



**TLOU ENERGY**

**“Gas to Power  
in Botswana”**

**Admission to AIM and Placing of  
ordinary shares**

October 2015

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## COMPETENT PERSONS STATEMENT

The gas resource estimates for the Lesedi CBM Project provided in this statement (refer slide 21) 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.

# Transaction Overview



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- Target Listing on AIM – 30 November 2015
- General Meeting required to approve placing
- Placing minimum of £1.2m (A\$2.6m), up to £1.5m (A\$3.2m)
- Current cash ~ A\$2.2m (£1.0m)
- Use of funds (based on minimum raise and current cash):
  - Gas production testing and field operations £0.7m
  - Reserves certification & EIA approval £0.2m
  - General & administrative £1.0m
  - Transaction costs and working capital £0.4m
- Placing Price – UK Placing 6.5 pence per Share; Australian Placing A\$0.14 per Share
- Current issued share capital 187m ordinary shares
- Issued share capital (post raise) of ~205.6m (based on minimum raising / Market cap ~ \$29m (£14m))
- Following AIM Admission, Tlou ordinary shares will be fully fungible between the ASX and AIM exchanges



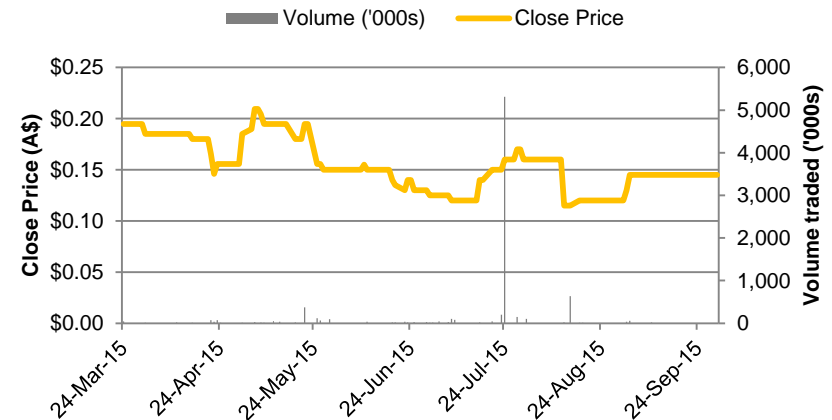
# Company Snapshot



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- ASX Listed (Ticker TOU)
- 8,300km<sup>2</sup> CBM permits in Botswana
- Energy deficit in Botswana and wider Southern Africa region
- Focused on commercialising gas in 2016
- CEO (9.5%) and Chairman (8.9%) are the largest shareholders
- Current issued shares 187m (ordinary shares)
- Options 10.6m unlisted \$0.625, expiring 30/4/16
- Key news flow in next 12 months with re-rating events

