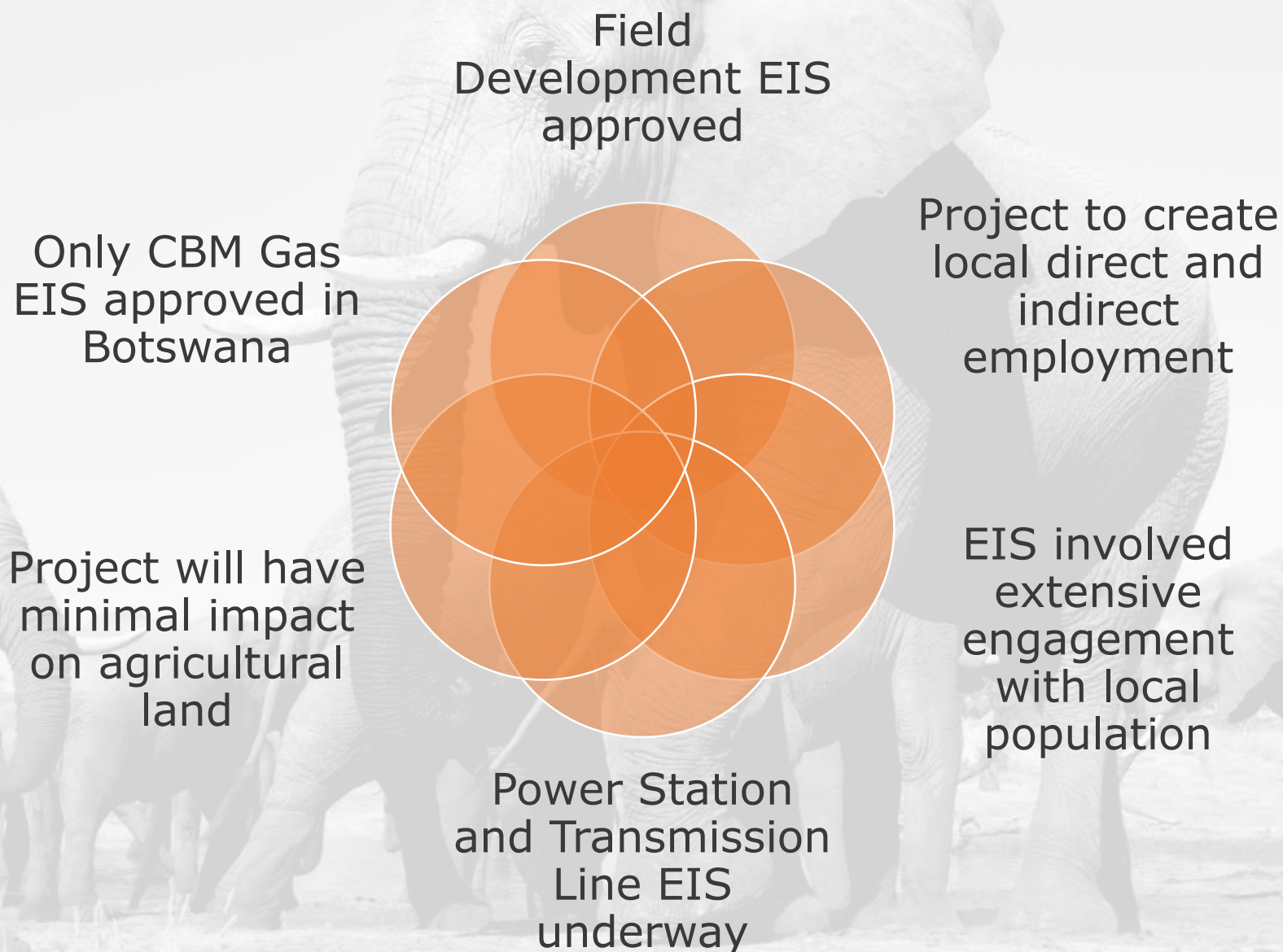
### ➤ Southern African Power Pool (SAPP)

