



TLOU ENERGY

GAS TO POWER

IN BOTSWANA



DECEMBER 2016

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COMPETENT PERSONS STATEMENT

The gas reserves and resource estimates for the Lesedi CBM Project provided in this presentation (refer slide 16) were released to the Market on 12 October 2016 (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.

OVERVIEW

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

- 8,300km² licence area, contingent resources and **initial gas reserves** in place
- First **EIS approval** for a CBM project in Botswana
- **50MW project**, approved by Botswana Government
- Huge market – chronic energy shortage locally & regionally
- High power price – replace expensive imported power and diesel generation
- Gas being produced at Selemo Pilot
- Experienced team

MARKET	ASX / AIM
EPIC	TOU/ TLOU
SHARES IN ISSUE	237M
MARKET CAP (30-Nov-16)	GBP - £16M AUD - \$27M
CASH BALANCE (30-Sept-16)	AUD - \$3.3M
NOMAD	GRANT THORNTON UK LLP
JOINT BROKERS	BRANDON HILL CAPITAL OPTIVA SECURITIES LIMITED

BOARD OF DIRECTORS

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

Anthony (Tony) Gilby	<ul style="list-style-type: none">• Geologist with over 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
MD & CEO	
Gabaake Gabaake	<ul style="list-style-type: none">• 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
Executive Director	
Martin McIver	<ul style="list-style-type: none">• Over 14 years experience in finance and mining services• Formerly with PwC• Current General Manager – Services of the WorkPac group
Chairman	
Colm Cloonan	<ul style="list-style-type: none">• 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
Finance Director	

KEY MANAGEMENT AND CONSULTANTS

Experienced management team and consultants to drive the project

<p>Solomon Rowland</p>	<ul style="list-style-type: none"> • Over 16 years experience in various private, government and in-house legal roles • Involved in advising government departments on commercial, corporate governance and policy matters • Holds a Juris Doctor from the University of Queensland
<p>Company Secretary & Legal Counsel</p>	
<p>Phil Hicks</p>	<ul style="list-style-type: none"> • 20 years experience in advising companies on financial matters, corporate strategy and managing corporate finance transactions including M&A and equity capital markets • Former Head of Corporate Finance at Wilson HTM Corporate Finance • Has undertaken a significant number of transactions in the coal seam gas, coal and mining services sectors
<p>Commercial Manager</p>	
<p>Danny Horne</p>	<ul style="list-style-type: none"> • 28 years in the drilling industry including 16 years in the Oil & Gas/CBM Sector • Qualified in Diesel Engineering • Diploma of Drilling (Onshore Oil & Gas)
<p>Chief Operating Officer</p>	
<p>Remigiyo Mavata</p>	<ul style="list-style-type: none"> • Geologist with over 20 years experience with African based projects • Experience in multidisciplinary exploration in conventional and unconventional reservoirs • Bachelor of Science in Geology from the University of Zimbabwe
<p>Chief Geologist</p>	

PARTNERS AND CONSULTANTS

Experienced partners with worldwide expertise

- Power generation partner
- World-leader in the design, construction, operation and maintenance of power generation facilities
- Portfolio of gas compression, CNG plants, LNG plants and water treatment
- Complete operating and maintenance experience
- Involved in every LNG project in production in Australia

General Electric



- Australian private company aimed at developing new sources of gas-fired power in Botswana.
- Management have considerable experience in the delivery of gas-to-power projects
- Prequalified to submit a tender offer in Botswana for a 300MW greenfield independent power plant, the only prequalified gas-fuelled solution