## ASX Trading – last 6 months



Source: IRESS

## Significant Shareholders

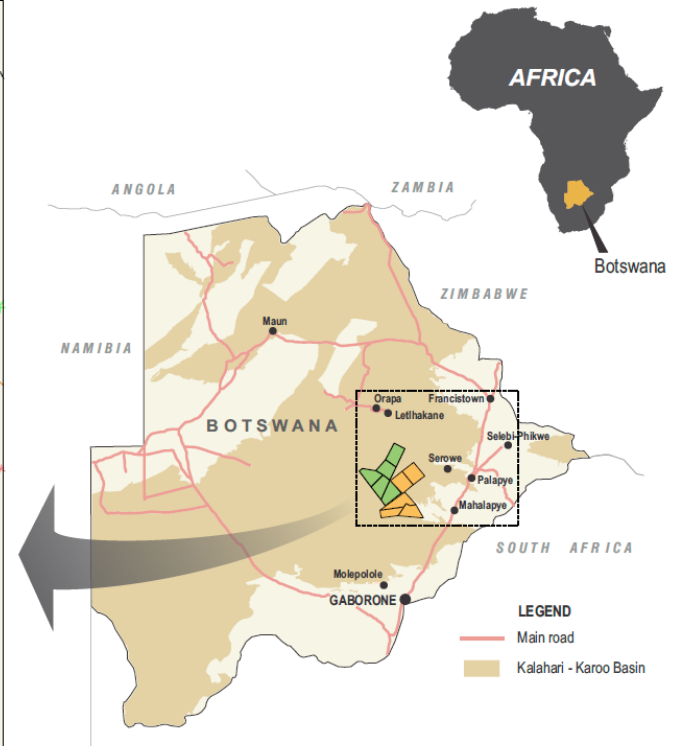
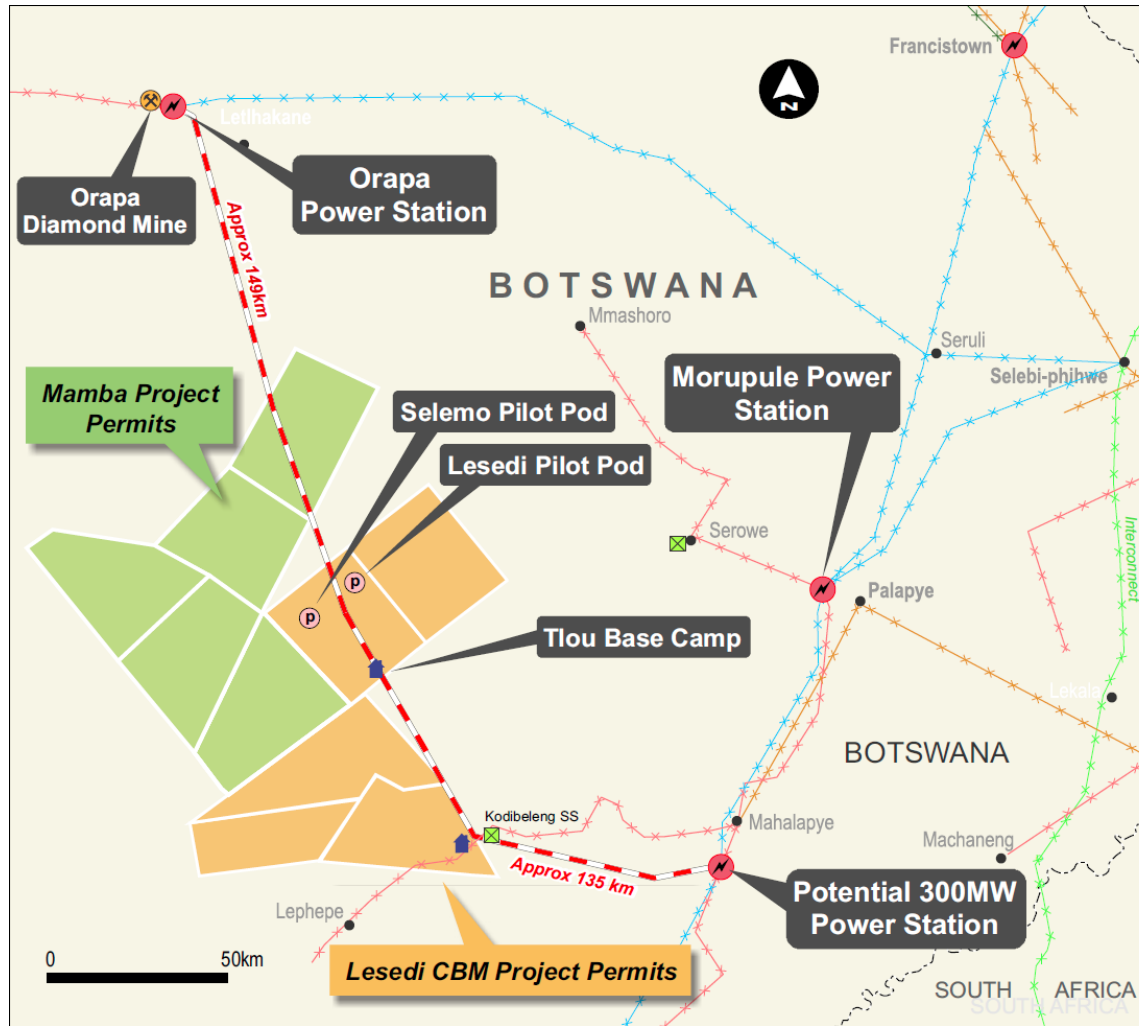
#	Beneficial Holder	Shares (m)	% ISC
1	Anthony (Tony) Gilby	17.8	9.51
2	Nathan Mitchell	16.7	8.92
3	Talon Metals Corp	14.3	7.63
4	Acorn Capital Limited	10.6	5.64
5	Kinetic Investment Partners	9.4	5.01

Source: Company

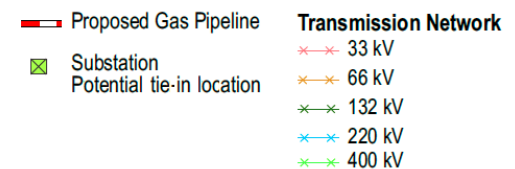
# Botswana CBM Project



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## LEGEND



# Management Team



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## Executive Board



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

- Geologist with >30 years industry experience
- Co-founder of a number of CBM companies including Sunshine Gas
- Previous technical roles for ESSO & Exxon
- Took Sunshine Gas from small CBM explorer to certified 3P gas reserves >1,000PJ's
- Led takeover of Sunshine Gas by QGC (BG) in 2008 for A\$1.1bn



### **Gabaake Gabaake – Exec Director**

- Geologist and former Botswana Permanent Secretary, Minerals Energy & Water
- Strong government and industry relationships
- Past director of a number of international resource companies including Debswana, De Beers and DTC

## NED's & Management



### **Nathan Mitchell – Chairman**

- 25 years in resource exploration and drilling
- Pioneer of CBM drilling techniques and as CEO of Mitchell Drilling operated 30 drilling rigs and drilled over 300 surface to in-seam CBM wells
- Chairman of ASX listed Mitchell Services Limited



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

- 14 years experience in finance and mining services
- Formerly with PwC
- Current CFO of the Workpac group



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

- Geologist with >30 years operational experience with oil and gas and CBM exploration companies
- Previous technical roles including Delhi, Esso, MIM
- Experience in geological and drilling management
- Operated in many remote locations including Australia, PNG, Indonesia, Brazil and Africa



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

- Commercial and project management credentials
- Over 10 years experience with Botswana entities
- Key liaison with local stakeholders





