



**TLOU ENERGY**

**Gas to Power in Botswana  
Investor Presentation Q3 2016**

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## COMPETENT PERSONS STATEMENT

The gas resource estimates for the Lesedi CBM Project provided in this statement (refer slide 11) 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.

# OVERVIEW

**Delivering gas-to-power via CBM in a market with huge demand**

- Huge market – chronic energy shortage locally & regionally
- High power price – replace expensive imported power and diesel generation
- De-risked, the most advanced CBM project in Botswana
- 8,300km<sup>2</sup> licence area, contingent resources in place
- Gas flared, reserves expected 2016
- 50MW project, approved by Botswana Government
- Experienced team

MARKET	ASX / AIM
EPIC	TOU/ TLOU
SHARES IN ISSUE	206M
MARKET CAP <small>(30-June-16)</small>	GBP - £8M AUD - \$14M
NOMAD	GRANT THORNTON
JOINT BROKERS	BRANDON HILL CAPITAL  OPTIVA SECURITIES LIMITED

# STRONG TRACK RECORD

Led by an experienced team including a pioneer of CBM in Queensland

**Anthony (Tony) Gilby**

**MD & CEO**

- Geologist with >30 years industry experience
- Co-founder of a number of CBM companies
- Previous technical roles for ESSO & Exxon
- Led takeover of Sunshine Gas by QGC (BG) in 2008 for A\$1.1bn

**Gabaake Gabaake**

**Executive Director**

- Geologist and former Botswana Permanent Secretary, Minerals Energy & Water
- Very strong government and industry relationships
- Former director of international resource companies including Debswana, De Beers and DTC

**Martin McIver**

**Chairman**

- 14+ years experience in finance and mining services
- Formerly with PwC
- Current General Manager – Services of the WorkPac group