IK Holdings

IK

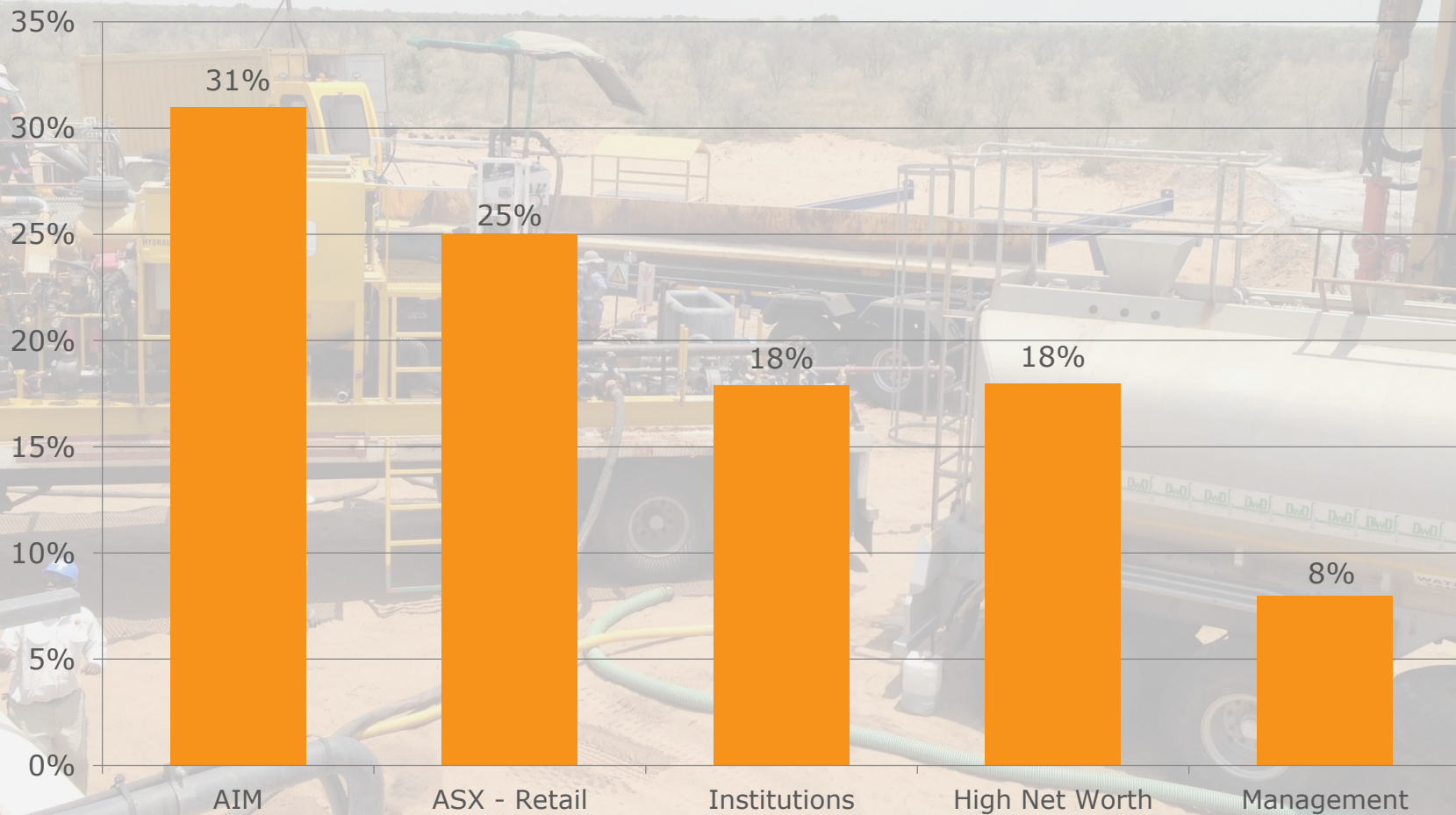
- Independent specialist geological consultants
- Develop geological and hydrological model of CBM basins
- Clients include many of the worlds mining and exploration companies
- International firm with offices in 20 countries

SRK Consulting

srk

SHARE REGISTER

Shareholding



WHY INVEST IN TLOU?

Only CBM reserves in Botswana

- Tlou has Botswana's only independently certified gas reserves
- Government sanctioned 50MW greenfield gas-to-power project

100% owned
Environmental approval in place

- The Company has a 100% working interest in tenements covering over 8,000 Km²
- Government environmental approval in place for upstream operations (2 year process)

Ideally located, huge market opportunity

- The company is ideally placed to leverage the need for a local and clean energy source for power generation across a region with an acute energy shortage

LONG TERM VISION

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

Export Power

Greenfield IPP
300MW

Orapa 45MW expansion and
90MW conversion

50MW Gas-to-Power project

Initial scalable project, field expansion

Certified reserves

50MW PROJECT DEVELOPMENT STRATEGY

- Initial development focus is the Government approved 50MW project (to be developed in stages)
- Tlou to fund gas reserve growth to underpin each stage of development (commencing with 10MW)
- Project development via a special purpose vehicle (SPV) to leverage downstream capital and development expertise of partners
- Tlou to vend gas reserves and upstream capability in return for its equity interest in the SPV

Tlou

(Gas reserves /
upstream
development)