- The founders of Tlou were pioneers of the CBM industry in Queensland
- Tony Gilby developed ASX-listed Sunshine Gas from a small exploration company to its eventual takeover by QGC (BG) in 2008
- Nathan Mitchell, CEO of Mitchell Drilling, pioneered Surface to In-Seam drilling and drilled over 300 "SIS" wells, maximising returns for CBM projects in Queensland and internationally. In 2008 Nathan oversaw the sale of Mitchell Drilling's Australian operations to Lucas Coal Technologies for A\$150m
- Sunshine Gas was established in 2001 and within 5 years developed more than 1000 BCF of 3P Reserves
- CBM now provides 11% of gas production in Australia (volumes will grow significantly as Gladstone LNG projects reach full capacity)
- The Queensland CBM sector is now controlled by majors including BG, Origin Energy, Santos and Shell; the majors acquired most of the independent companies from 2008 for export LNG markets
- The Queensland CBM industry has experienced significant growth in recent years with gas production of 269 BCF in 2014 (from 2 BCF in 1998)



Company	Country	Type	Stage	EV	2P + 2C resources	EV to 2P+2C
				US\$m	Bcf	US\$/Bcf
Green Dragon Gas	China	CBM	Production	699.7	446.8	1.57
Wentworth Resources	Tanzania	Conventional	Development	90.7	95.5	0.95
Aminex	Tanzania	Conventional	Development	53.1	68.9	0.77
Victoria Oil & Gas	Cameroon	Conventional	Production	85.2	137.7	0.62
Great Eastern Energy	India	CBM	Production	146.8	717.0	0.20
Tlou Energy	Botswana	CBM	Pre-development	14.1	239.1	0.06
Sunbird Energy	South Africa	Conventional	Pre-development	7.2	410.0	0.02
Average				156.7	302.1	0.52
CBM average				286.9	467.6	0.61
Africa average				59.0	178.0	0.33

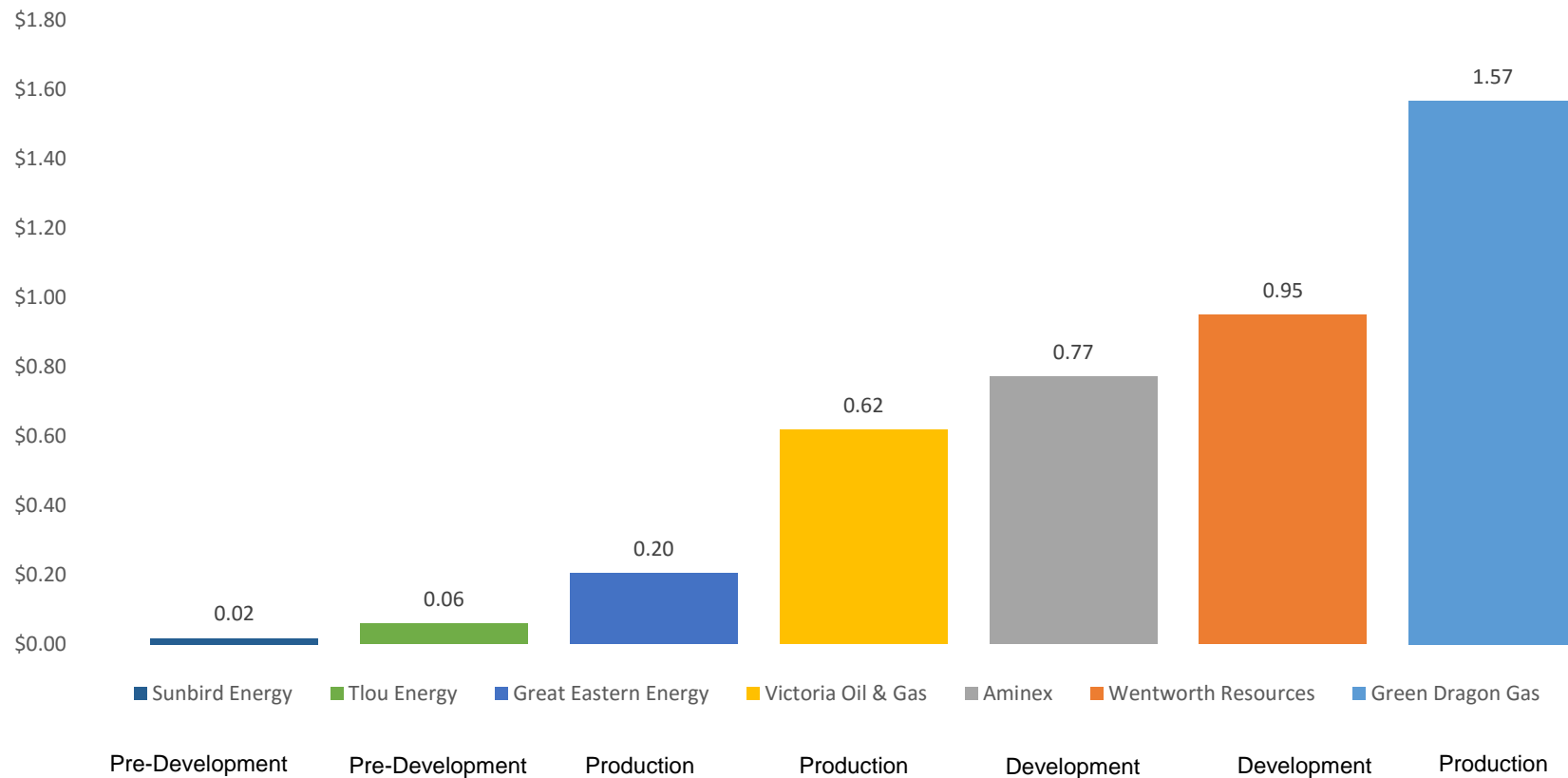
Source: Brandon Hill Research (1 October 2015)

