



TLOU ENERGY

Powering ahead in Botswana

Investor Presentation

**Annual General Meeting
17 October 2018**

www.tlouenergy.com

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ASX Releases

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 Tlou's ASX releases. Resource statements are provided to comply with ASX guidelines but investors are urged to read supporting information in full on the website.

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

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This Presentation contains certain "forward-looking statements". Forward looking words such as, "expect", "should", "could", "may", "plan", "will", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements, opinions and estimates are not guarantees of future performance.

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COMPETENT PERSONS STATEMENT

The gas reserves and resource estimates for the Lesedi CBM Project provided in this presentation (refer slide 12) were released to the Market on 20 February 2018 (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.



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 MARKETS

ASX / AIM / BSE

TICKER

ASX:TOU / AIM:TLOU / BSE:TLOU

ISSUED SHARE CAPITAL

~409m / Fully Diluted ~411m

MARKET CAP (30-Sept-18)

AUD ~\$45m / GBP ~£24m / BWP ~P350m

CASH BALANCE (30-Sept-18)

AUD ~\$9.1m

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

- 20 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

- Fellow of the Association of Chartered Certified Accountants
- 20 years experience, 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 & General Manager

- Lawyer, over 18 years experience
- Juris Doctor from the University of Queensland

Danny Horne
Chief Operations Officer

- 30 years in the drilling industry including 18 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



Gas-to-power developer

Clean natural CBM gas

8,300 km² project acreage,

100% owned and operated

Reserves and Resources

- Large gas asset

- Independently certified

- Sufficient gas in place for initial project development

Ideal location in Botswana

- Safe, low risk country

- Stable, supportive Government

- No ownership / exchange controls

Huge market

- Significant local power shortage

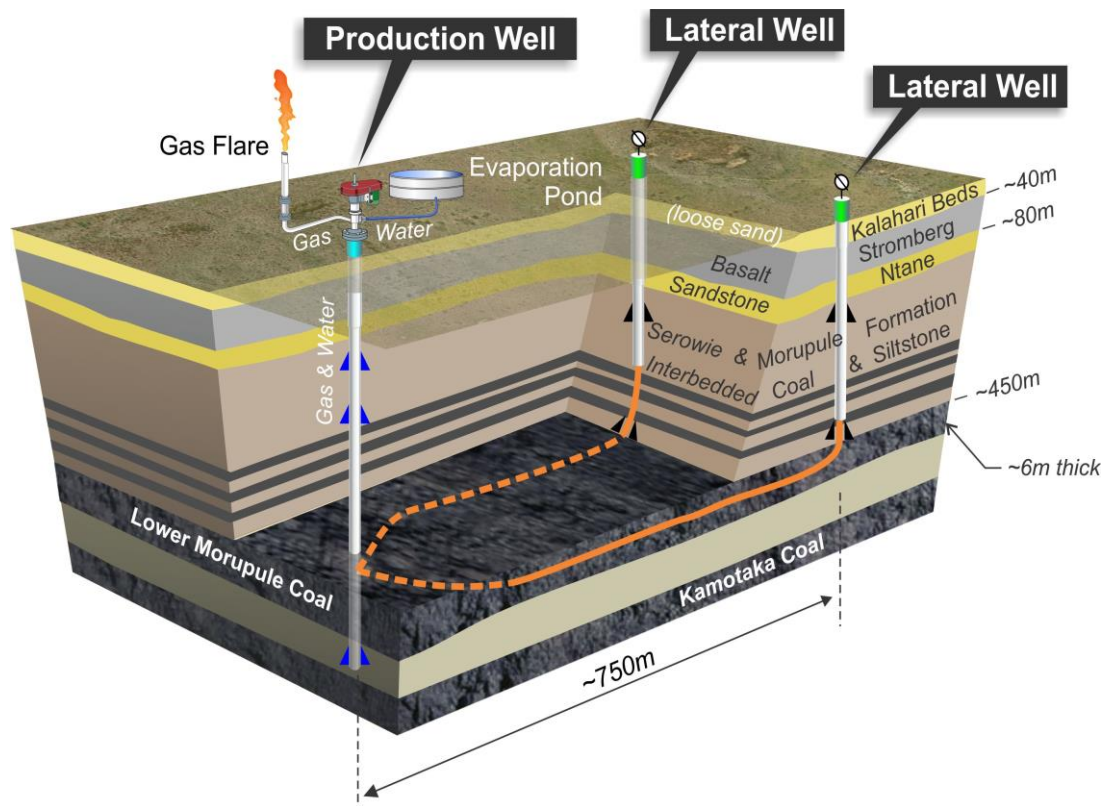
- CBM can replace diesel and imported power

- Enormous regional demand



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 fuels such as diesel and coal





TLOU ENERGY

*... generating power from
CBM in Botswana*



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Where is the project?

