



**TLOU ENERGY**

**Capital Raising  
presentation**

**Anthony (Tony) Gilby**

MD & CEO

May 2015

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**TLOU ENERGY**

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## COMPETENT PERSONS STATEMENT

The gas resource estimates for the Lesedi CBM Project provided in this statement (refer slide 19) were originally released to the Market on 9 April 2015 (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 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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# Offer Summary



**TLOU ENERGY**

## Offer Structure

- A fully underwritten 4 for 15 Non-Renounceable Entitlement Offer to raise approximately A\$5.5 million
- Issue price of A\$0.14 per share representing a discount of 30% to last close and 25% to the theoretical ex-rights price

## Use of Funds

- Undertake the following work program at the Lesedi CBM Project:
  - Up to 2 single horizontal pilot pods at Selemo (flanking existing pilot well)
  - Dewatering and testing operations
  - Potential single vertical well (Selemo step-out)
- Corporate costs and working capital

## Near-term Targets

- Enhanced gas flow rates at Selemo Pilot
- Initial reserves certification
- Mining Licence awarded for Lesedi CBM Project
- Initial GSA finalised



## **Who we are**

ASX listed coalbed methane (CBM) company



## **What we do**

CBM in Botswana



## **Our Goal**

Provide a clean and reliable energy source to Botswana & southern Africa

# Company Overview



**TLOU ENERGY**

## Market Cap:

~\$30m  
148m shares

## Share Price:

\$0.20  
(21 May 2015)

## Acreage:

10 Permits  
100% owned  
4 pilot locations



## Operations:

Botswana

## HQ:

Brisbane

## ASX:

TOU



# Key Information



**TLOU ENERGY**

## Botswana CBM Project

- ~8,300km<sup>2</sup>, 100% owned
- ~100 well database

## Certified Contingent Resources

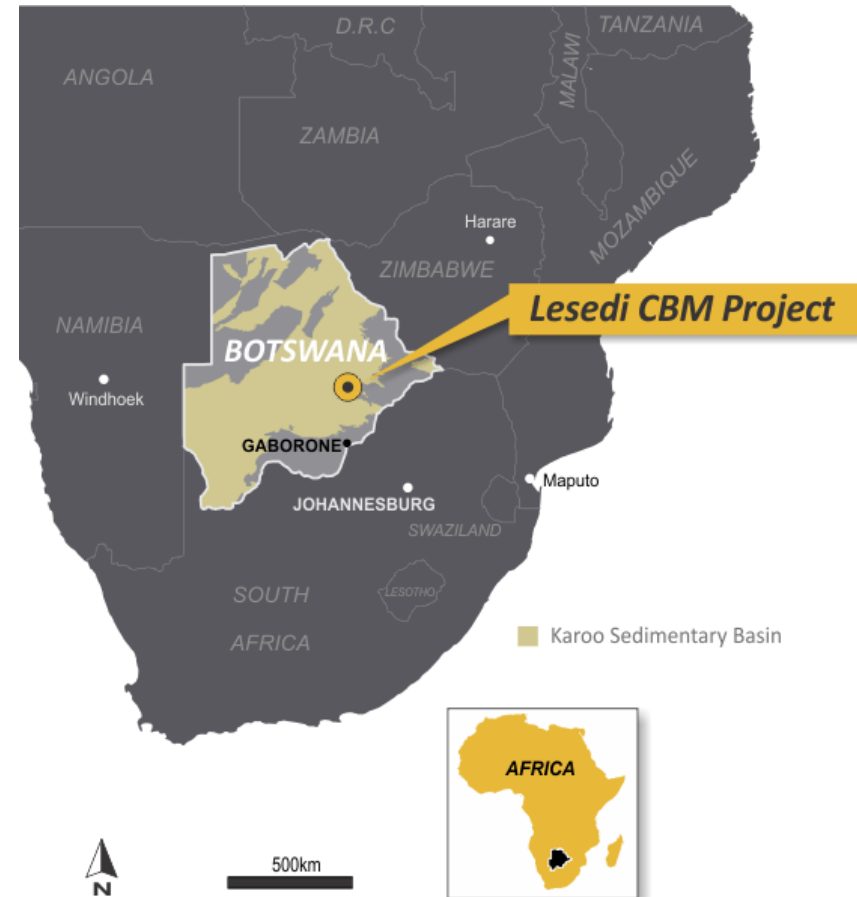
- 4.9 BCF (1C)
- 239 BCF (2C)
- 3,295 BCF (3C)