# Valuation & Risk



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## US \$ EV/ 2P+2C Resources AIM Listed Gas

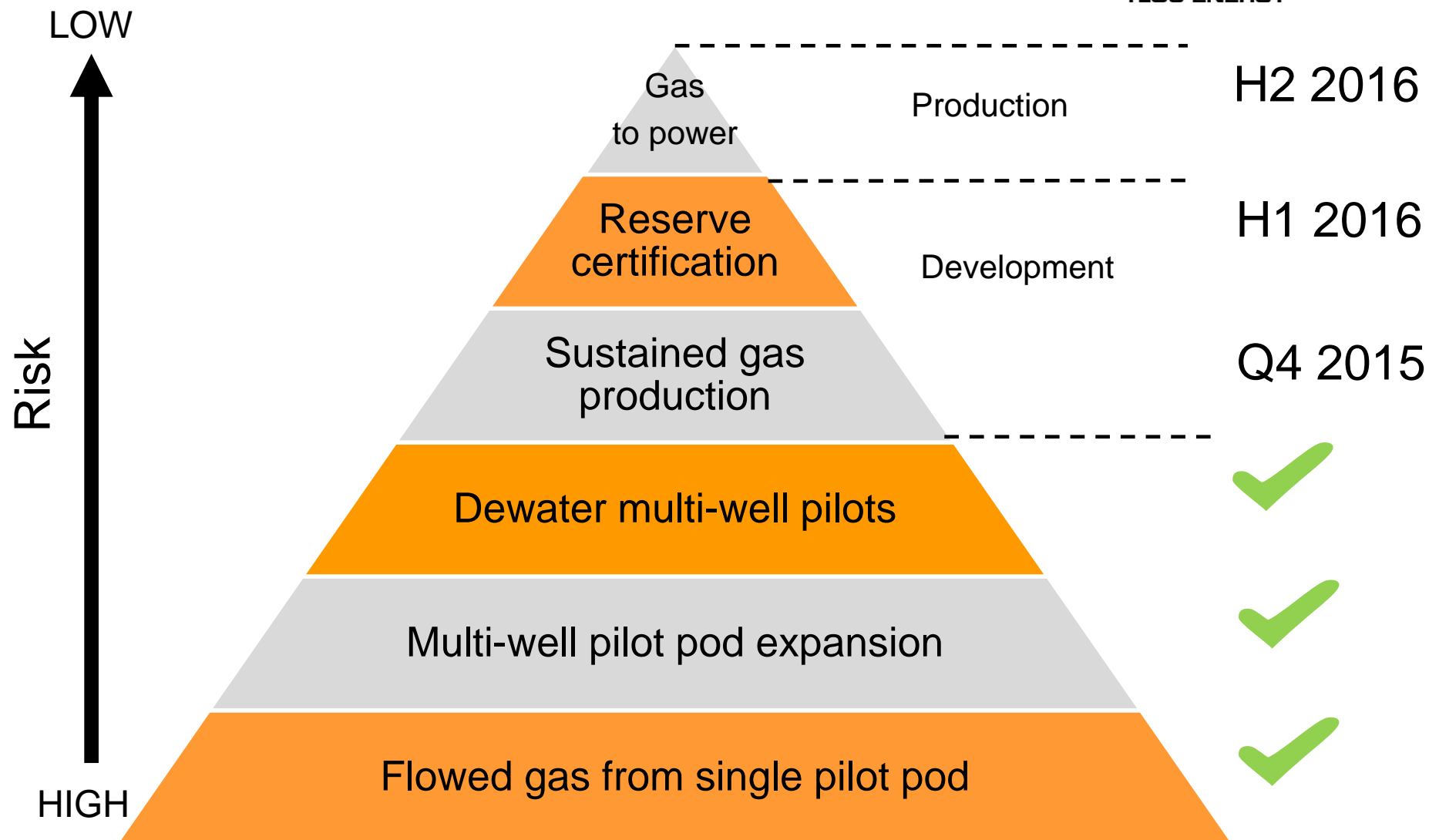


Source: Brandon Hill Research (1 October 2015)

