



TLOU ENERGY

Corporate presentation

June 2015

Disclaimer



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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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Competent Person Statement

The gas resource estimates for the Lesedi CBM Project provided in this statement (refer slide 4 and 26) 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.

About Tlou Energy



TLOU ENERGY

- ❖ ASX Listed (TOU.AX)
- ❖ Mkt Cap ~AUD \$30m
- ❖ Most advanced gas company in Botswana
- ❖ Led by Tony Gilby;
 - Pioneer in Queensland's CBM industry
 - Co-founded and led Sunshine Gas Limited (formerly ASX listed)
 - Proved +1,000PJ of CBM reserves
 - Sold to QGC/BG for ~ A\$1.1 billion
- ❖ Strategically located in the Southern African market which is experiencing a severe energy crisis
- ❖ Positioned to replace existing expensive diesel-fired power in Botswana with clean, locally produced CBM and participate in new power projects for local and export markets
- ❖ Potential for high gas prices coupled with a relatively low cost operating environment
- ❖ Signed Co-operation agreement – CNG Holdings – March 2015, for supply of compressed natural gas to off-takers
- ❖ Signed Co-operation agreement – GE and IK Holdings – April 2015, sharing of infrastructure and delivery of gas to power stations in Botswana
- ❖ Targeting first gas sales in 2016
- ❖ Raised \$5.5m in June 2015

Key Information



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Botswana CBM Project

- ~8,300km²
- 100% owned

Certified Contingent Resources

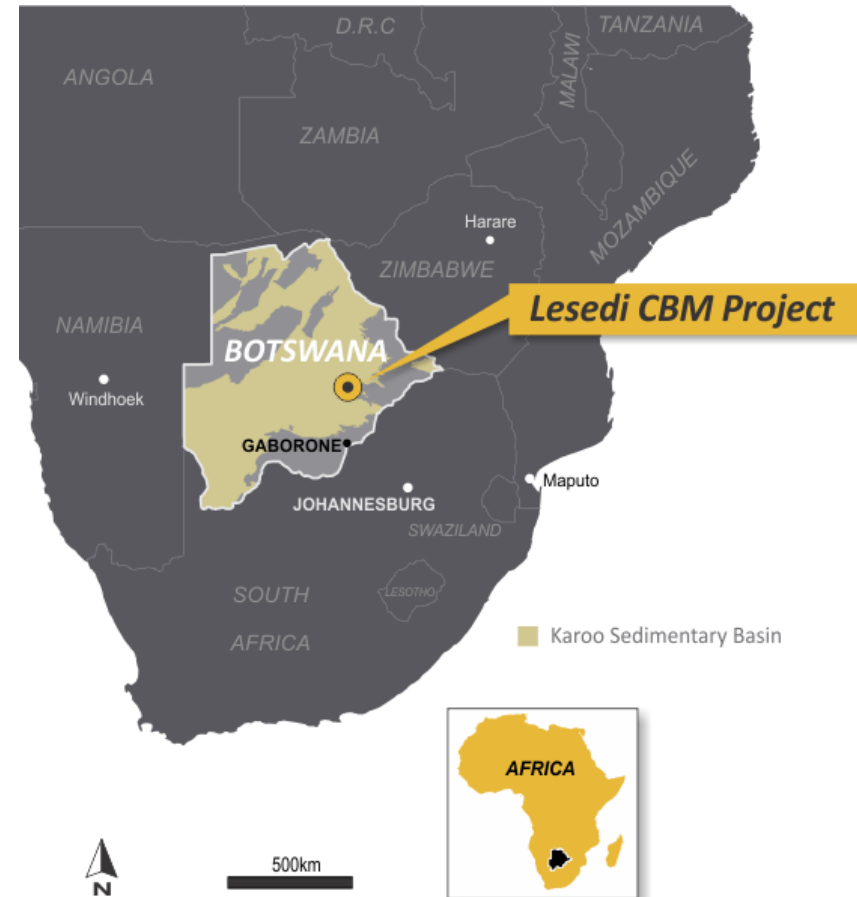
- 4.9 BCF (1C)
- 239 BCF (2C)
- 3,295 BCF (3C)

Significant market opportunity

- Botswana's most advanced project
- High energy demand, supply shortfall

Location

- Strategically located next to largest energy market in Southern Africa
- Stable economy



Experienced Team



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Board of Directors

Nathan Mitchell – Chairman

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

Anthony (Tony) Gilby – MD & CEO

- Geologist with 29 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

- 14 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 26 years operational experience
- Operational and geological experience
- Australia, PNG, Indonesia, Brazil and Africa

David Mompoti – Project Development Officer

- Commercial and project management credentials
- Over 9 years experience with Botswana entities
- Key liaison with local stakeholders