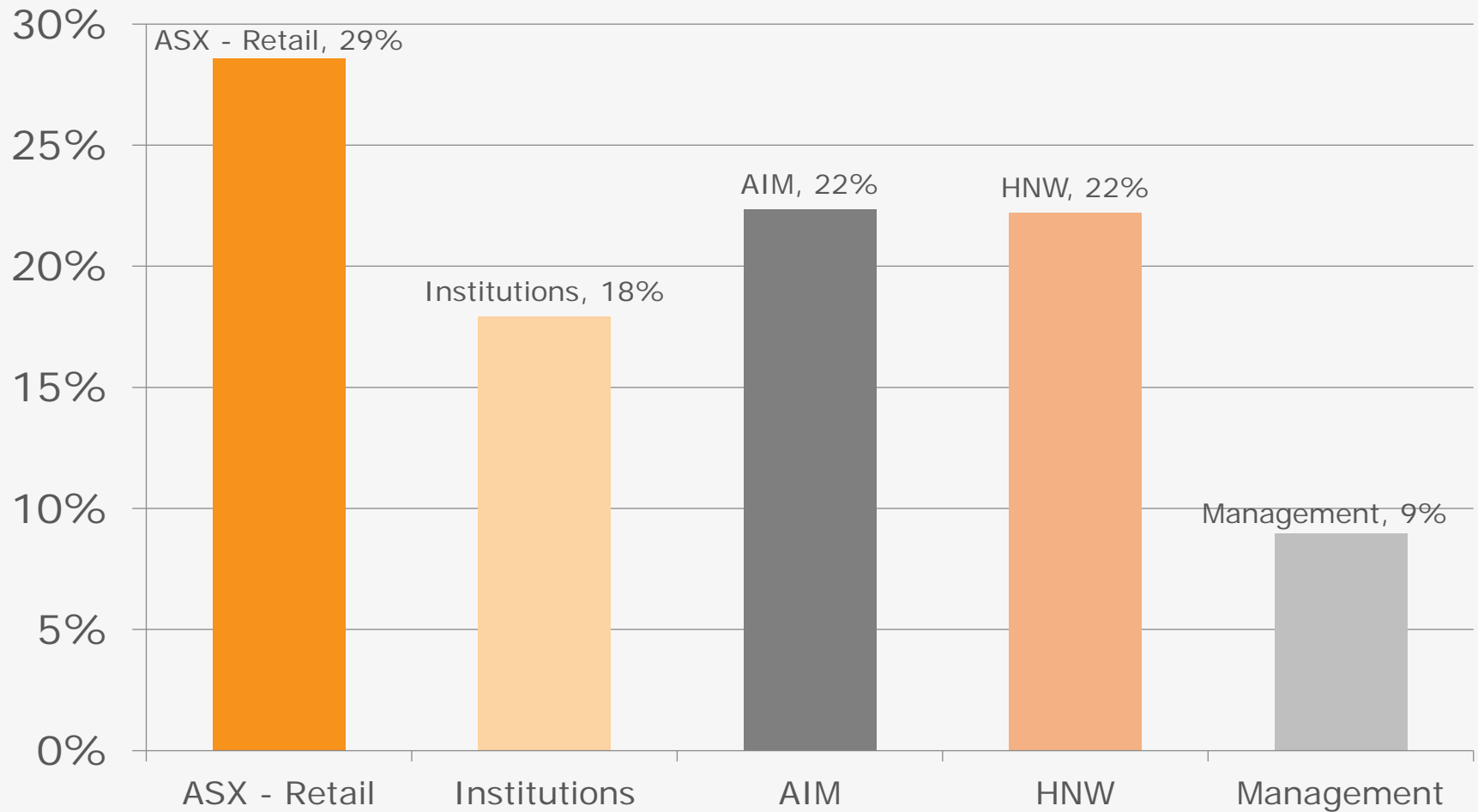
**Colm Cloonan**

**Finance Director**

- Accountant (FCCA) with over 17 years' experience
- Worked in various industries including power generation in Australia
- In-depth company knowledge having served in various roles, including CFO, since 2009