# Key Steps to Unlock Value



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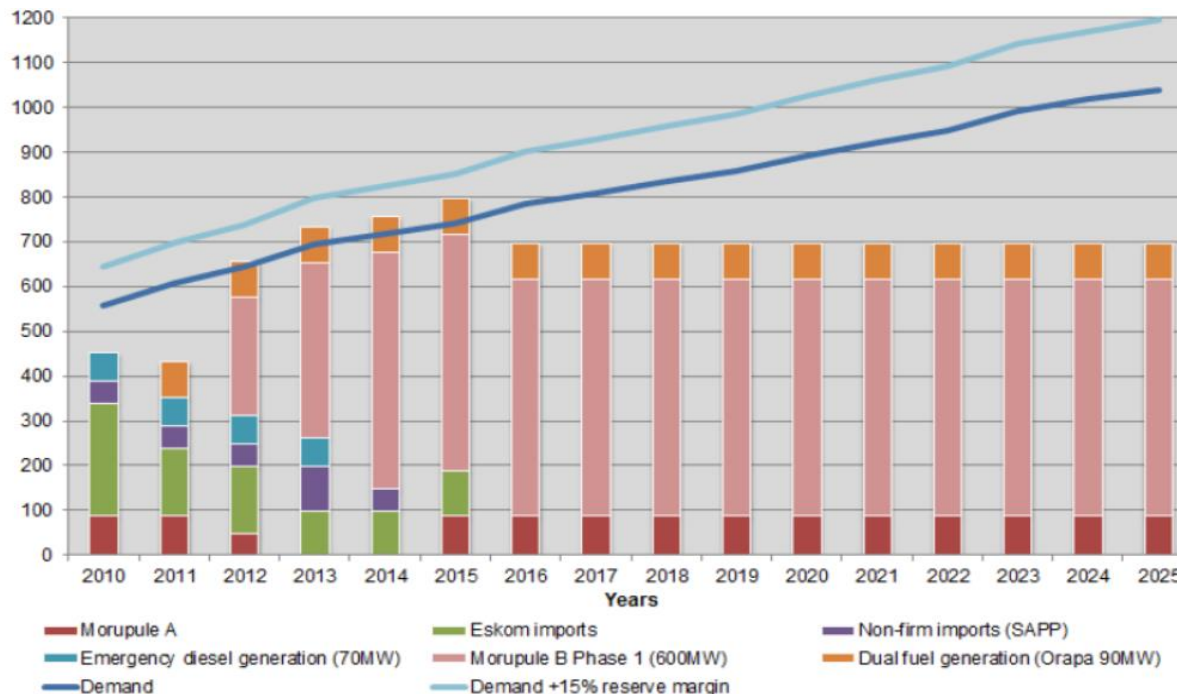
# **Market & Commercialisation**



# Electricity Supply & Demand



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Source: Norconsult Market Report, 2013

- Botswana is looking to increase the supply of power from the Morupule B power station commissioned in 2013
- Morupule B consists of 4x132 MW units of net capacity at a cost of P11 billion (>US1 billion); only 2 units are currently in operation at a reduced capacity of ~200MW
- Greater reliance is placed on non-firm imports and ongoing diesel generation
- Morupule B requires short term remediation to bring all units online and major longer term refurbishment to reach full capacity

# Investment Proposition



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- ✓ Tlou provides the entry point into the most advanced gas project in Botswana
- ✓ Botswana has a severe energy shortage and is relying on non-firm imports and diesel generation
- ✓ Tlou has an immediate and long term opportunity to provide domestic gas/power and displace the expensive diesel import market
- ✓ The Lesedi CBM Project has significant resources confirmed with updated gas flow rates to be published in Q4 2015 to progress to gas sales
- ✓ Strong interest in offtake agreements into a power hungry market
- ✓ The long term aim to is to build a mid-tier energy provider in Southern Africa

# Proposed Sales Routes



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Phase	Market	Opportunity	Strategy
1	Compressed Natural Gas (CNG)	<ul style="list-style-type: none"> <li>Off-grid power solution for mining companies (~1- 5 MW's)</li> <li>Grid-connected power supply (up to 10 MW's)</li> </ul>	<ul style="list-style-type: none"> <li>Production testing Selemo multi-well pilot pods</li> <li>Install 1MW compressed natural gas (CNG) equipment</li> <li>Convert Selemo wells and field operations to gas generation (replacing diesel at a current cost to Tlou of ~US\$0.76 per litre)</li> <li>Expand CNG facilities and equipment</li> </ul>
2	Pipeline	<ul style="list-style-type: none"> <li>Supply nearby Orapa Power Station</li> <li>Replace expensive diesel generation with cleaner CBM</li> </ul>	<ul style="list-style-type: none"> <li>Existing Orapa Power Station has 2 x 45MW diesel fired generators</li> <li>Fuel cost estimated by Norconsult in 2013 of US\$0.40/kWh)</li> </ul>
3	Power Stations	<ul style="list-style-type: none"> <li>New gas-fired generation opportunities (300 MW IPP Project)</li> </ul>	Supply growth in Botswana and regional markets

# Investor Highlights



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Most advanced  
CBM gas project  
in Botswana

Highly  
experienced  
team

A\$43m project  
investment (as  
at June 2015)