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

Ideal investment destination

Stable, democratic government

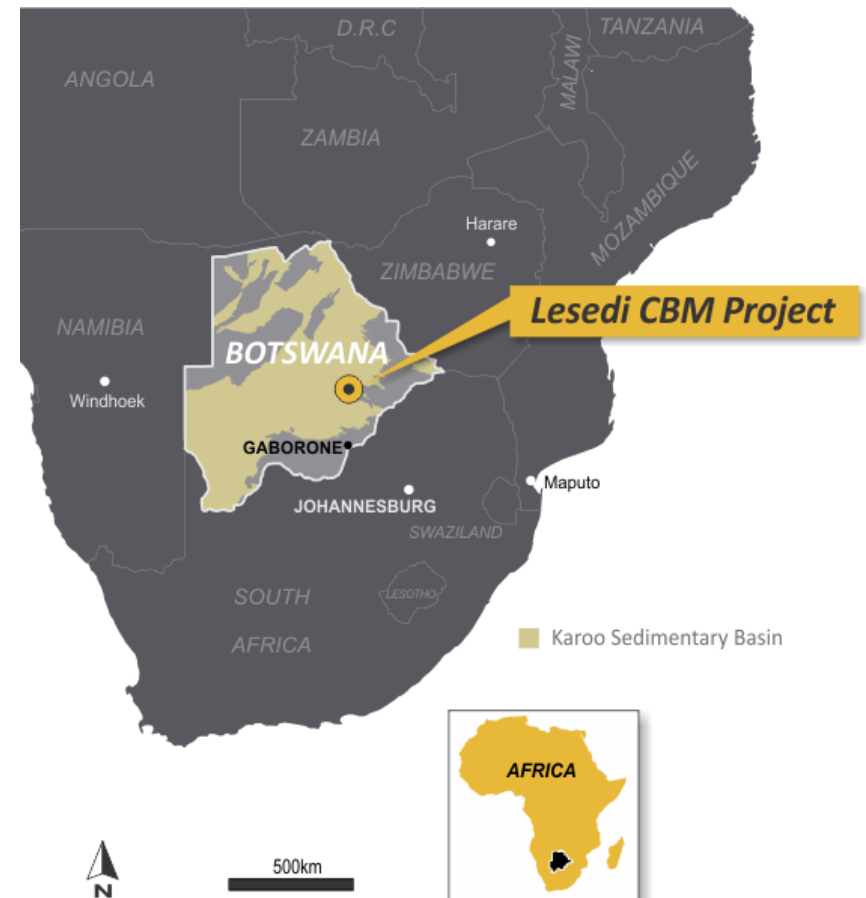