## Significant market opportunity

- Botswana's most advanced project
- High energy demand

## Location

- Low cost
- Supportive government



# Experienced Team



TLOU ENERGY

## Board of Directors



### **Nathan Mitchell** – Chairman

- 17 years in resource exploration
- International Operational Experience
- Pioneer of CBM drilling techniques



### **Anthony (Tony) Gilby** – MD & CEO

- Geologist with 28 years industry experience
- Co-founder and previous CEO of Sunshine Gas
- Previous technical roles for ESSO & Exxon



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

- Geologist and former Botswana public servant
- Strong government and industry relationships
- Previously Permanent Secretary, Minerals Energy & Water



### **Martin McIver** – Non-Executive Director

- 13 years experience in mining services
- Formerly with PwC
- Current CFO of the Workpac group

## Key In-Country Management



### **Glen Smith** – Chief Operating Officer

- Geologist with 25 years operational experience
- Operational and geological experience
- Australia, PNG, Indonesia, Brazil and Africa



### **David Mompoti** – Project Development Officer

- Commercial and project management credentials
- Over 8 years experience with Botswana entities
- Key liaison with local stakeholders



Field Personnel



# Botswana Field Operations



**TLOU ENERGY**

**Aerial view of Operations**  
Selemo Pod



**Gas flare - Selemo Pod**  
December 2014



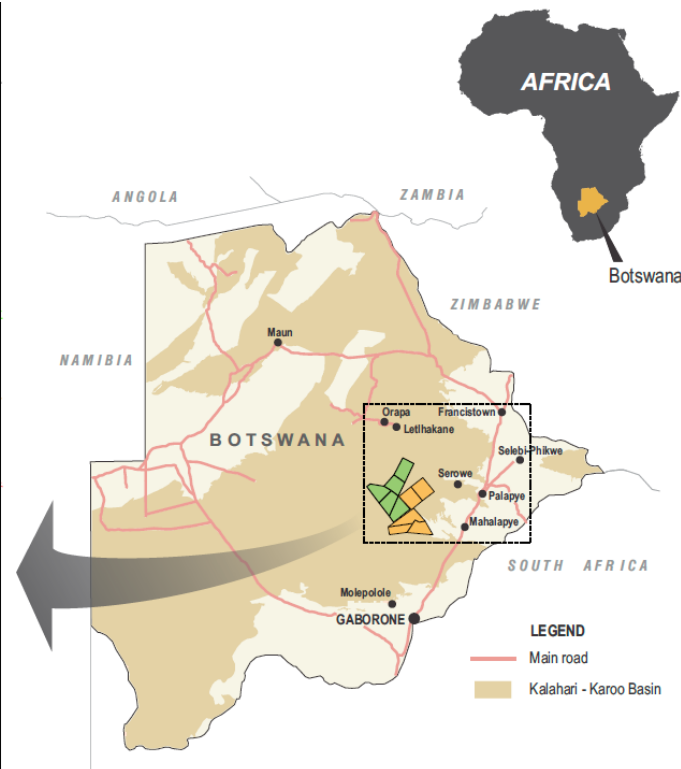
# Botswana CBM Project



**TLOU ENERGY**

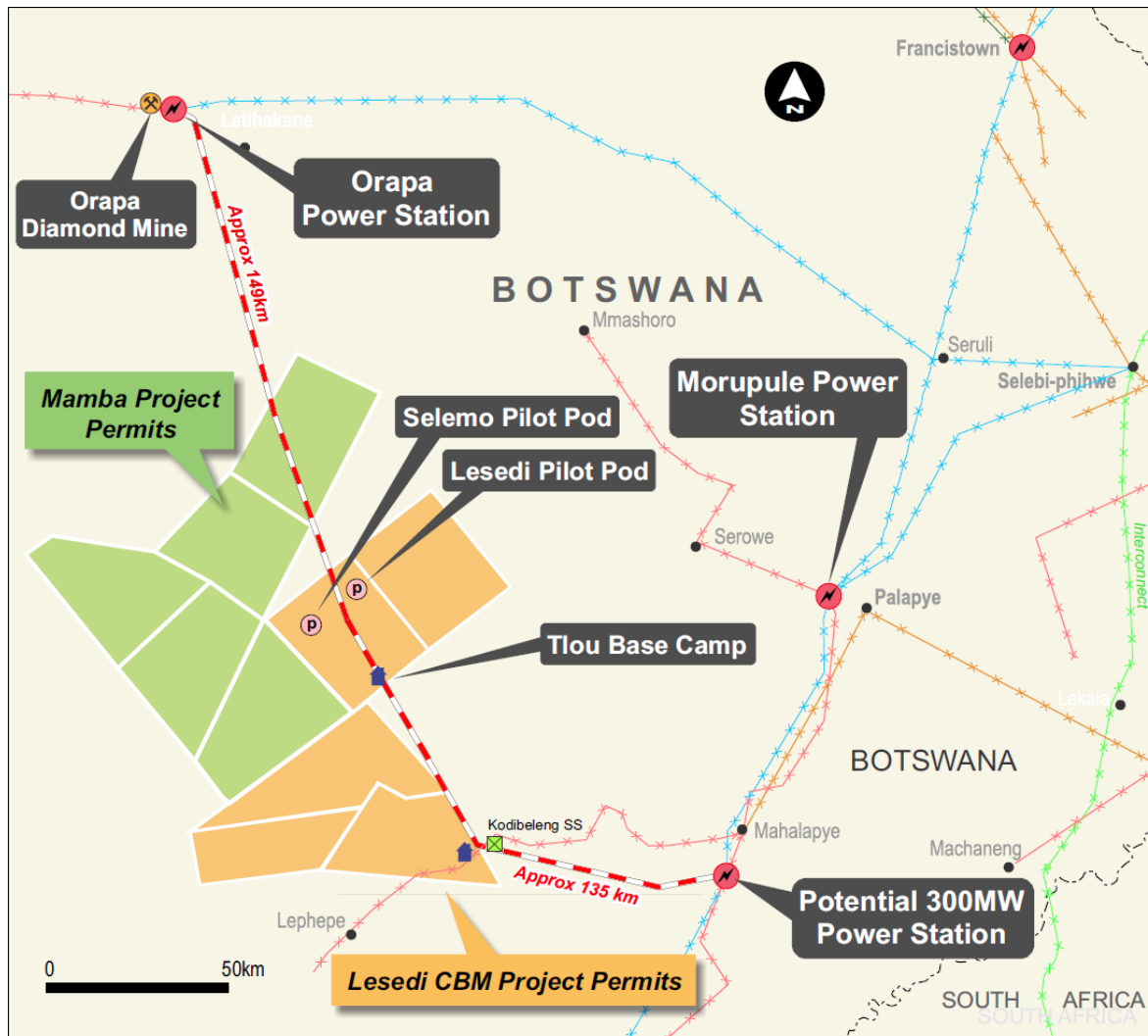


Botswana



## LEGEND

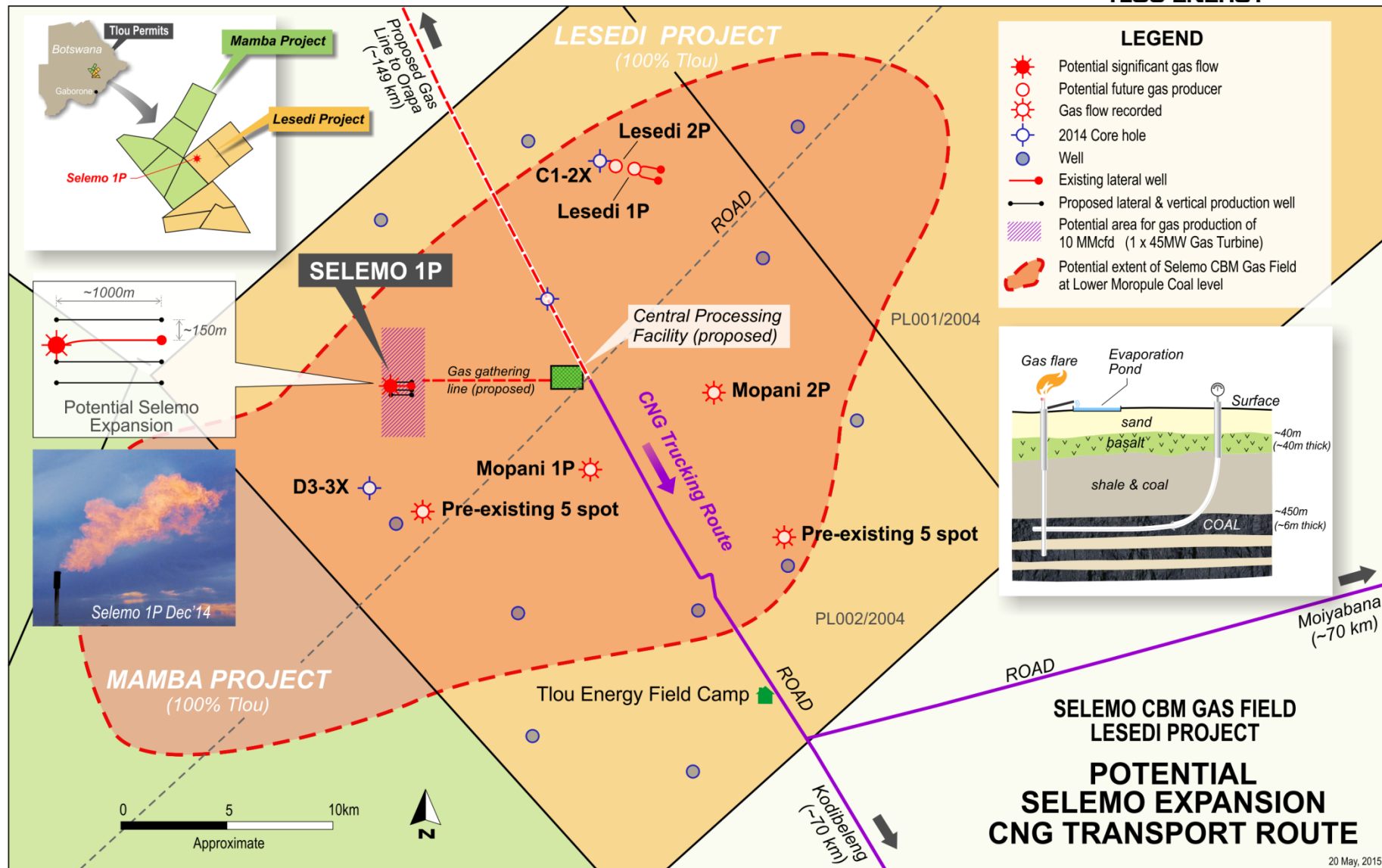
	Proposed Gas Pipeline	<b>Transmission Network</b>
	Substation	33 kV
		66 kV
		132 kV
		220 kV
		400 kV



# Lesedi Project

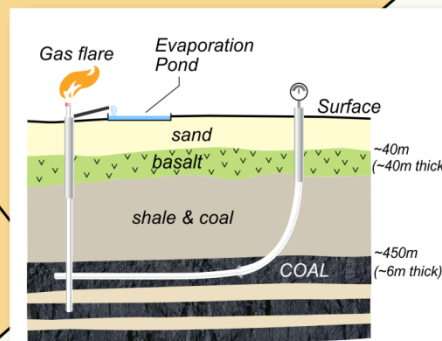


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## LEGEND

- Potential significant gas flow
- Potential future gas producer
- Gas flow recorded
- 2014 Core hole
- Well
- Existing lateral well
- Proposed lateral & vertical production well
- Potential area for gas production of 10 MMcfd (1 x 45MW Gas Turbine)
- Potential extent of Selemo CBM Gas Field at Lower Moropule Coal level





## Selemo Pilot - Short term test – December 2014\*

- Peak recorded gas flow of ~**400,000** cfd
- Average recorded gas flow of ~**200,000** cfd
- Results suggest a **commercial development** may be achievable.
- **First in Botswana** to flow CBM gas at these rates



\*As detailed in Tlou's ASX announcement on 6 January 2015





## Technical Fundamentals

Coal depth	~300-700m
Cumulative net coal thickness (Average)	~25m
Gas contents (Average)	4-6 m <sup>3</sup> /t (DAF)
Unstimulated reservoir permeability per DST	~2-5mD
Gas compositions	up to 90%+ methane