# SHARE REGISTER

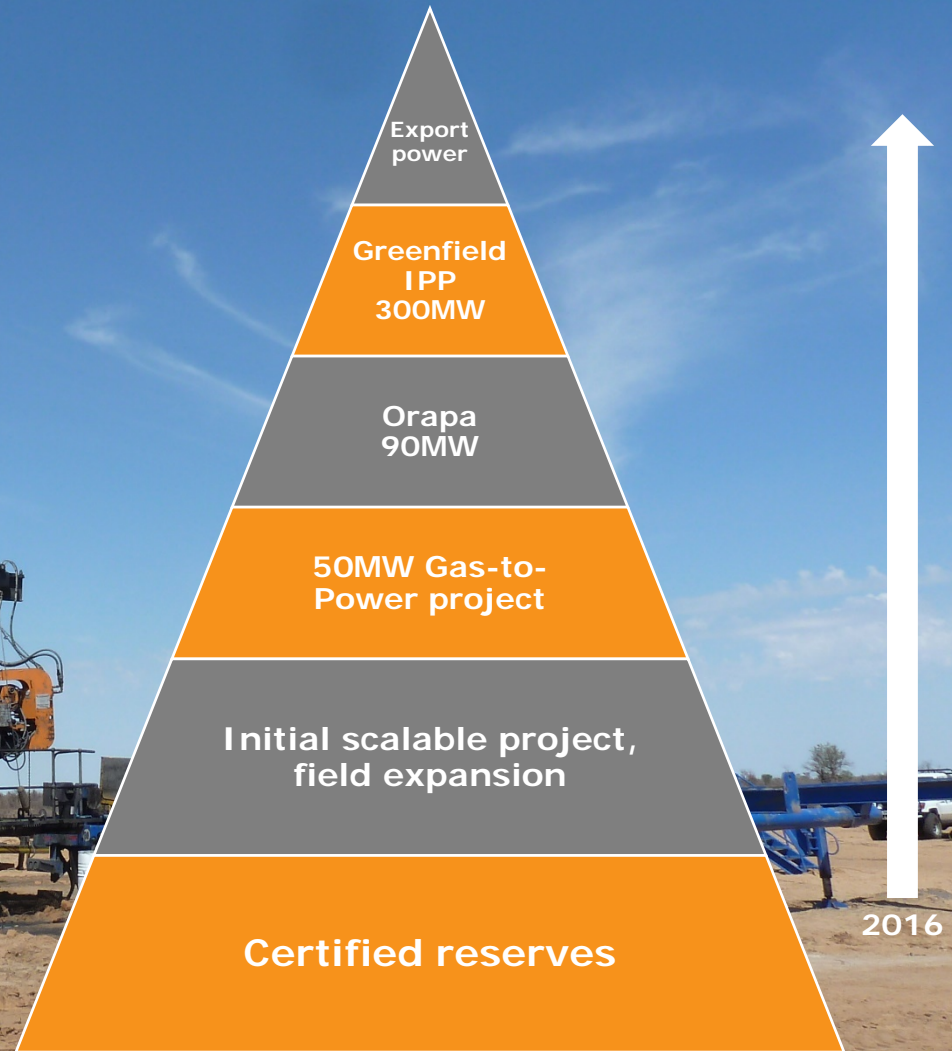
## Shareholding



# VISION & STRATEGY

Long term vision to build a mid-tier energy provider in Southern Africa