No foreign exchange controls

One of the worlds largest diamond producers

Growing economy

No “BE” or ownership restrictions

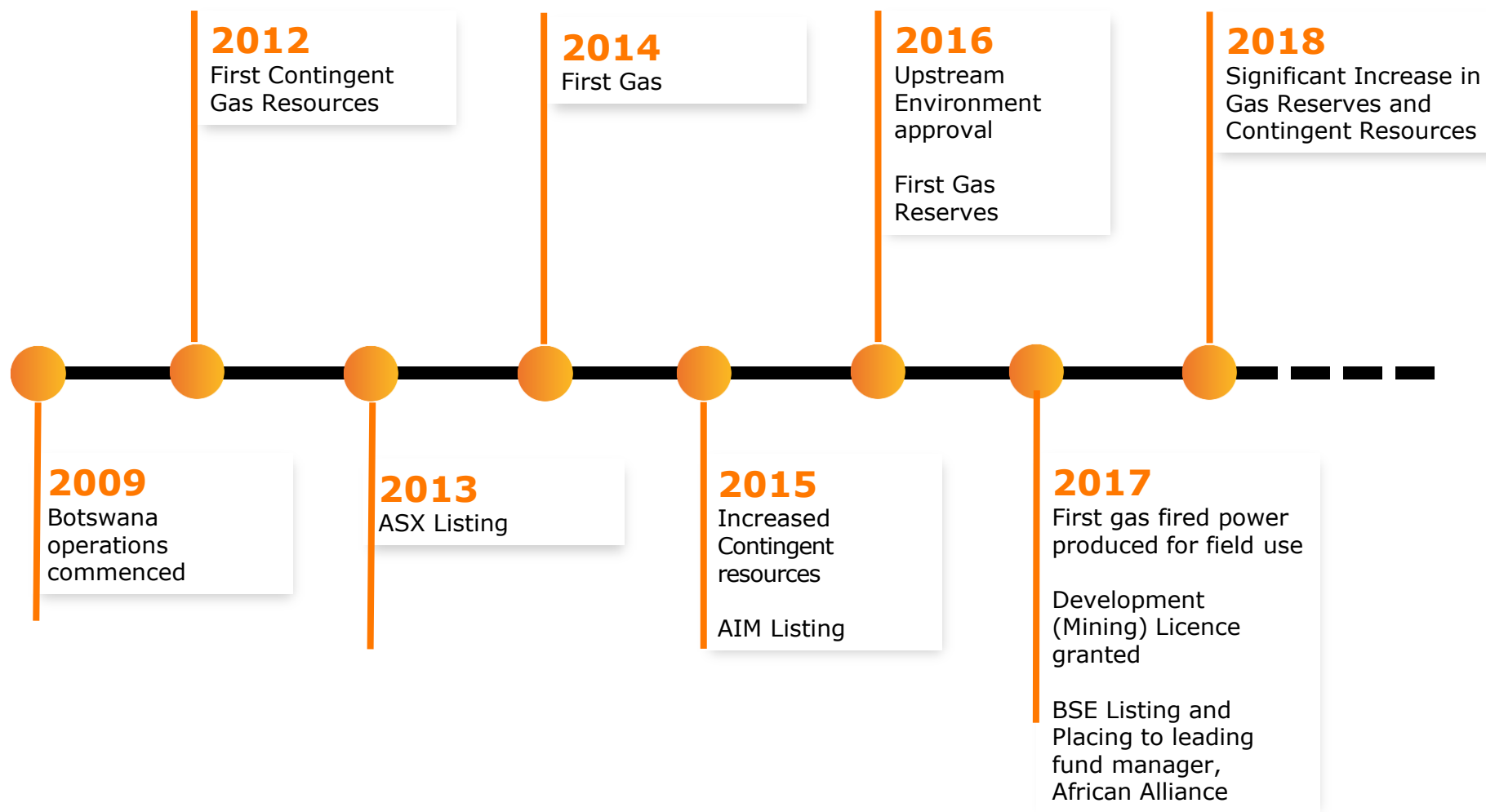