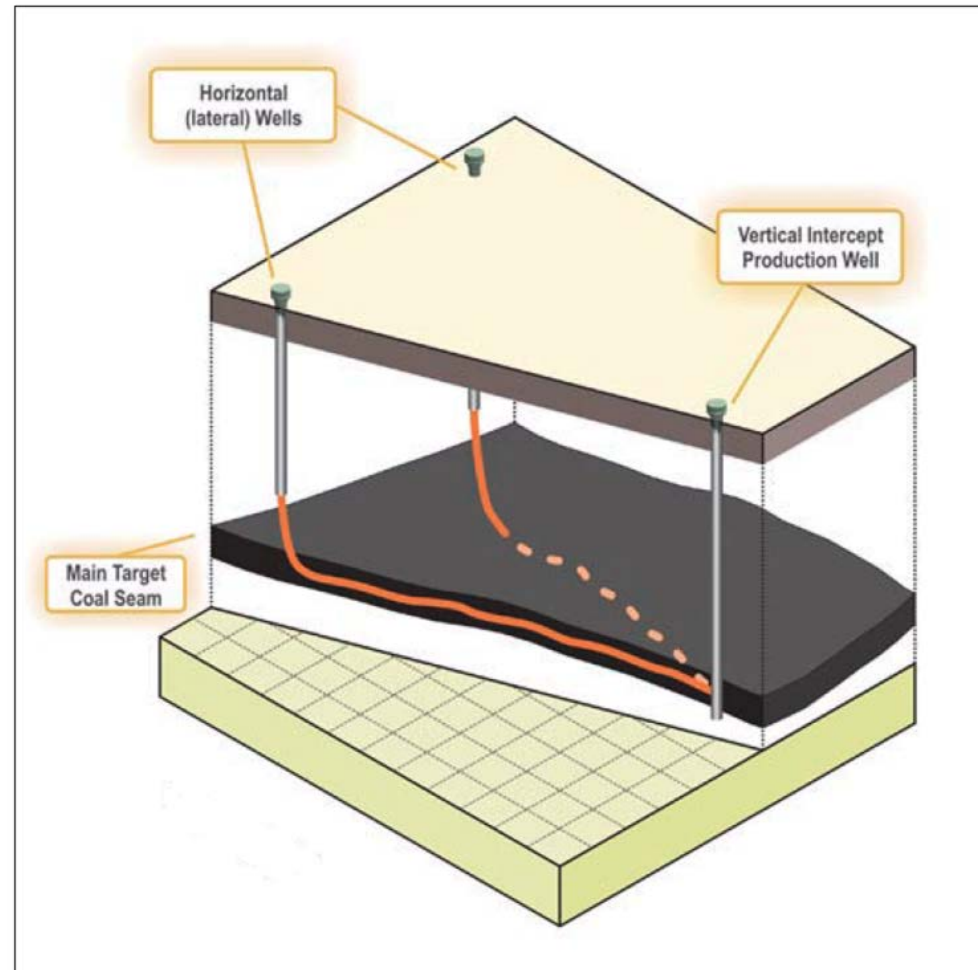


# Horizontal Pilot Design



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- Horizontal wells (~750m in-seam) with vertical pumping well
- Lesedi pod completed as a dual lateral
- Selemo pod completed as a single lateral
- Target Reservoir: Basal Morupule coal seam (~6m)







## Planned work program to end 2015

**Up to 2 Single Horizontal Pilot Pods  
Dewatering and testing operations**

**Selemo area**

**Commencing June 2015  
Results 2H 2015**

Objective:

- ☐ maximise reservoir drainage area
- ☐ enhance dewatering
- ☐ measure long-term gas flow potential
- ☐ achieve initial reserve certification

**Potential Single Vertical well**

**Selemo step-out**

**2H 2015**

Objective:

- ☐ to provide a step-out appraisal from the Selemo area
- ☐ increase reserve certification

# Botswana Operations



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## Sequence

- Pilot Project up to 10MW (scalable)
- Existing Orapa Power Station 90MW
- Proposed Power Station 300MW
- Export



## Existing Power Grid

- 33kV close to Lesedi Project
- 220kV to the east
- 400kV Interconnect to neighbouring countries