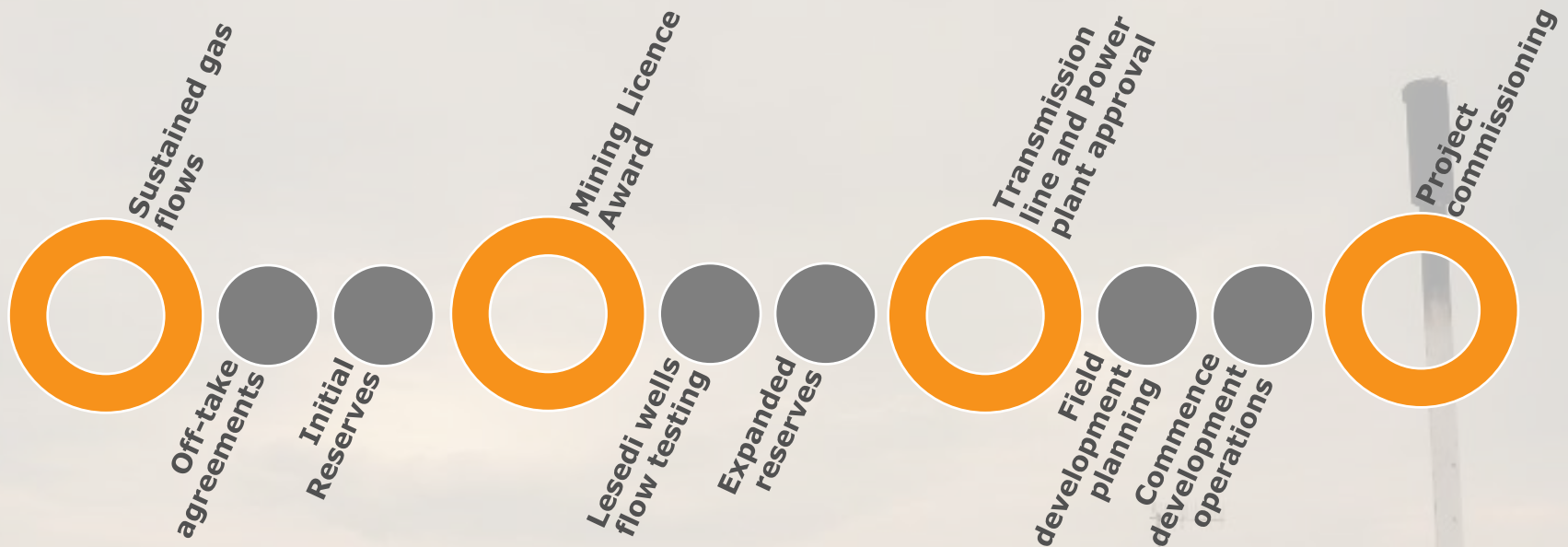
In June 2016,  
Botswana's  
Government  
announced that  
CBM is to be  
included as part of  
the plan to deal  
with the country's  
power deficiency