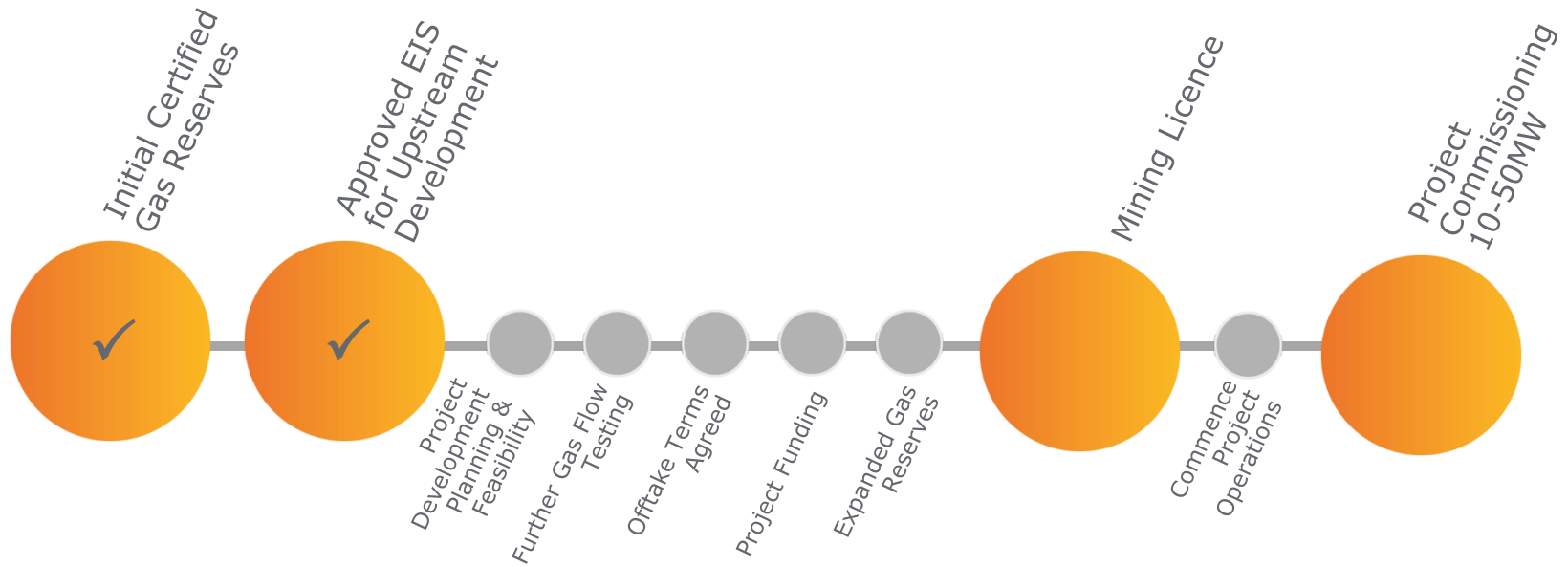
Partners

(Capital &
development
expertise)

**50MW
Project**
(Special
Purpose
Vehicle)

SCALABLE 50MW PROJECT - KEY STEPS

Plan to deliver first gas to market via the first phase (10MW) of a scalable 50MW project



CURRENT WORK PROGRAM

Integrated work plan to deliver initial 10MW CBM-to-power project

Pilot Gas

- Convert field operations to run on gas generated from currently flowing wells
- Reduces diesel usage

Field Development Planning

- Develop optimum well layout for production including well performance simulation
- Initial engineering of gas gathering and compression
- Power unit selection

Transmission Line

- Working with African based specialist consultants
- Route assessment and costings

Power Units

- Finalise design and location
- Determine grid integration point
- GE providing extensive input to this process