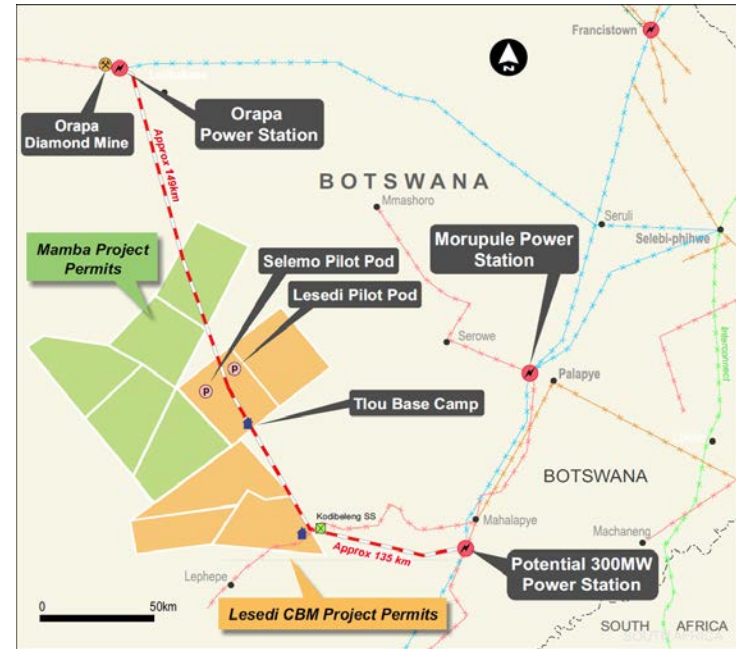
# Commercialisation



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## Initial Gas Delivery – Proof of Concept

- Uses otherwise flared gas
- Transport CNG via truck
- Connect to generator
- Potential grid inter-connect



Flared gas



Transport CNG



Generator



Connect to grid

# Independently Certified Contingent Resource



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## Certified Contingent Resource

- 4.9 BCF (1C)
- 239 BCF (2C)
- 3,295 BCF (3C)

## Initial Reserve Certification

- Targeting 2H15
- Subject to production testing and gas supply MOU/GSA

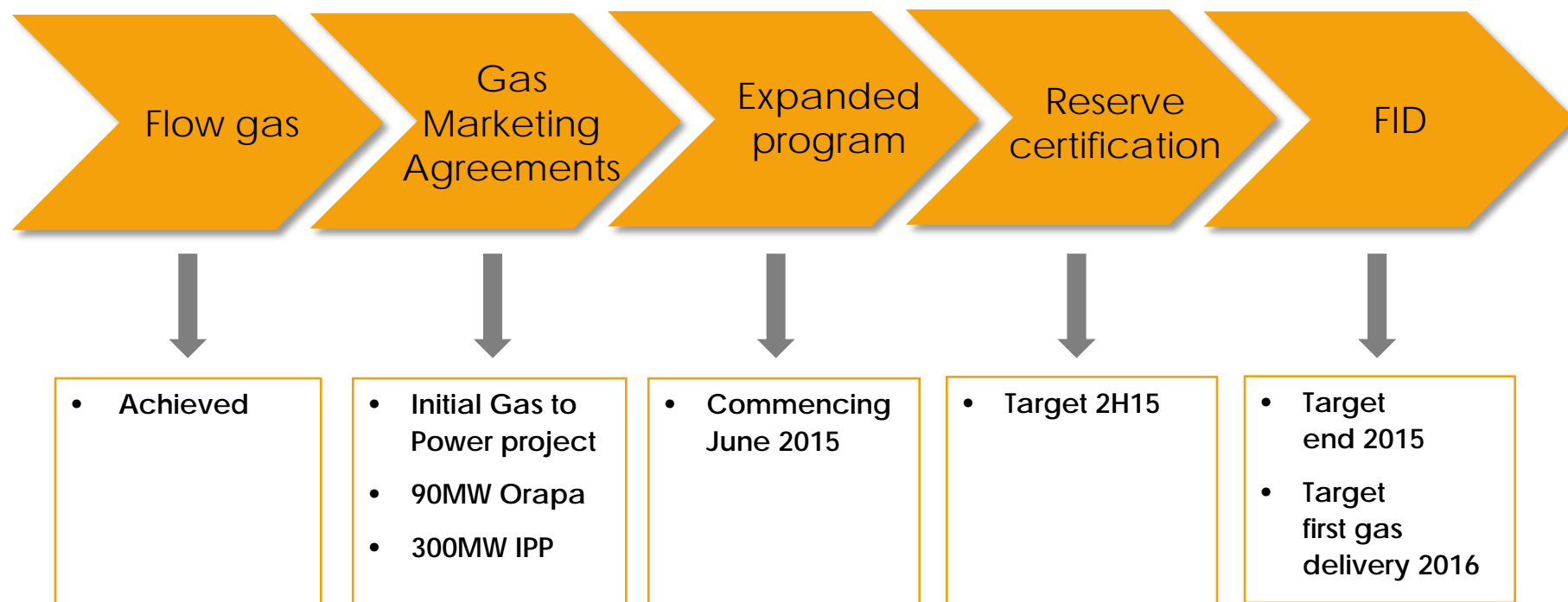
### Certified Resource Statement

Category	OGIP <sup>(1)</sup> (BCF)	Unrisked Gross (100 Percent) (BCF)	Unrisked Net (100 Percent) (BCF)
<b>Contingent Resources</b>			
Low Estimate (1C)	7.6	4.9	4.9
Best Estimate (2C)	367.8	239.1	239.1
High Estimate (3C)	5,347.5	3,295.5	3,295.5
<b>Prospective Resources<sup>(2)</sup></b>			
Low Estimate	2,459.5	644.1	644.1
Best Estimate	7,653.1	3,239.0	3,239.0
High Estimate	14,326.8	8,596.1	8,596.1

(1) OGIP = Original gas in place.