# SCALABLE 50 MW PROJECT - KEY STEPS

Plan to deliver first gas to market via the first phase of a scalable 50MW project



# REGIONAL POWER DYNAMIC

As Botswana's reliance on non-firm imports and on-going diesel generation increases, the support for domestic sources of energy is strong

## Southern African Development Community - Supply and Demand

Demand and Supply Balance with Current Peak Demand - 2015						
No. Country	Utility	Installed capacity (MW)	Operating Capacity (MW)	Current Peak Demand (MW)	Peak Demand Plus Reserves	Capacity excess/ shortfall including Reserves
Angola	ENE	2,210	1,772	1,599	1,829	(57)
Botswana	BPC	892	410	610	698	(288)
DRC	SNEL	2,442	1,066	1,317	1,507	(441)
Lesotho	LEC	74	70	150	172	(102)
Malawi	ESCOM	352	351	326	373	(22)
Mozambique	EDM/HCB/MOTRACO	2,724	2,279	1,780	2,036	243
Namibia	Nampower	501	354	629	720	(366)
South Africa	Eskom	46,963	36,000	36,711	41,994	(5,994)
Swaziland	SEC	70	55	227	260	(205)
Tanzania	TANESCO	1,380	823	935	1,070	(247)
Zambia	ZESCO/CEC/ LHPC	2,206	2,175	2,287	2,616	(441)
Zimbabwe	ZESA	2,045	1,555	1,589	1,818	(263)
<b>TOTAL ALL</b>		<b>61,859</b>	<b>46,910</b>	<b>48,160</b>	<b>55,093</b>	<b>(8,183)</b>
<b>TOTAL Operating Members Only</b>		<b>57,917</b>	<b>43,964</b>	<b>45,300</b>	<b>51,821</b>	<b>(7,857)</b>

Source: BPC, Botswana Resource Sector Conference 2016

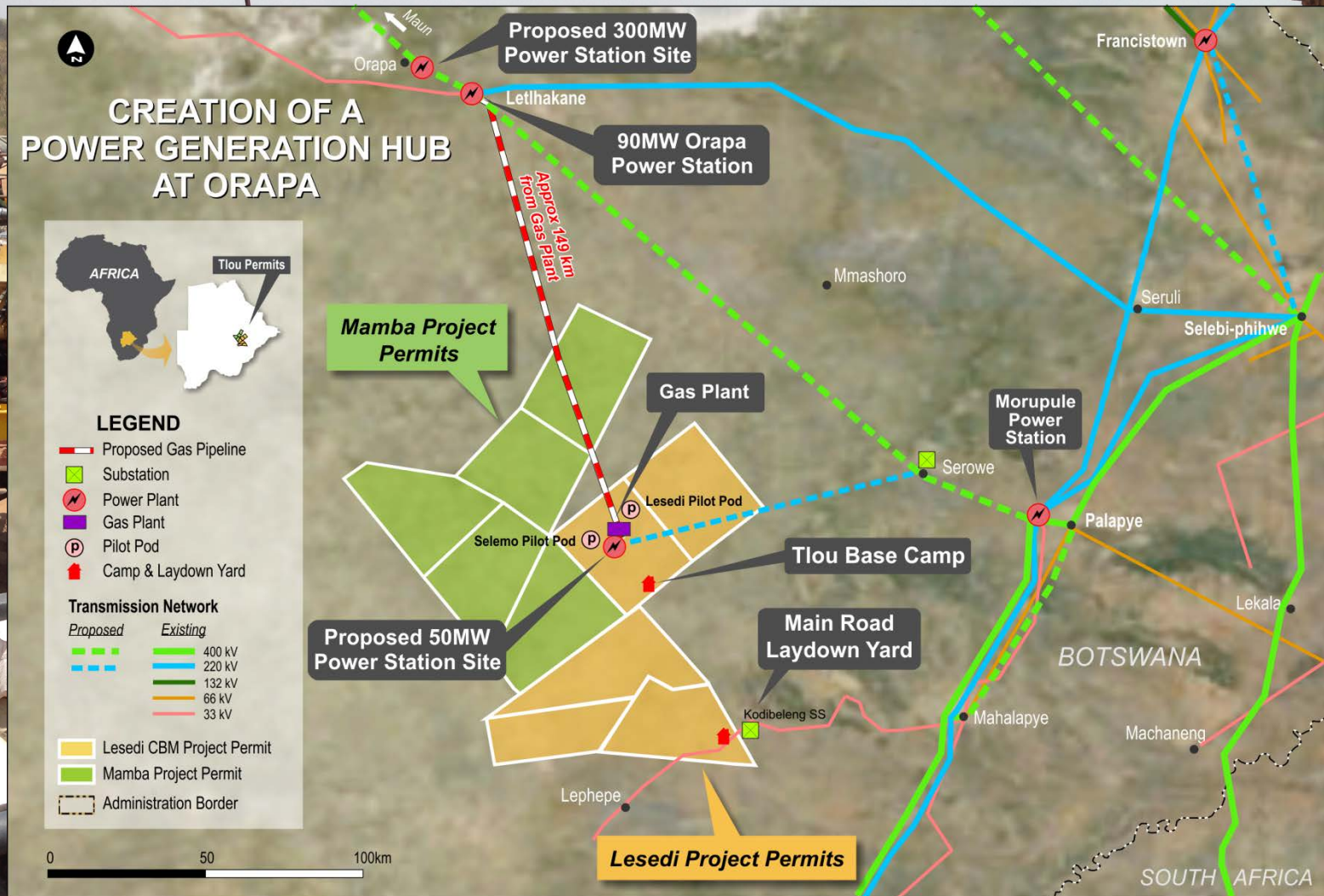
- Botswana's demand to increase 37% to 1,017MW by 2025
- Current demand not being met
- Shortfall of **5,994MW** in South Africa alone