Excellent credit rating

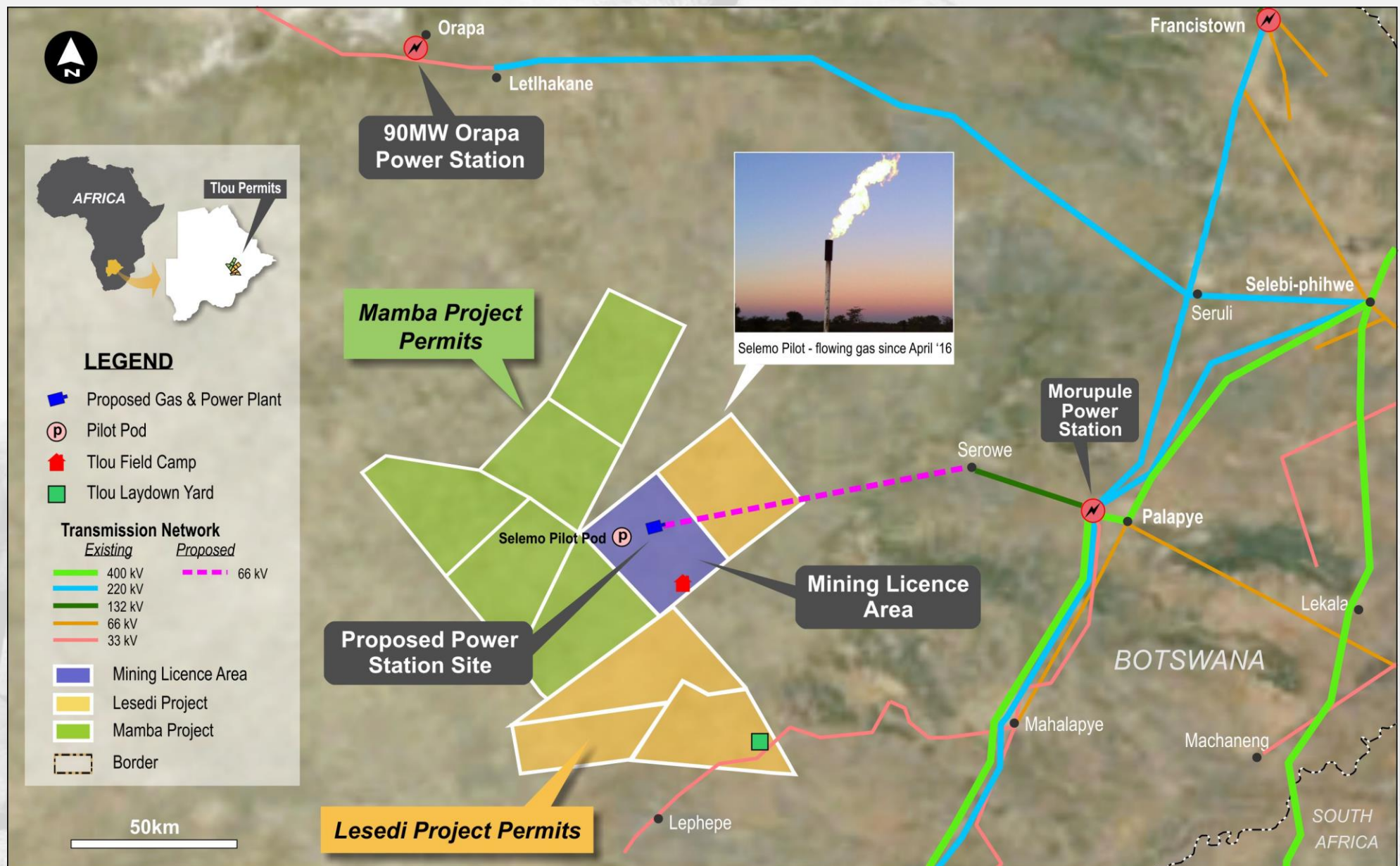


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How Have We Got Here?