Key milestones  
to deliver  
shareholder  
value

Multiple routes  
to monetise gas

Premium gas  
price  
environment



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# Company Summary

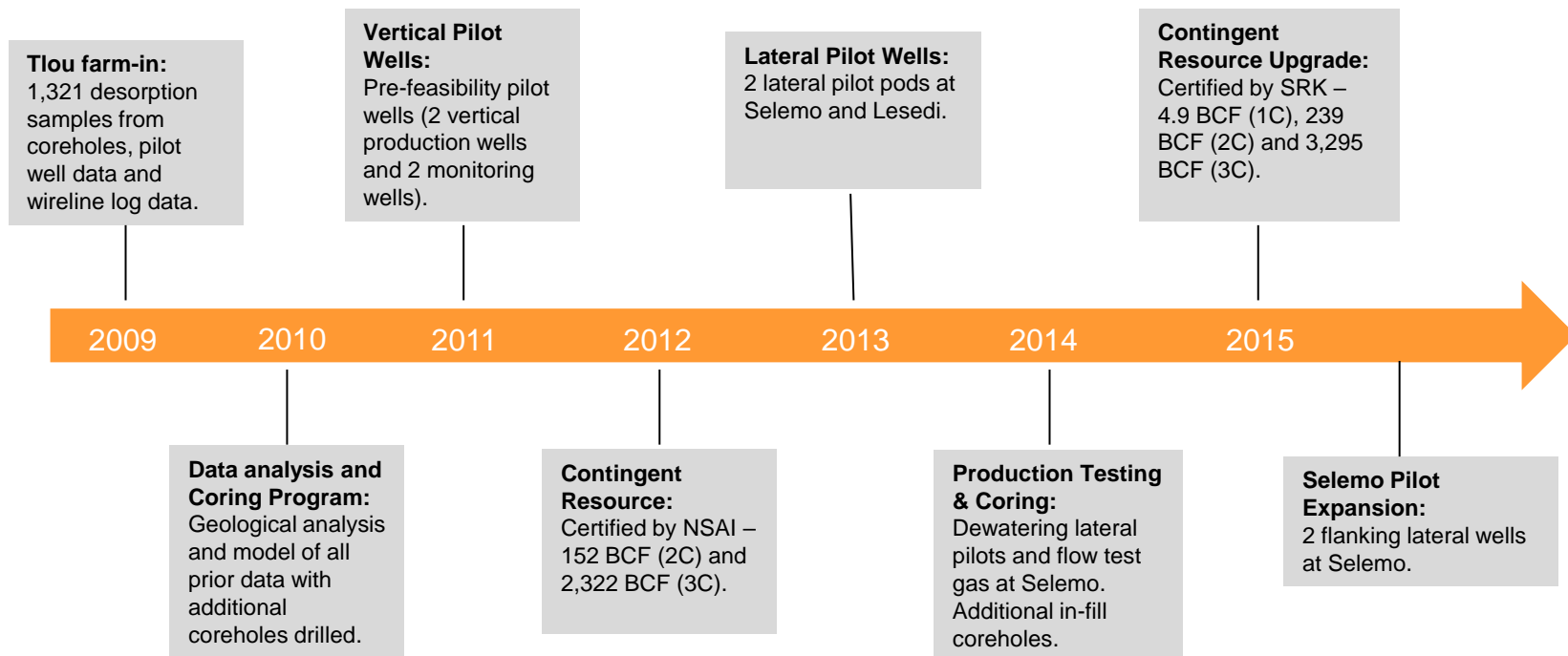


# History



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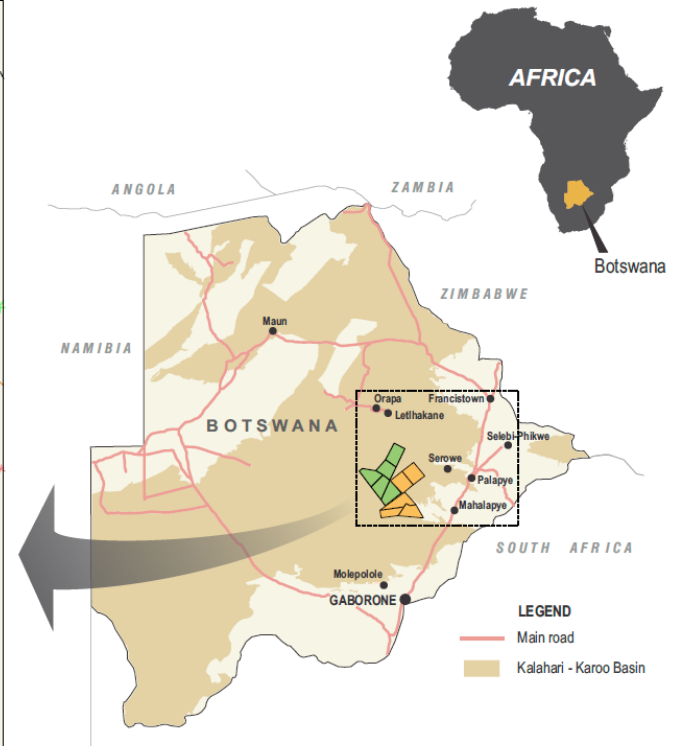
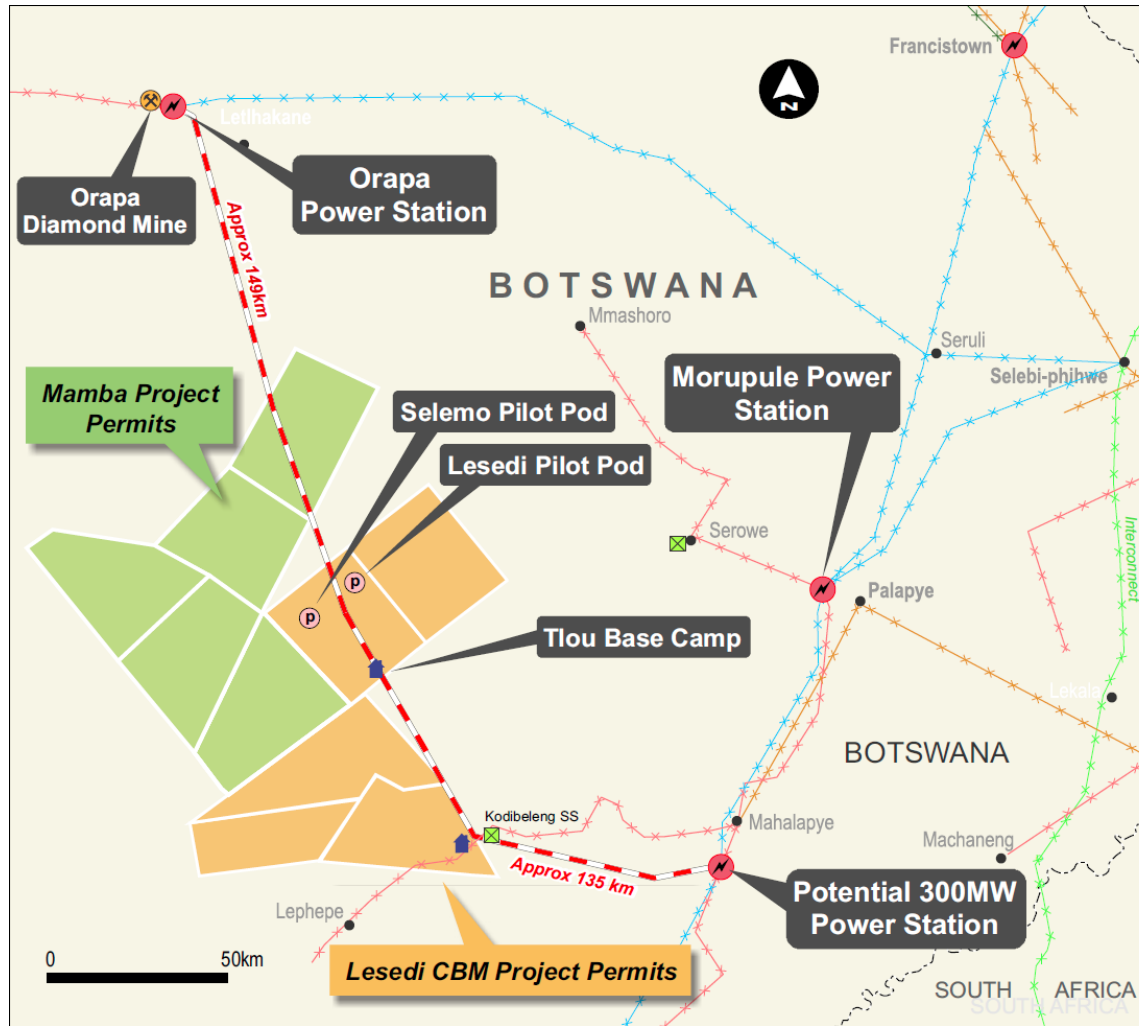
- Listed on ASX in April 2013
- A\$43m project investment as at June 2015