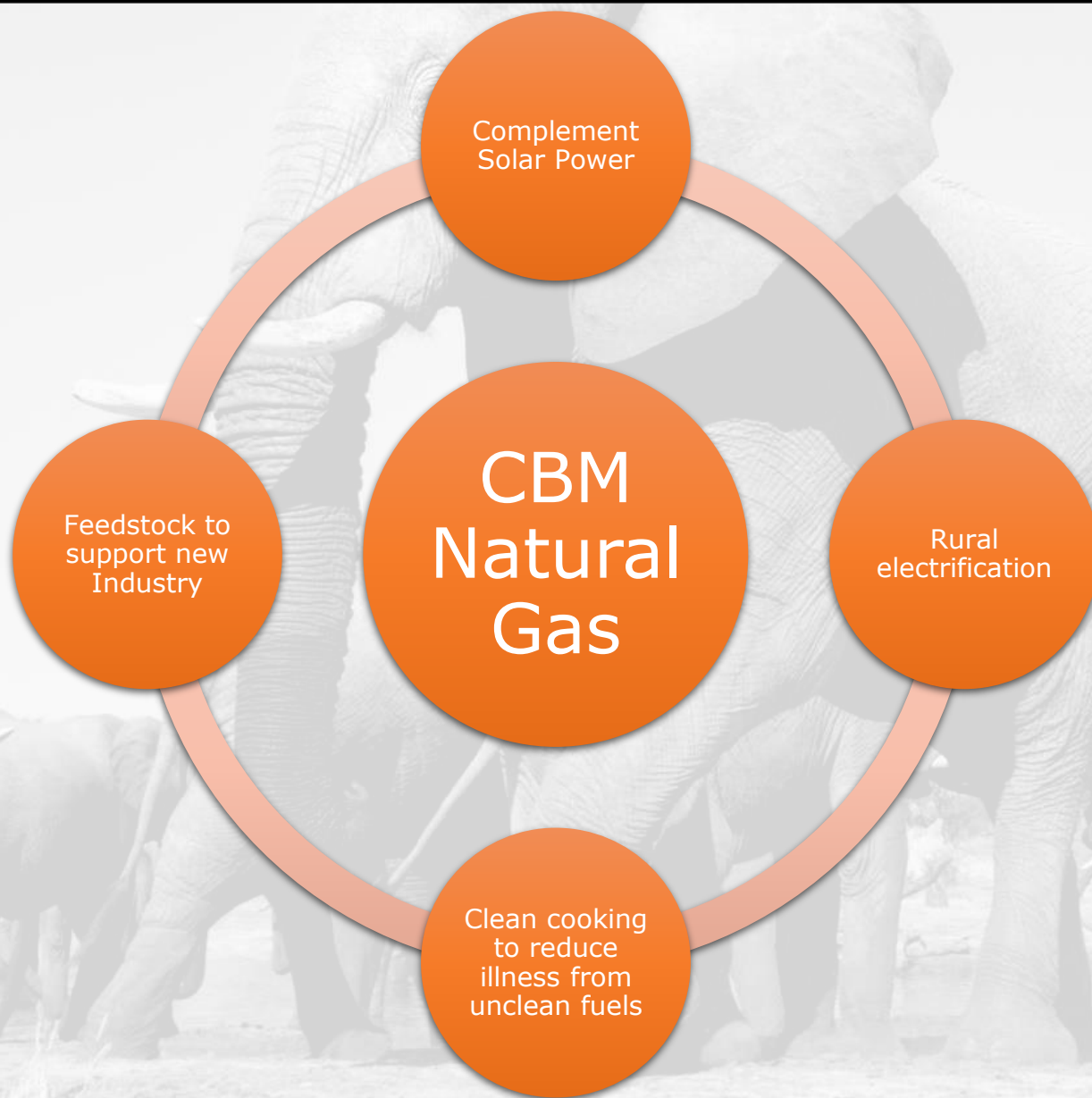
- 12 member countries
- Aimed at developing a competitive electricity market in the region
- Facilitates transmission of power across all member states
- Gives the end user a choice of electricity supplier
- Wheeling licence required in Botswana
- Wheeling tariffs charged by the relevant utility