- Highly supportive Government
- 100MW CBM plan, conversion of 90MW Orapa power station from diesel to gas
- Energy crisis is a major impediment to regional growth.



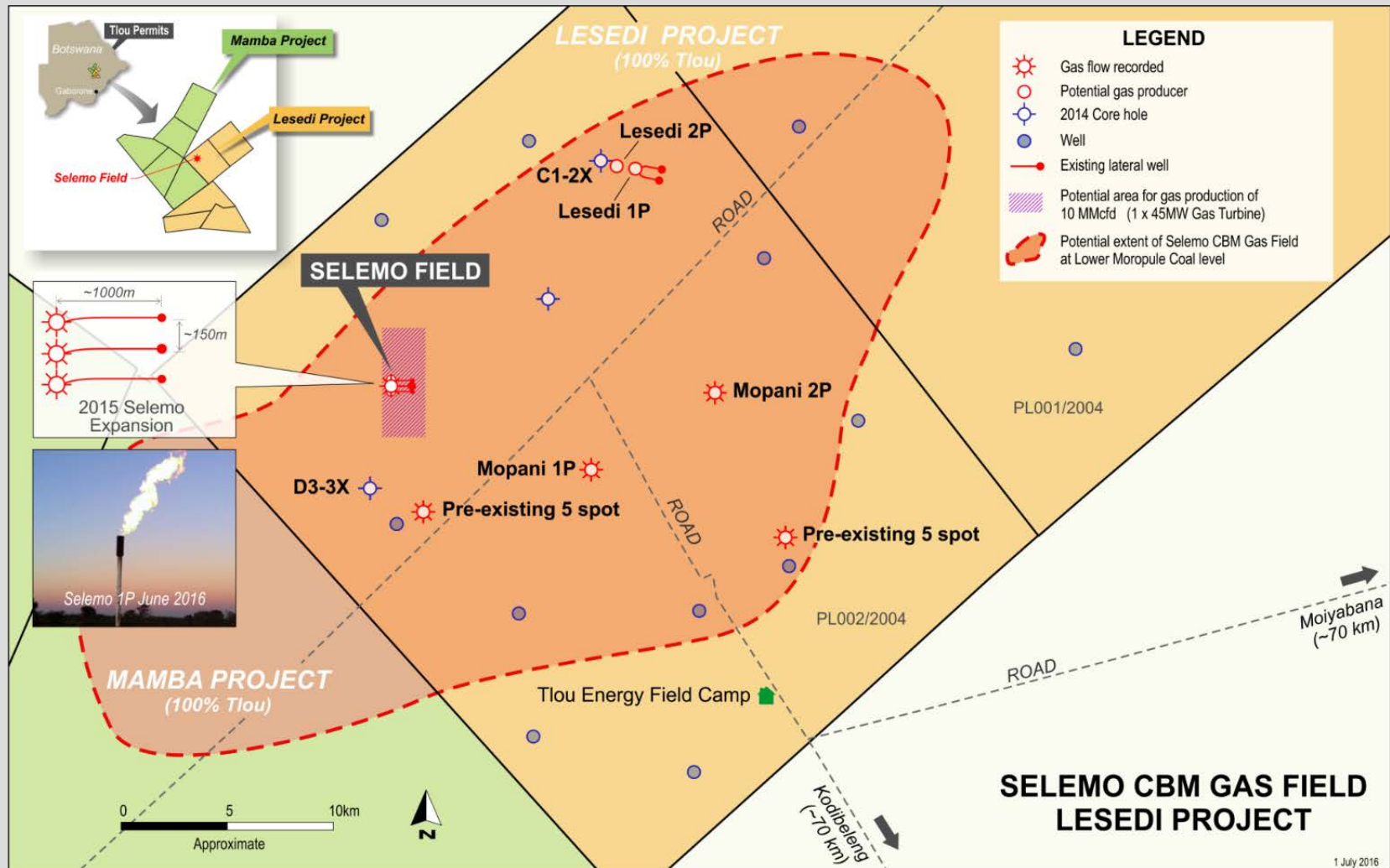
# GAS TO POWER PLANS IN BOTSWANA

Lesedi is ideally located for access to supporting infrastructure



# LESEDI PROJECT MAP

Large licence area, significantly de-risked, Tlou operating since 2009



# LESEDI IN NUMBERS

## 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: SRK Consulting CPR, 2015

## Certified Contingent Resource

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



# PROPOSED MARKET OPPORTUNITIES

Multiple market opportunities – significant demand following successful commissioning of 50MW plant

Phase	Market	Opportunity	Strategy
1	Transmission lines	<ul style="list-style-type: none"><li>▪ Scalable new 50MW Grid-connected power supply</li><li>▪ Offtake agreement with Botswana Government</li></ul>	<ul style="list-style-type: none"><li>▪ Complete production testing and expand Selemo pilot sufficient to supply initial 10MW then increase production to 50MW</li></ul>
2	Pipeline	<ul style="list-style-type: none"><li>▪ Supply and expand the existing 90MW Orapa Power Station to 135MW</li><li>▪ Replace expensive diesel generation with clean CBM</li></ul>	<ul style="list-style-type: none"><li>▪ Install one new 45MW Gas Turbine and supply with Lesedi CBM to maintain power generation at 90MW whilst existing units are offline for gas conversion</li><li>▪ Convert an existing turbine to Gas and supply with Lesedi CBM</li><li>▪ Convert second existing turbine to Gas and supply with Lesedi CBM</li></ul>
3	Power Station	<ul style="list-style-type: none"><li>▪ New gas-fired generation opportunities (300 MW IPP Project)</li></ul>	<ul style="list-style-type: none"><li>▪ Supply growth in Botswana and regional markets</li></ul>