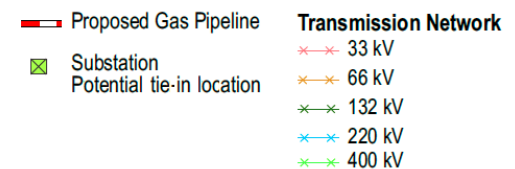
# Botswana CBM Project



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## LEGEND



# 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

- Targeting H1 2016
- Expanded Selemo Pilot program designed for initial Reserves Certification
- Subject to:
  - Sustained gas flow
  - Gas to Power
  - GSA

## Certified Resource Statement

Category	OGIP <sup>(1)</sup> (BCF)	Unrisked Gross (100 Percent) (BCF)	Unrisked Net (100 Percent) (BCF)
<b>Contingent Resources (SRK, 2015)</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> (NSAI, 2012)</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.

(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.

Source: CPR, 2015



## Technical Fundamentals

Coal depth ~260-764m

Cumulative net coal thickness (Average) 24m

Gas contents (Average) 4-6 m<sup>3</sup>/t (DAF)

Unstimulated reservoir permeability per DST ~2-5mD

Gas compositions 80-95% methane



# Lesedi Operations



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**Aerial view of Operations**  
Selemo Pod



**Gas flare - Selemo Pod** December  
2014



**Botswana**  
Gaborone

**Tlou Permits**

**Mamba Project**

**Lesedi Project**

**Selemo Field**

**Proposed Gas Line to Orapa**  
(~140 km)

**LESEDI PROJECT**  
(100% Tlou)

**Lesedi 2P**

**C1-2X**

**Lesedi 1P**

**ROAD**

**SELEMO FIELD**

**Central Processing Facility (proposed)**

**Gas gathering line (proposed)**

**Mopani 2P**

**Mopani 1P**

**D3-3X**

**Pre-existing 5 spot**

**Pre-existing 5 spot**

**CNG Trucking Route**

**ROAD**

**Tlou Energy Field Camp**

**ROAD**

**Kodibeleng**  
(~70 km)

**MOIYABANA**  
(~70 km)

**SELEMO CBM GAS FIELD**  
**LESEDI PROJECT**

**2015 SELEMO EXPANSION**  
**CNG TRANSPORT ROUTE**

**LEGEND**

- Gas flow recorded
- Potential gas producer
- 2014 Core hole
- Well
- Existing lateral well
- Future 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