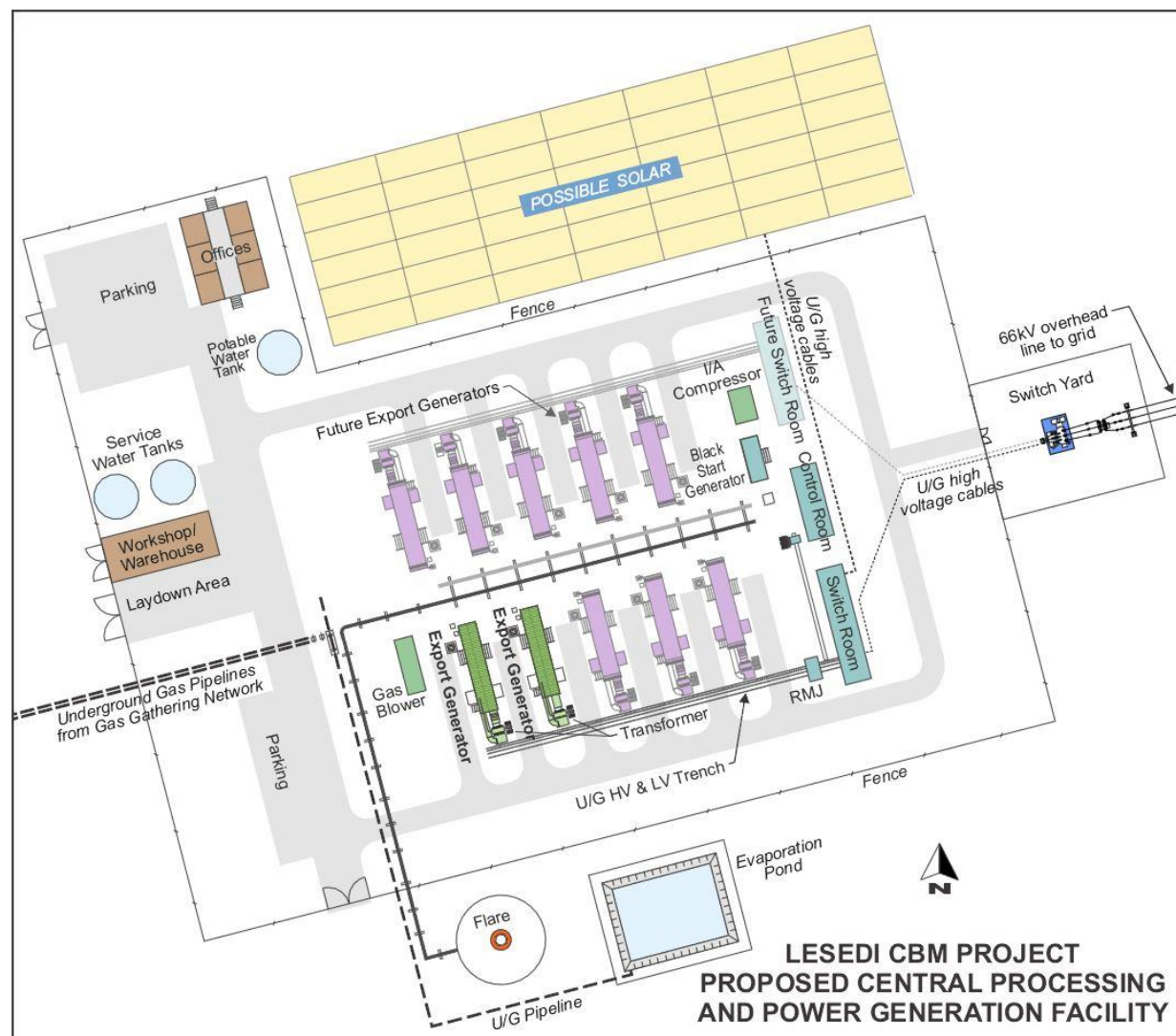


➤ Develop up to 10 MW of power:

- ❖ Targets first revenue while minimising initial capex requirement
- ❖ Sufficient gas reserves already in place
- ❖ Achieves grid connection and facilitates simple expansion
- ❖ Readily able to 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⁽¹⁾

**0.35
BCF
(1P)**

**40.8
BCF
(2P)**

**426.6
BCF
(3P)**

Technical Fundamentals

Coal Depth

~350-800m

Gas Contents (Average)

~6 m³/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).



- ✓ 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.





Offtake Agreements

Response to Government 100MW tender submitted on 11 Oct 2018

CNG / mini-LNG project being assessed

Use of gas for fertiliser/ammonia production being assessed

Licences and Approvals

EIA for downstream development on track for completion in 2019

Generation Licence application submitted to Botswana Energy Regulatory Authority (BERA)

Local Asset Status granted in Botswana



Dual lateral pods

Located in an area identified for initial project development

Location selection based on recently acquired seismic and core-hole data

Subject to results, wells could provide sufficient gas for the initial power generation project

Drilling in progress, dewatering to commence thereafter

Wells being drilled at a different orientation to existing wells to potentially enhance gas flow rates

Successful results will significantly de-risk the project and add more gas reserves



Tlou Energy is committed to supporting individuals and organisations locally and nationally in Botswana.



Shoshong Constituency Foundation Trust (SCFT)

- SCFT aims to bring local investment and jobs to the constituency
- Lesedi project located in Shoshong, Tlou supports SCFT annually
- Shoshong Constituency MP, Honourable Phillip Makgalemele is an ardent supporter of the Project