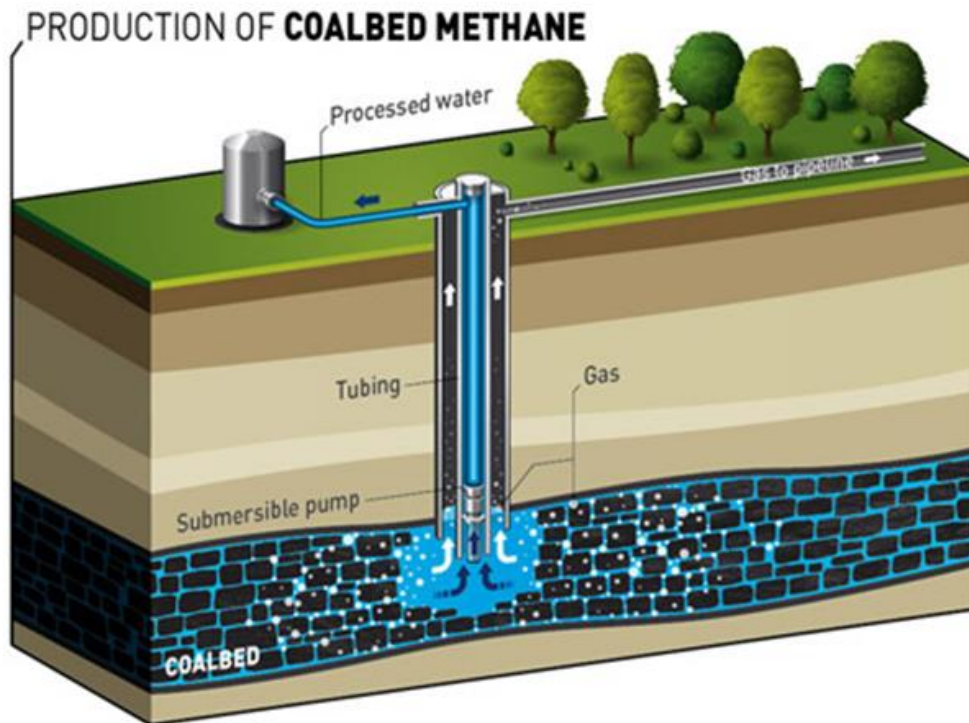
Field Personnel

Coal Bed Methane (CBM)



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- ❖ CBM is chemically identical to other sources of gas but is produced by non-conventional methods
- ❖ CBM is extracted from coal seams rather than from sandstone reservoirs
- ❖ The main component of natural gas is methane
- ❖ CBM is produced by drilling into and then along coal seams, initially releasing water and then natural gas. The gas is collected at the surface, processed and used for generation, LNG, etc
- ❖ CBM is typically found at depths of 400m-1,000m enabling lower drilling costs per well in comparison to conventional gas wells
- ❖ CBM is a major gas supply source in Australia and USA
- ❖ Emerging markets notably India and Africa are now looking to “unlock” the potential of CBM due the cost advantages and energy crisis





Botswana: *An energy constrained economy in an energy constrained region.*

Supply Shortage

- Botswana – severe energy crisis
- Frequent power cuts
- Demand expected to increase by ~300MW by 2019
- Heavily reliant on expensive imported power and diesel-fired and co-fired generation
- Imported supply is non-firm and unreliable

Opportunity

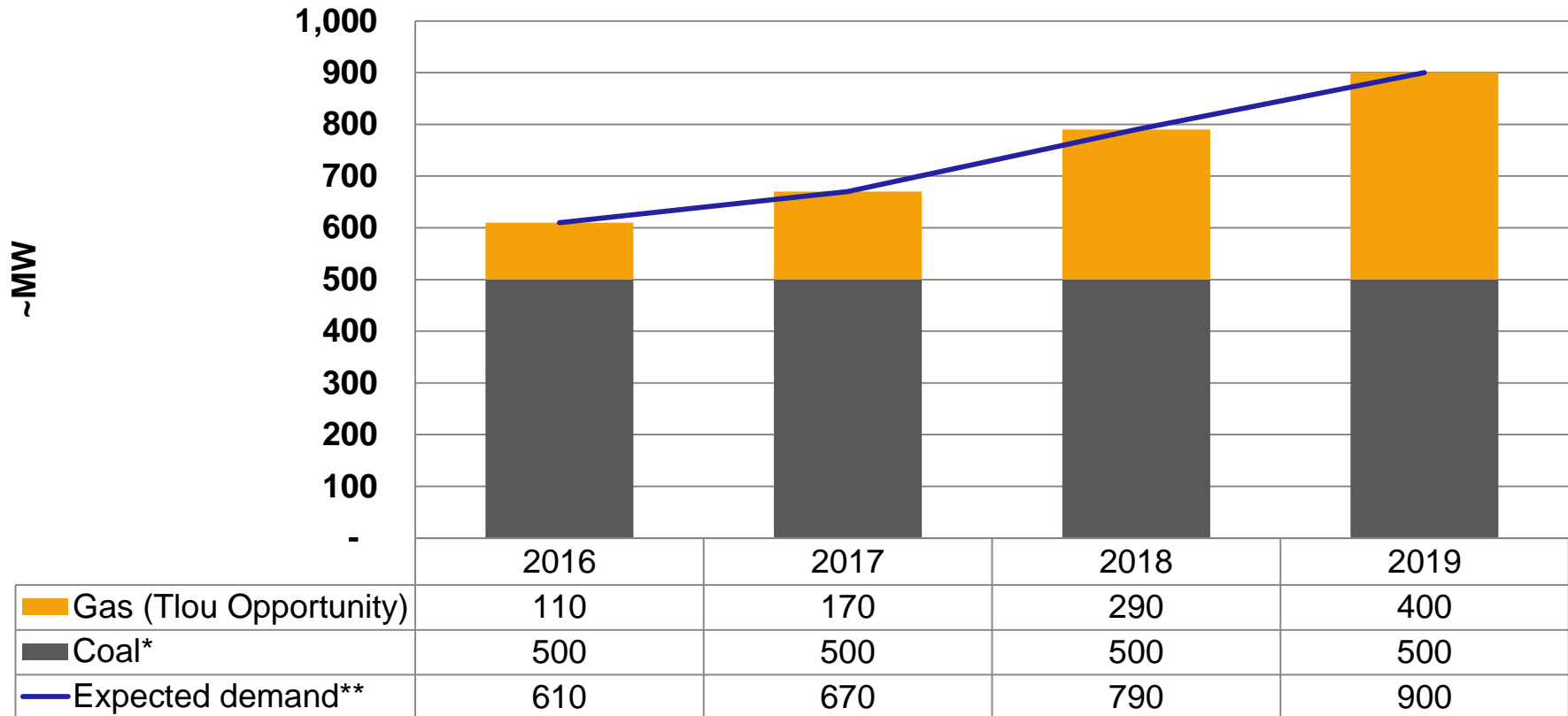
- Commercialise the significant indigenous resource
- Provide business with clean and secure energy solutions independent of the grid
- Replace ~200 MW of imported power
- Replace ~195 MW of diesel-fired generation
- Mitigate expected future supply short fall in South African region
- Export gas/power