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



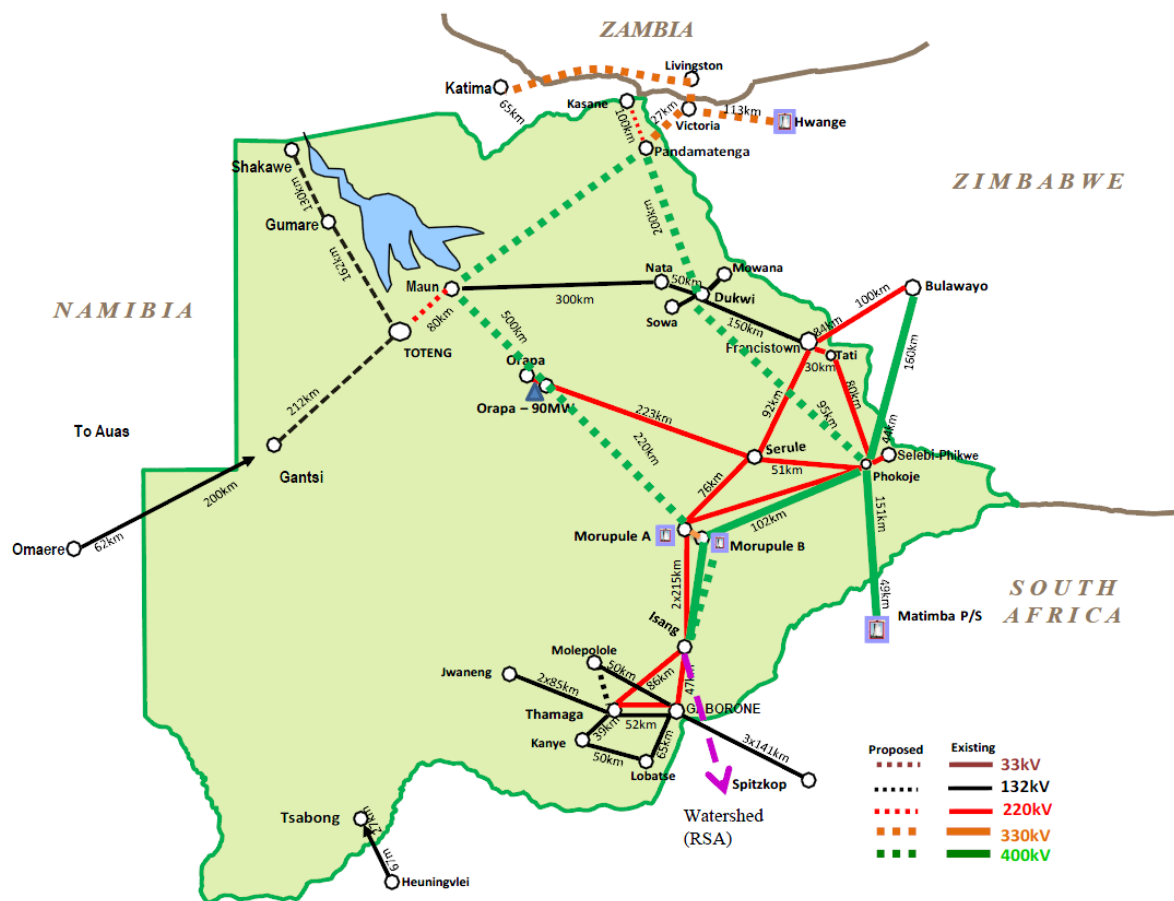




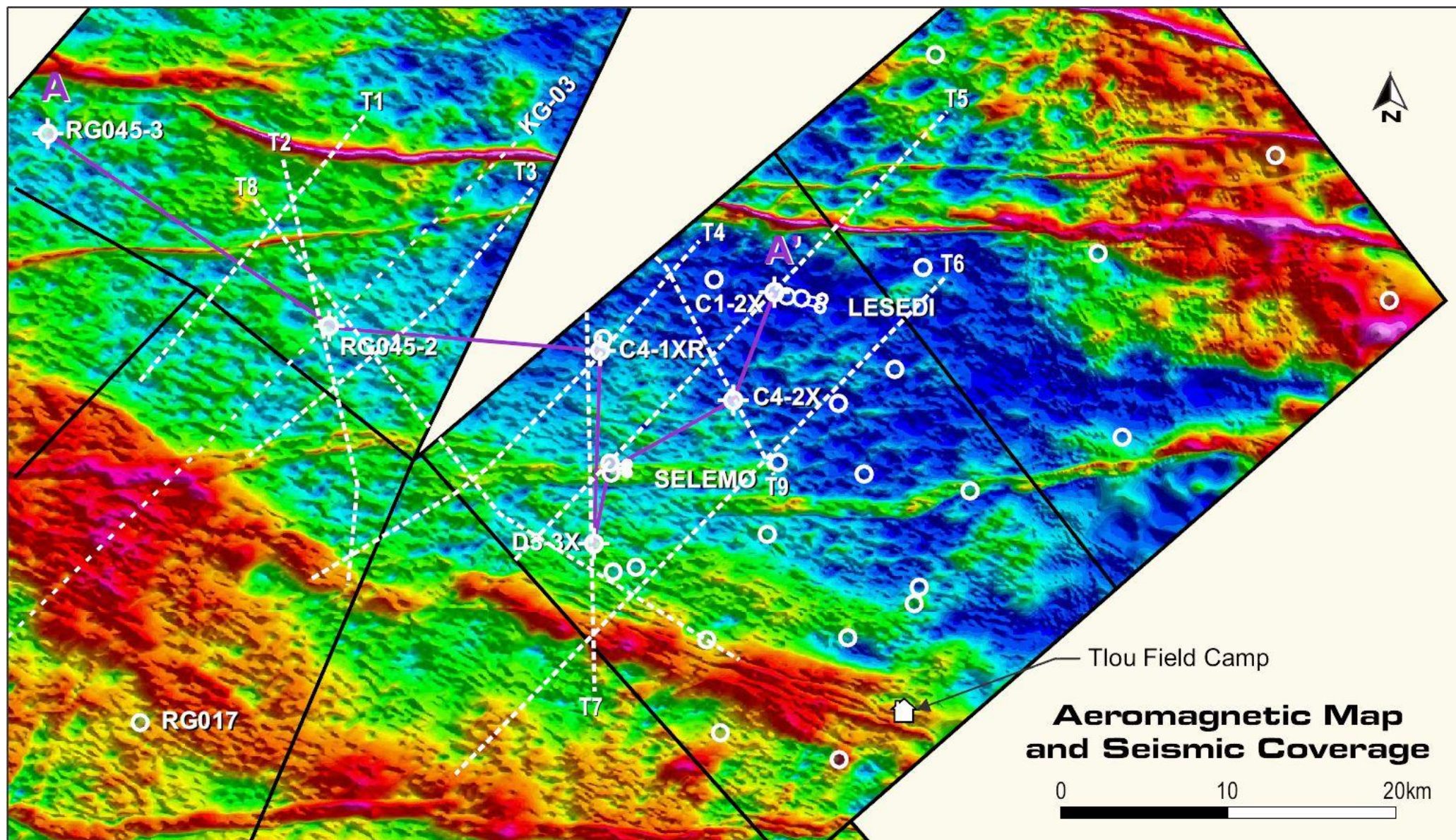


# Existing power distribution network in place

World class power network in place and access to neighbouring countries











A'

**Tlou Energy Limited**

210 Alice St  
Brisbane  
QLD 4000  
Australia  
+61 7 3012 9793

Ground Floor, Victoria  
House  
132 Independence Avenue  
Gaborone  
Botswana  
+267 316 0857

[www.tlouenergy.com](http://www.tlouenergy.com)  
[info@tlouenergy.com](mailto:info@tlouenergy.com)

ASX: TOU  
AIM: TLOU  
BSE: TLOU



**TLOU ENERGY**