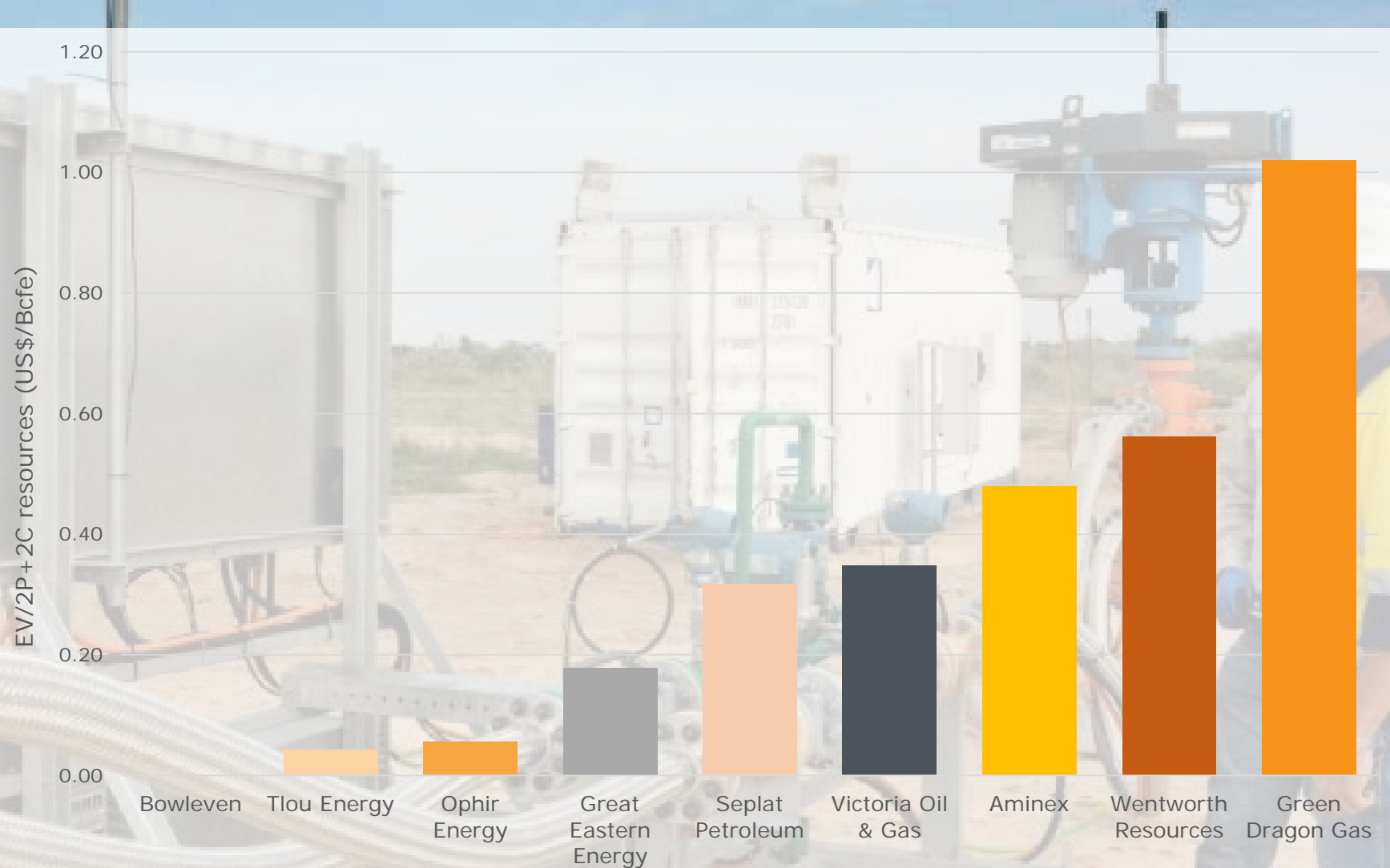
## EV COMPARISON - TABLE

Company	Country	Type	Stage	EV US\$m	2P + 2C Resources Bcf	EV to 2P+2C US\$/Bcf
Bowleven	Cameroon	Conventional	Pre-development	-25.1	336.4	0.00
<b>Tlou Energy</b>	<b>Botswana</b>	<b>CBM</b>	<b>Pre-development</b>	<b>10.2</b>	<b>239.1</b>	<b>0.04</b>
Ophir Energy	Tanzania	Conventional	Pre-development	340.6	6,092.3	0.06
Great Eastern Energy	India	CBM	Production	127.9	717.0	0.18
Seplat Petroleum	Nigeria	Conventional	Production	1,064.7	3,352.4	0.32
Victoria Oil & Gas	Cameroon	Conventional	Production	47.3	135.6	0.35
Aminex	Tanzania	Conventional	Development	32.1	67.0	0.48
Wentworth Resources	Tanzania	Conventional	Production	79.6	141.5	0.56
			<b>Average</b>	<b>250.5</b>	<b>1,294.1</b>	<b>0.19</b>
			<b>CBM average</b>	<b>238.4</b>	<b>507.4</b>	<b>0.47</b>
			<b>Africa average</b>	<b>1,549.4</b>	<b>10,364.3</b>	<b>0.15</b>