Market opportunity – Botswana



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Botswana - Predicted Power Supply & Demand to 2019



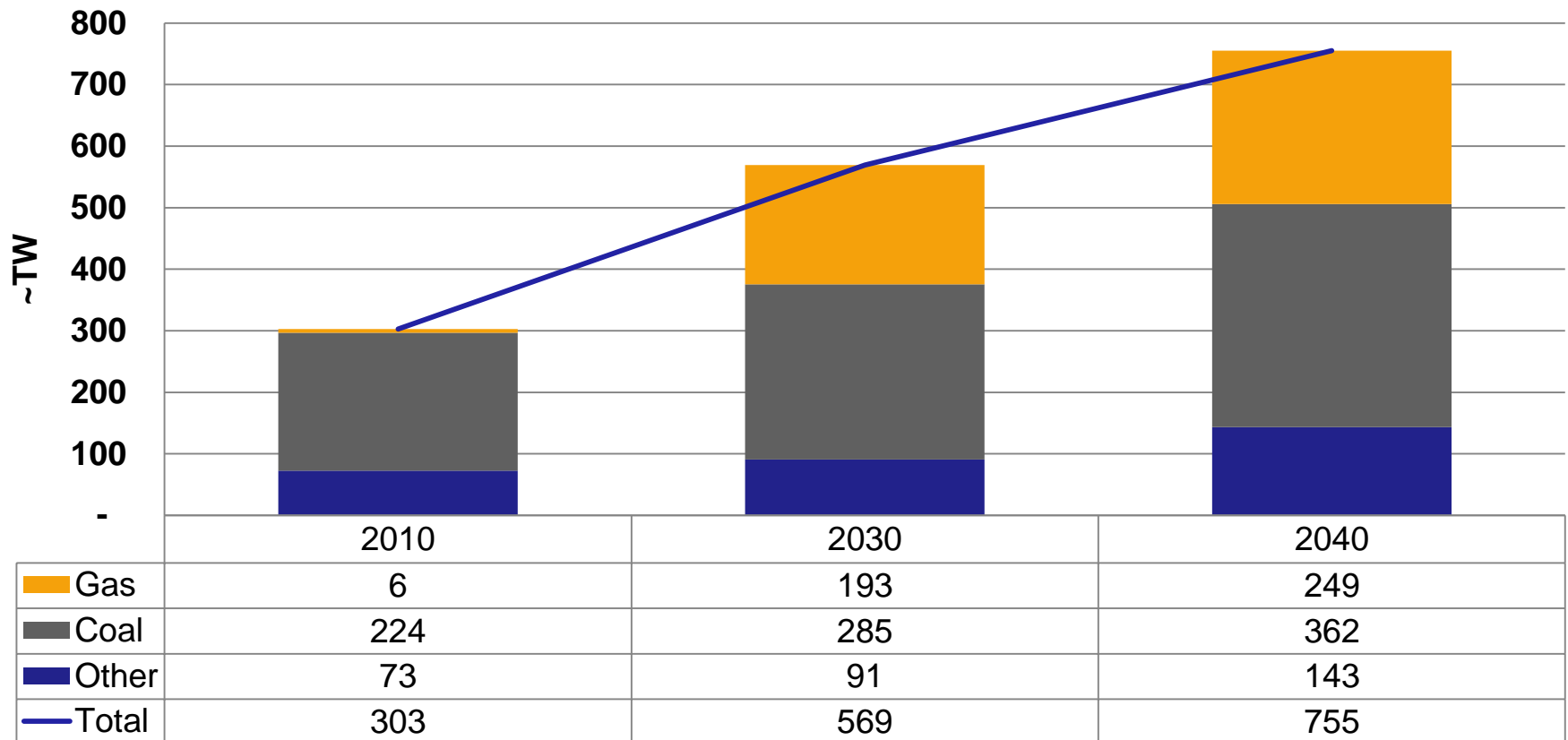
Immediate opportunity to replace imported power and current diesel usage

*Morupule B coal-fired power station requires significant refurbishment. It is currently unable to produce to its proposed 600MW capacity. If refurbishment is successful the output to the grid will remain below capacity due to power used to run the station and ongoing maintenance. For the purpose of the graph it is assumed that coal generation will remain at 500MW p.a.

**Expected demand is based on information provided by the Botswana Ministry of Minerals, Energy and Water Resources.



Projected regional energy demand by source



Regional demand is virtually unlimited.

Gas requirements are estimated to increase from supplying ~6TW of power to ~193TW by 2030.

Timeline – Commercial opportunities



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Near Term

- Supply industrial users (diamond mines) located close to project (*1-5 MW, ~12 months*)
- Develop a gas to power project to feed additional power to the BPC grid to alleviate Botswana's current power crisis (*1-2 Years*)

Medium Term

- Replace expensive imported and diesel fired power with gas
- Pursuing agreements with the Botswana Government to supply 90MW Orapa power station. Currently diesel fired, Government objective to convert to gas at the earliest opportunity (*~2 years*)

Long Term

- Develop scalable gas to power generation facilities in Botswana (*2-4 years*)
- Gas to proposed 300MW IPP greenfield gas-fired power project (*3-5 years*)
- Provide gas to power solution to support domestic supply and the vast export power requirements to neighboring countries (*3-5 Years*)