Source: SRK Consulting (Australasia) Pty Ltd. See Competent Person Statement – Slide 2

(2) The estimated quantities of petroleum 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.





# Offer Details



**TLOU ENERGY**

## Entitlement Offer

- A fully underwritten 4 for 15 Non-renounceable Entitlement Offer of approximately 39.4 million new shares to raise approximately A\$5.5 million
- Record date of 7.00pm (AEST) on Friday, 29 May 2015
- New Shares rank pro-rata with existing TOU shares on issue
- Entitlement Offer comprises a top-up facility whereby Eligible Shareholders who take up their entitlement in full may apply for additional shares to be allocated from any offer shortfall

## Pricing

- Issue price of \$0.14 per share represents a discount of:
  - 30% to last close on 21 May 2015 of \$0.20 per share
  - 30% to 5-day VWAP of \$0.20 per share
  - 25% to the theoretical ex-rights price<sup>1</sup> of A\$0.187 per share

## Other

- Tlou Directors intend to participate in the Entitlement Offer for all or part of their entitlement
- Underwriter – Morgans Corporate. Advisor – Integra Advisory Partners
- Pro-forma cash (31 March 2015) on hand of approximately A\$9.6 million post raising (net of offer costs)

<sup>1</sup> Theoretical price at which TOU ordinary shares should trade after the ex-entitlement date for the Entitlement Offer

# Use of Proceeds



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Sources		Uses	
Existing cash (31March 2015)	\$4.6m	<b>Lesedi Project Pilot expansion</b>	
		• Up to 2 single horizontal pilot pods (Selemo)	\$2.6m
		• Potential single vertical well	\$0.3m
		• Operations equipment	\$0.8m
		• Operating support & maintenance	<u>\$3.6m</u>
Capital Raising (net proceeds)	\$5.0m	<b>Sub-total</b>	<b>\$7.3m</b>
		Corporate & Administrative, Working capital	\$2.3m
<b>Total</b>	<b>\$9.6m</b>	<b>Total</b>	<b>\$9.6m</b>

# Offer Timetable



**TLOU ENERGY**

Activity	Date
Announcement of the Entitlement Offer	Monday, 25 May 2015
Offer Booklet lodged with ASX	Monday, 25 May 2015
Trading on an ex-entitlement basis	Wednesday, 27 May 2015
Record date for determining entitlements for the Entitlement Offer (by 7pm)	Friday, 29 May 2015
Offer Booklet and Entitlement and Acceptance forms despatched to eligible shareholders	Wednesday, 3 June 2015
Entitlement Offer opens	Wednesday, 3 June 2015
Entitlement Offer closes	Monday, 22 June 2015
Deferred settlement trading commences	Tuesday, 23 June 2015
Notification of under-subscriptions	Thursday, 25 June 2015
Allotment of New Shares issued under the Entitlement Offer	Monday, 29 June 2015
Normal trading commences	Tuesday, 30 June 2015

This timetable is indicative only and subject to change. The Directors of Tlou Energy may vary these dates, in consultation with the Underwriter, subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for issue of the new shares. The Directors also reserve the right not to proceed with the whole or part of the Capital Raising any time prior to the issue of new shares. In that event, the relevant application monies (without interest) will be returned in full to applicants.



## OVERVIEW

- The most advanced gas company in Botswana
- Flowed gas at potentially commercial rates
- 8,300 km<sup>2</sup> 100% Tlou Energy



## COMMERCIALISATION

- High gas prices and low cost environment
- Pilot Project up to 10MW (scalable)
- Existing Orapa 90MW & proposed 300MW power stations



## INVESTMENT DRIVERS

- Enhanced gas flow rates
- Gas Sales Agreements (GSA's)
- Reserves – currently 239 BCF (2C); 3,295 BCF (3C)