Offtake Agreement

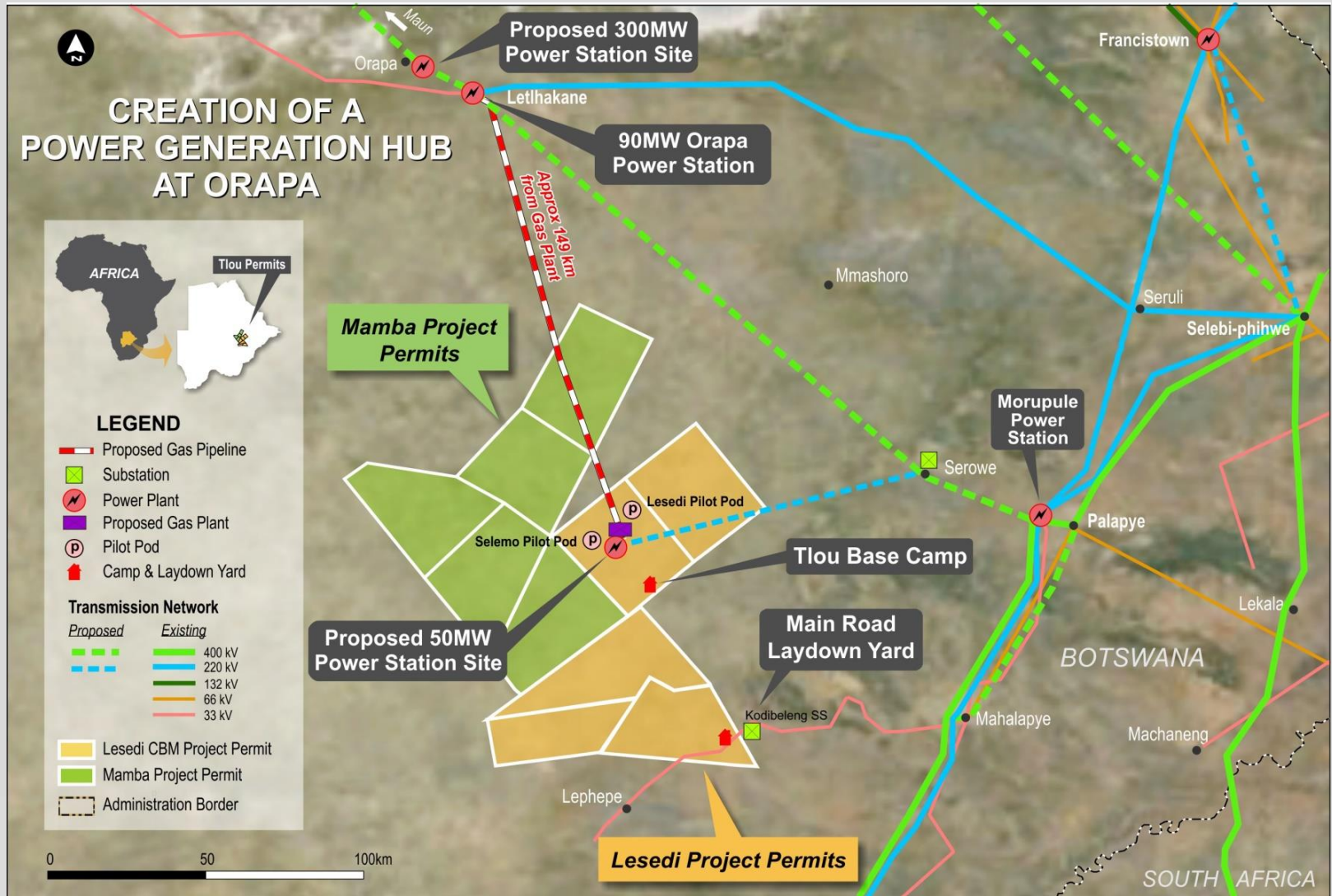
- Agree terms with Botswana Power Corporation