Gas Price – Diesel replacement



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- ❖ Diesel generation accounts of over 150 MW of current domestic supply
- ❖ Currently **no viable alternative** to generate power
- ❖ Landlocked country with no fuel pipelines. **All fuel imported by truck** at significant expense
- ❖ Government looking to replace this with a local source
- ❖ Immediate cost savings and **significant balance of payment, social impact upside**
- ❖ Current diesel price estimated to be **in excess of USD \$25** per GJ
- ❖ Industrial users (incl. diamond miners) paying well in excess of this
- ❖ Estimated annual fuel cost for the 90 MW Orapa plant at USD \$25 per GJ is **~USD \$182m**



Pilot Project

- ❖ 1MW – 10MW project
- ❖ Connect to off-taker
- ❖ Uses otherwise flared gas
- ❖ Industrial users (Diamond mines)
- ❖ Gas compressed at well-site
- ❖ Replace diesel generation
- ❖ Transport CNG via truck
- ❖ Potential grid inter-connect



Flared gas



Transport CNG



Generation

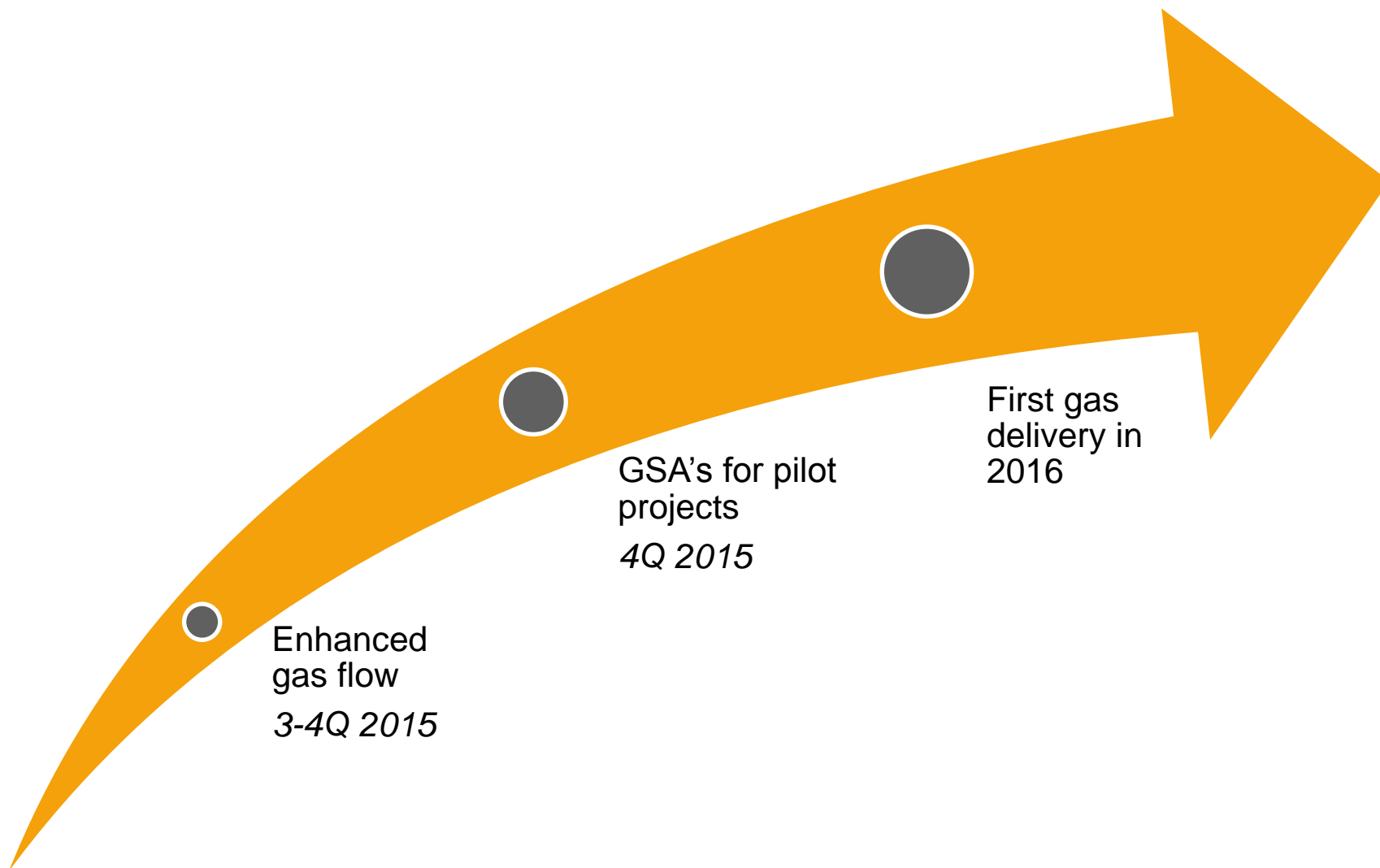


Connect to grid

Near Term Target Catalysts



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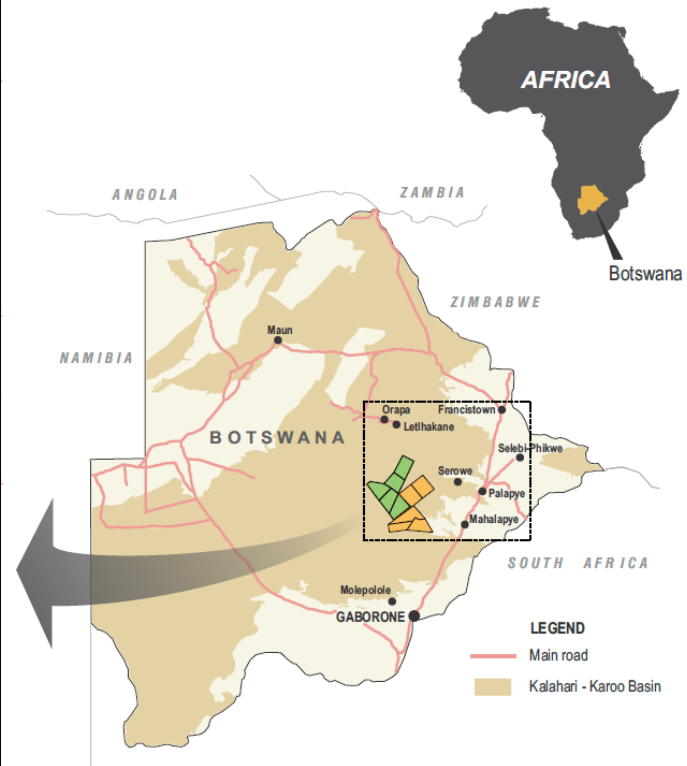
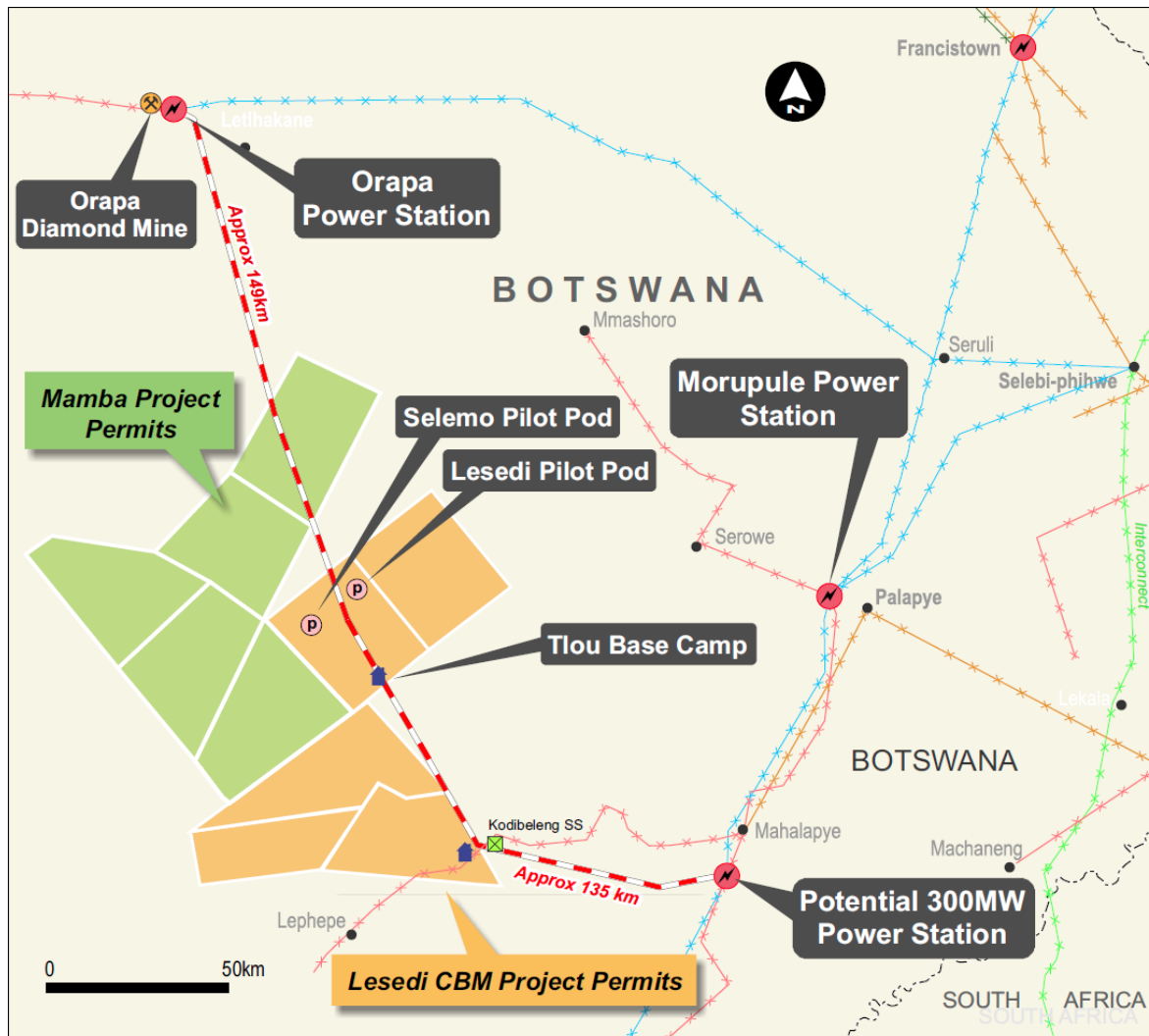