**~1000m**  
**~150m**

**2015 Selemo Expansion**

**Selemo 1P Dec'14**

**MAMBA PROJECT**  
(100% Tlou)

**0 5 10km**  
**Approximate**

**N**

**Gas flare**

**Evaporation Pond**

**Surface**

**sand**

**basalt**

**shale & coal**

**COAL**

**~40m (~40m thick)**

**~450m (~6m thick)**

**10 September 2015**

# Thank You



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# Appendix

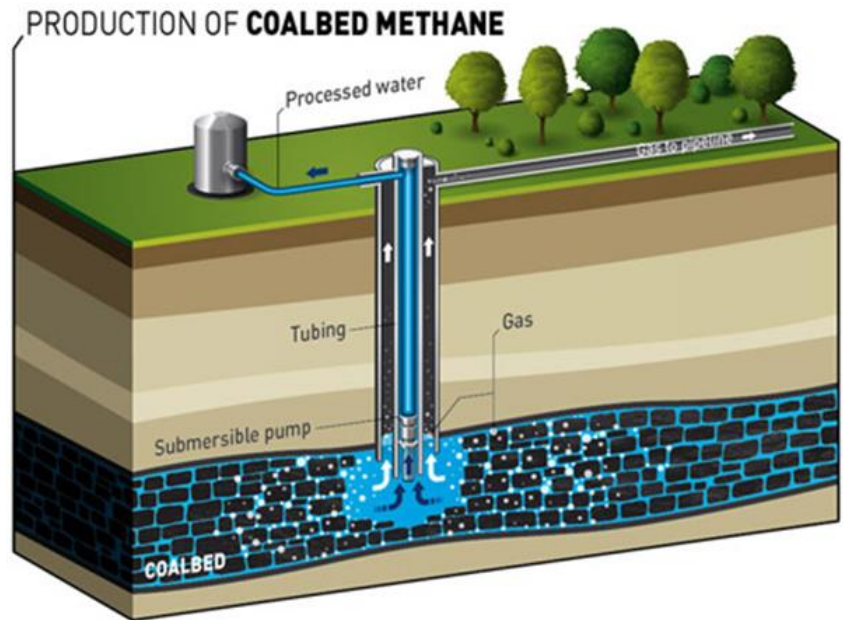


# Coal Bed Methane (CBM)



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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
- ❖ Emerging markets notably India and Africa are now looking to “unlock” the potential of CBM due the cost advantages and energy crisis



# The Global CBM Industry



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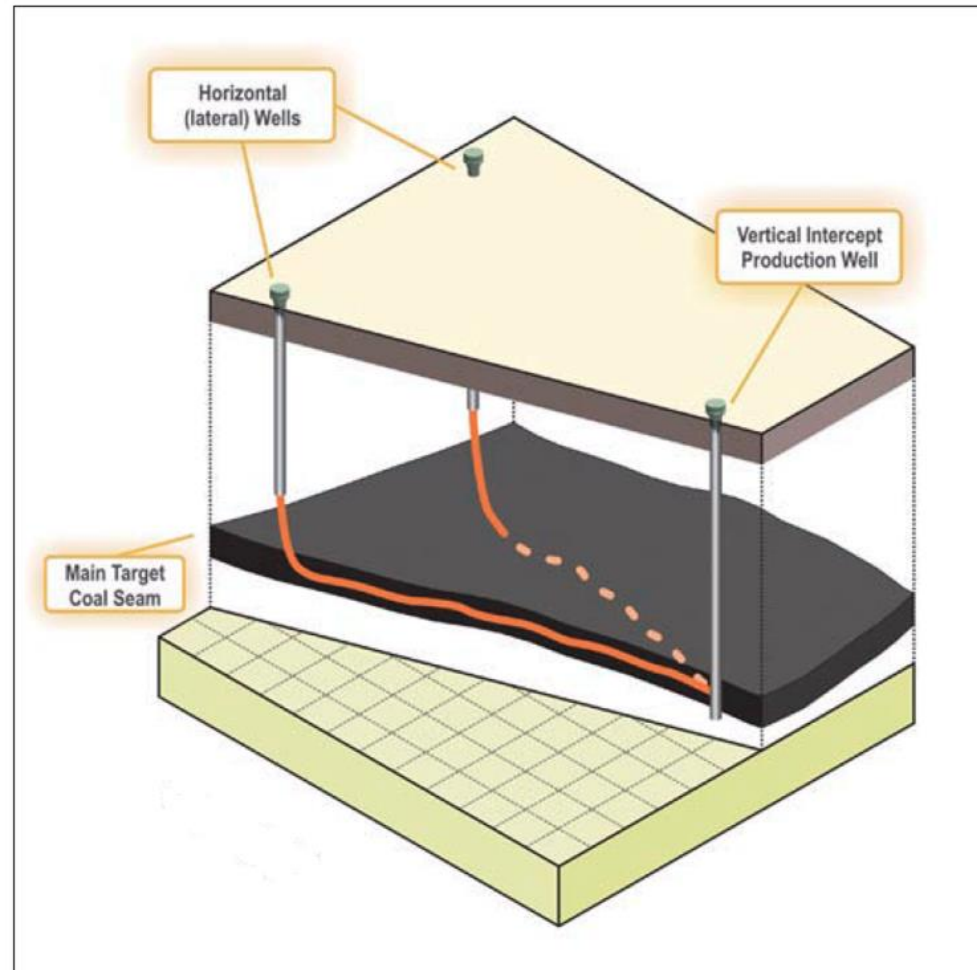


# Horizontal Pilot Design



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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)





- Stable jurisdiction
- Extensive coal resources
- Gassy coal
- Attractive operating and regulatory regime
- Major energy shortfall in the Botswana and the South Africa region
- High energy prices
- Large mining industry to power