## CORPORATE DETAILS

Experienced Corporate and Operational team in place



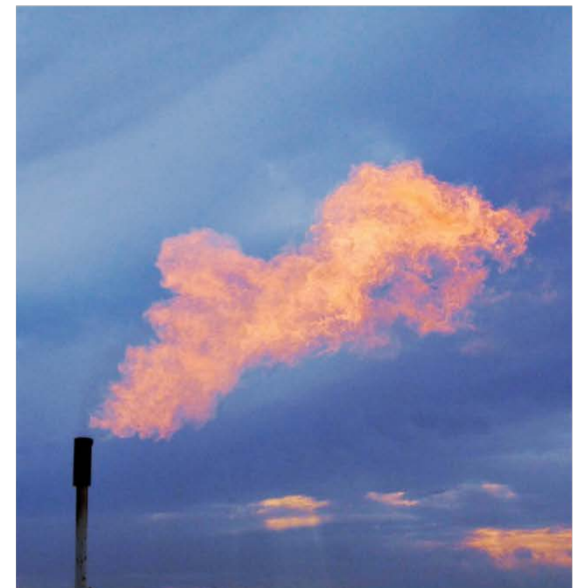
## First gas to market

- Target 2016



## Key Risk

- Enhanced gas flow rates  
via on-going operations



Selemo 1P Dec'14

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- (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation;
- (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors.

# Summary of Key Risks



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<b>Tenure risk</b>	There are conditions that Tlou must satisfy to maintain its prospecting licences in Botswana and to facilitate their conversion to mining permits. There is a risk that Tlou may not be able to satisfy these requirements.
<b>Application risk</b>	Tlou has certain prospecting licence and applications outstanding with the Botswana, Tanzania, Mozambique and Malawi governments respectively, there is a risk that Tlou may be unsuccessful in obtaining these or other future applications.
<b>Country and sovereign risk</b>	Tlou intends to carry out exploration and development activities in Botswana and may explore CBM opportunities in other southern African countries in the future. There are various in-country risks and uncertainties associated with these jurisdictions.
<b>Exploration and development risk</b>	CBM exploration and development is inherently highly speculative and involves a significant degree of risk. There can be no assurances that Tlou's planned exploration, appraisal and development activities will be successful or that it will be economic to extract any CBM resources identified.
<b>Resources risk</b>	Resource estimates are estimates only and no assurance can be given that an identified resource will ever qualify as commercially viable which can be legally and economically exploited.
<b>Commercialisation, infrastructure and contractual risk</b>	Tlou's potential future earnings, profitability, and growth are likely to be dependent upon Tlou being able to successfully implement some or all of its commercialisation plans. The ability for Tlou to do so is further dependent upon a number of factors, including matters which may be beyond the control of Tlou.
<b>Funding risk</b>	On completion of the Offer, the Company believes it will have sufficient funding to undertake its work programme up to December 2015. There is no certainty regarding the ability of Tlou to raise sufficient funds to meet its future needs or that future funding will be available on favourable terms.
<b>Operational risk</b>	CBM exploration and development activities involve operational risks including injury, death, loss and damage to property and environmental risk. Whilst the Directors of Tlou will endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, no assurance can be given that they will be successful in these endeavours.
<b>Royalties and tax risk</b>	In the event Tlou moves into CBM production, royalties will be payable in Botswana, and potentially other regions, and may be payable in other jurisdictions. Further, taxes are will be payable in those jurisdictions. Any change to the royalties or tax rates in countries in which Tlou operates may have a material adverse impact on the Company.
<b>Availability of drilling equipment and personnel risk</b>	Tlou's exploration and development activities are dependent on the availability of drilling rigs and related equipment in the area of its exploration permits. There is a risk that Tlou will be unable to secure appropriate drilling equipment and appropriately qualified and experienced personnel either at all or on acceptable terms.
<b>Reliance on key personnel risk</b>	The Company is reliant on its senior management and key personnel. There is a risk that Tlou may not be able to retain or hire all necessary personnel. Although key personnel have considerable experience and have previously been successful in their CBM project pursuits, there is no guarantee that they will be successful in their objectives in the future.
<b>Other operational risks</b>	Tlou is also exposed to further operational specific risks including: competition; limited operational history in southern Africa; reliance on relationships and alliances; dealings with occupants and owners of land; weather & wildfire; joint venture and farm-in risks.
<b>General risks</b>	Tlou is also subject to more general risks including: share market volatility; volatility in market price for CBM; legal risks; insurance risk; risk from previous exploration and mining; regulatory and litigation risk; industrial relations risk; and environment and Government approval risk.

# Thank You



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