Lesedi CBM Project

Botswana CBM Project



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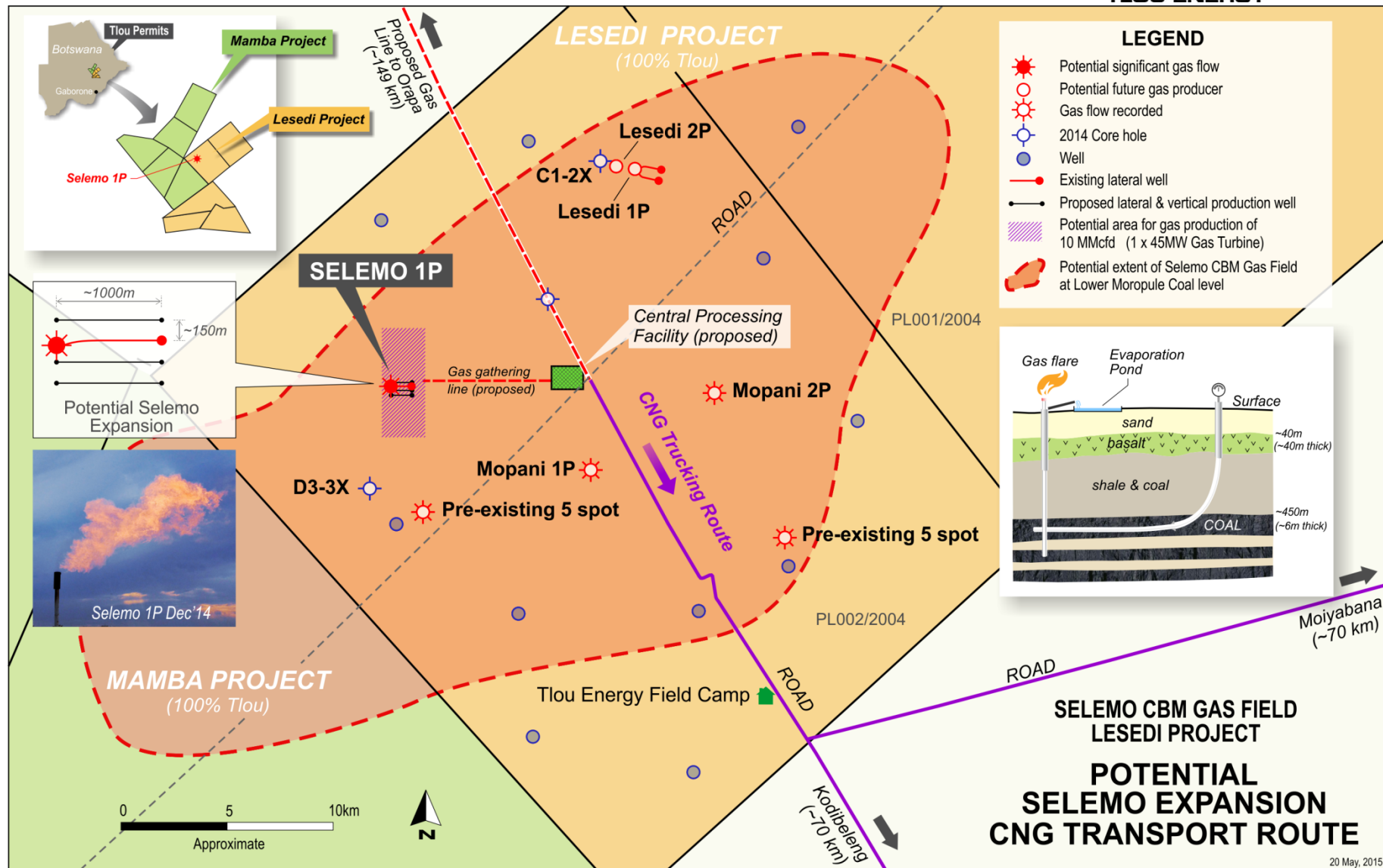
LEGEND



Lesedi Project



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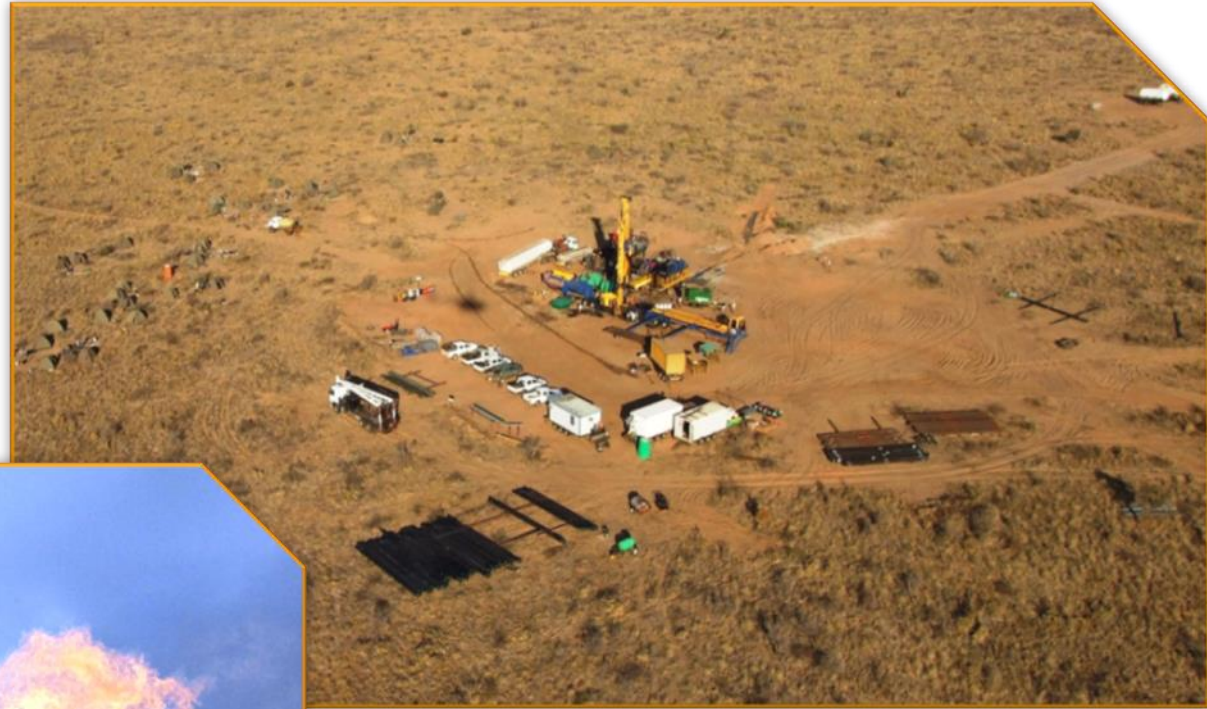
20 May, 2015