Source: Brandon Hill Capital

The table above and following graph represent details for various entities in varying stages of development and sectors of the Oil & Gas industry so should not be and is not intended to be viewed as a peer group comparison.

## EV COMPARISON - GRAPH





## INVESTMENT CASE

Most advanced gas project in  
Botswana

Huge regional demand for  
power

Premium  
power price

Low cost  
environment

Multiple  
market  
opportunities

Experienced  
team

## CONTACT

### Tlou Energy Limited

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

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

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

ASX: TOU  
AIM: TLOU



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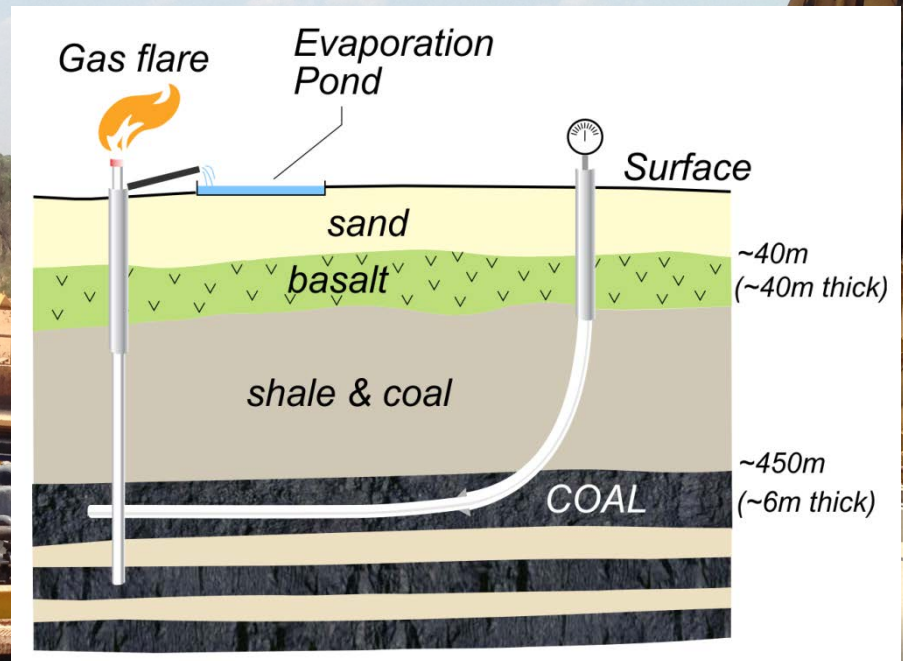
# APPENDIX X





# COAL BED METHANE (CBM)

- Chemically identical to other sources of gas but is produced by non-conventional methods
- Extracted from coal seams rather than sandstone reservoirs
- Main component from natural gas is methane
- Typically found at depths of 400m – 1,000m enabling lower drilling costs per well in comparison to conventional gas wells
- Emerging markets, notably India & Africa are now looking to unlock the potential of CBM due to cost advantages & energy crisis



## CBM Production Process

Drill into & then  
along coal  
seams

Initially  
releasing water  
& then natural  
gas

Gas collected at  
the surface –  
processed &  
used for  
generation,  
LNG etc.



## OPERATING IN BOTSWANA

Major power  
deficiency in  
the region

High  
energy  
prices

Stable  
jurisdiction

Supportive  
government

Attractive  
operating  
and  
regulatory  
regime

Extensive  
coal  
resources

Large  
mining  
industry to  
power



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