The Broadcasters Organisation

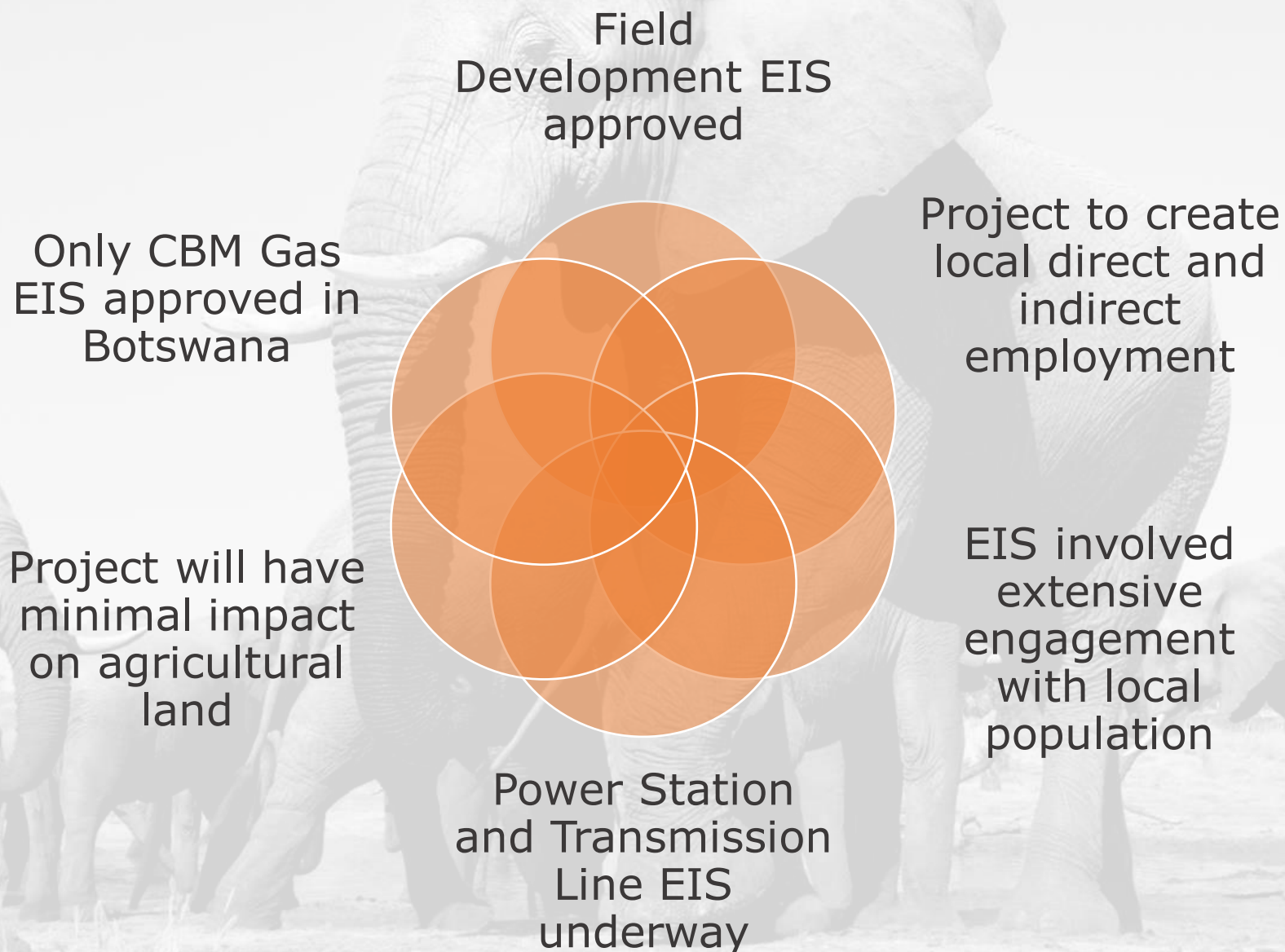
- Youth organisation, to promote academic excellence in primary schools
- 300 primary schools working with the organisation
- Destiny Shapers National Awards (DSNA), annual event aimed at promoting academic excellence among students and teachers, 2018 DSNA sponsored by Tlou



Y-Care Charitable Trust

- Non-profit organisation raising funds for less privileged communities and individuals
- Funds channeled through NGO's working with vulnerable children, youth, health, environment, arts and cultural issues
- Tlou sponsored Y-care Makgadikgadi Night Walk 2018







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



INDIGENOUS NATURAL GAS FUEL FOR BOTSWANA'S INDUSTRIALISATION & POWER GENERATION

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TLOU ENERGY

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