Lesedi Operations



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Aerial view of Operations
Selemo Pod



Gas flare - Selemo Pod December
2014



Technical Fundamentals

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

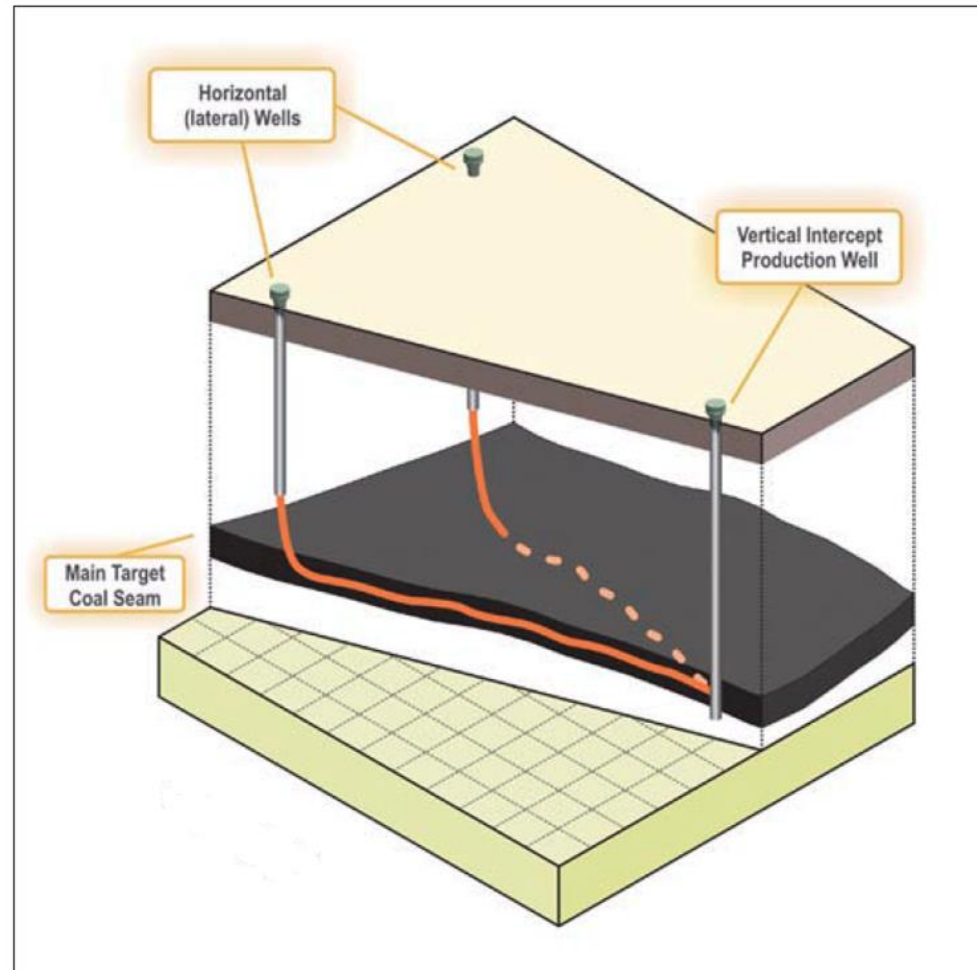


Horizontal Pilot Design



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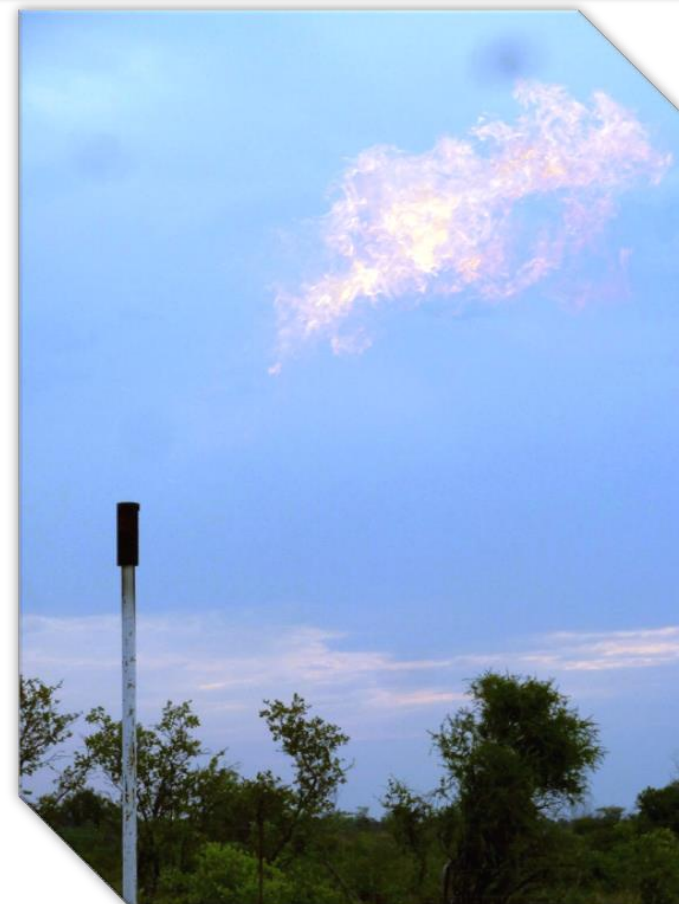
- Horizontal wells (~750m in-seam) with vertical pumping well
- Lesedi pod completed as a dual lateral
- Selemo pod completed as a single lateral
- Target Reservoir: Basal Morupule coal seam (~6m)





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



Proposed Sequence



Pilot Project up to 10MW (scalable)



Existing Orapa Power Station 90MW



Proposed Power Station 300MW



Export



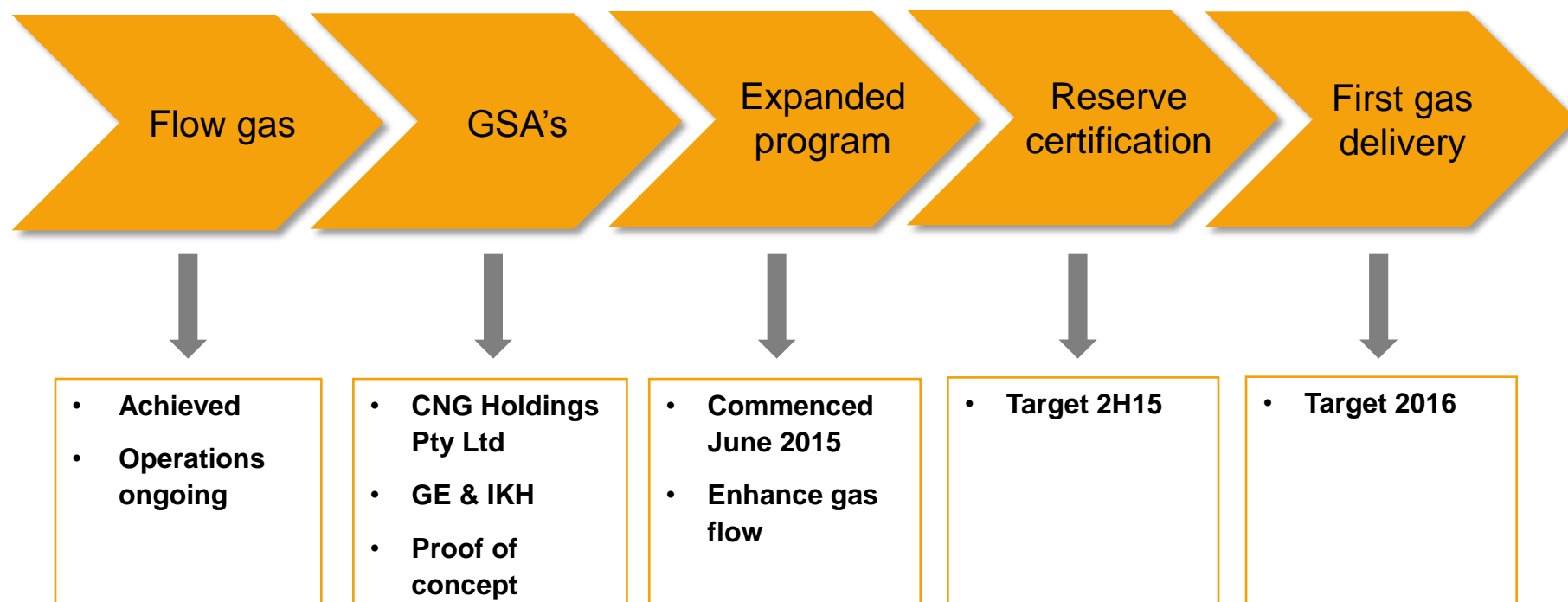
CNG Holdings Limited

- **South African Compressed Natural Gas (CNG) group**
- **Co-operation agreement signed to:**
 - supply CNG to industrial users
 - replace imported diesel and LPG
 - develop a virtual pipeline network



General Electric

- **GE is a world-leader in compression and power generation facilities**
- **Cooperation agreement for sharing of infrastructure and gas supply to:**
 - 90MW Orapa power station
 - Proposed 300MW gas-fired power project



Cash Position / 2015 Work Program



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Cash position

- Tlou closed a fully underwritten 4 for 15 Non-Renounceable Entitlement Offer to raise approximately A\$5.5 million
- Pro-forma 31 March 2015 cash balance A\$9.6m

2015 Work Program

- 2015 work program at the Lesedi CBM Project commenced:
 - Up to 2 single horizontal pilot pods at Selemo (flanking existing pilot well)
 - Dewatering and testing operations
 - Potential single vertical well (Selemo step-out)

Near-term Targets

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

Reserves and Contingent Resources



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Certified Contingent Resource

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

Initial Reserve Certification

- In progress
- Targeting 2H15
- Subject to:
 - Production testing results
 - Proof of concept project
 - GSA

Certified Resource Statement

Category	OGIP ⁽¹⁾ (BCF)	Unrisked Gross (100 Percent) (BCF)	Unrisked Net (100 Percent) (BCF)
Contingent Resources			
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
Prospective Resources⁽²⁾			
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.



OVERVIEW

- The most advanced gas company in Botswana
- Flowed gas at potentially commercial rates
- 8,300 km² 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



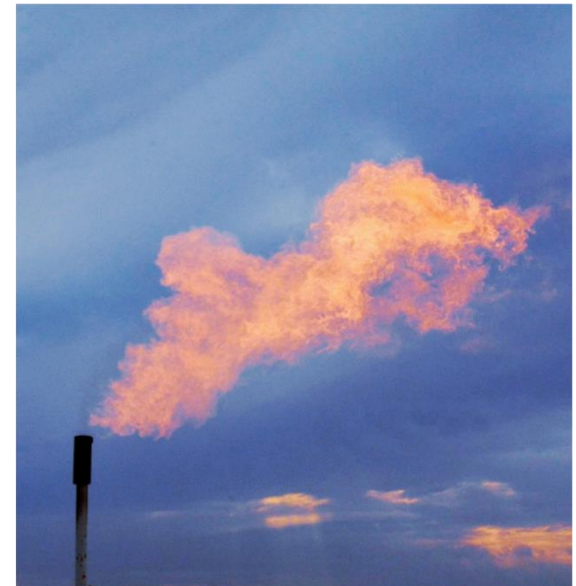
First gas to market

- Target 2016



Key Risk

- Enhanced gas flow rates
via on-going operations



Selemo 1P Dec'14

Thank You



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