Expanded Reserves

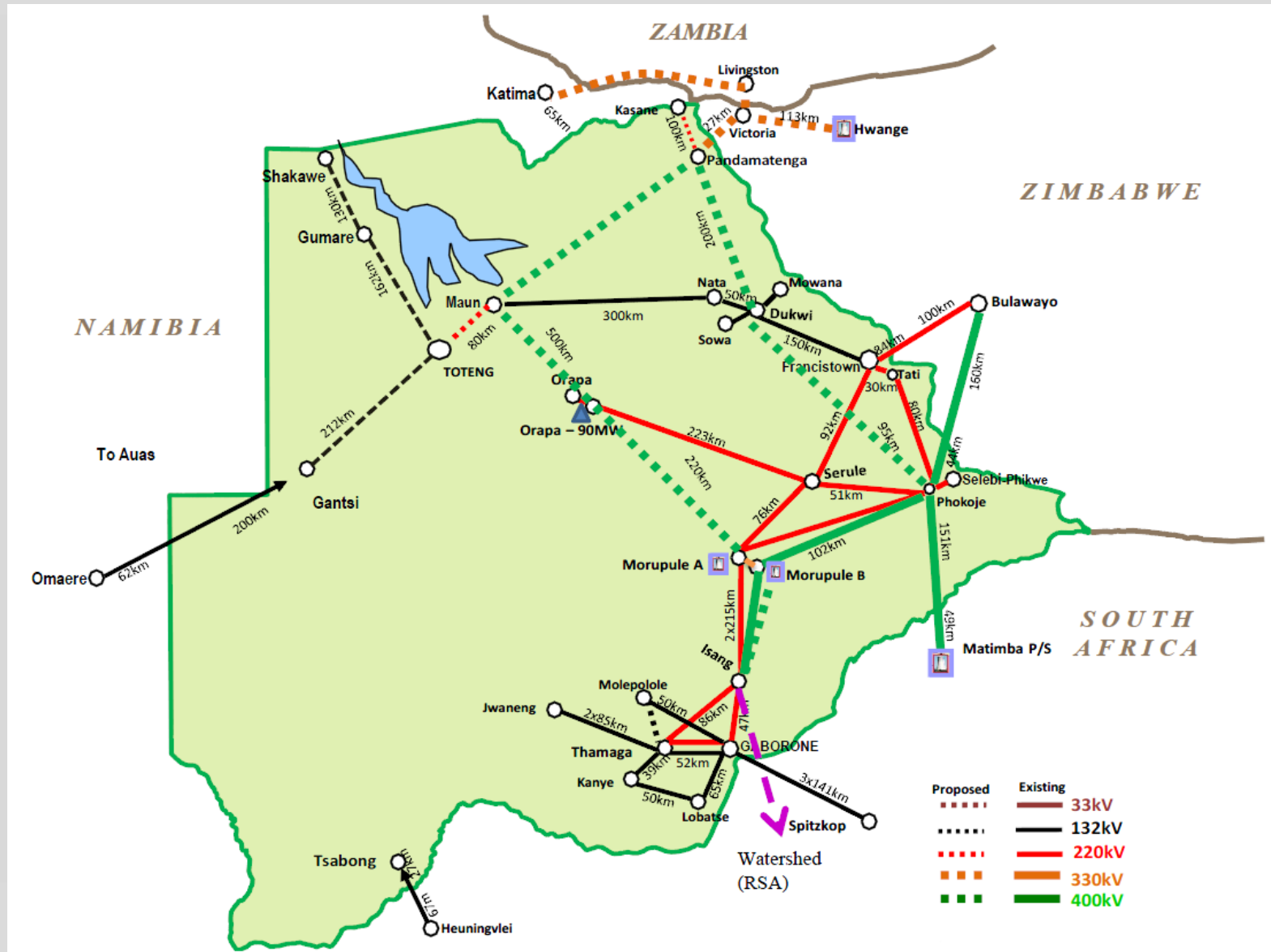
- Continue gas flow testing
- Review and assess regional geological data in conjunction with SRK
- Determine potential future work programs

GAS TO POWER PLANS IN BOTSWANA

Lesedi is ideally located for access to supporting infrastructure



TRANSMISSION DEVELOPMENT PLAN



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

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

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)
TOTAL ALL		61,859	46,910	48,160	55,093	(8,183)
TOTAL Operating Members Only		57,917	43,964	45,300	51,821	(7,857)

Source: BPC, Botswana Resource Sector Conference 2016

- 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

LESEDI IN NUMBERS

Independent Gas Reserves Certification

0.1 BCF (1P)	2.7 BCF (2P)	52.9 BCF (3P)
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Technical Fundamentals

Coal Depth	~260-764m
Gas Contents (Average)	4-6 m ³ /t (DAF)
Gas compositions	80-95% methane

Location	Project	Tlou Interest	1P (BCF)	2P (BCF)	3P (BCF)	1C (BCF)	2C (BCF)	3C (BCF)	Gas Prospective Resource (BCF) ³
Karoo Basin Botswana	Lesedi CBM (Lower Morupule coal) (PL002/2004)	100%	0.1	2.7	52.9	4.8	68.2	530	-
Karoo Basin Botswana	Lesedi CBM (all coal seams) (PL001/2004, PL002/2004) ⁴	100%	0.1	2.7	52.9	4.8	236	3,243	-
Karoo Basin Botswana	PL003/2004, PL035/2000, PL037/2000	100%	-	-	-	-	-	-	8,596 ⁵

Notes:

Gas Reserve numbers have been rounded to the nearest tenth. 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 Slide 2 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 Reserves and Resources are (100%) Unrisked Gross. Gas Reserves are derived from the SRK certification at 26 September 2016. Contingent Gas Resources 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 at 26 September 2016.
- 3) ASX Listing Rule 5.28.2 Statement relating to Prospective Resources:
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.
- 4) The Gas Reserves and Contingent Gas Resources for all coal seams in PL001/2004 and PL002/2004 shown in the second row of the above table includes the numbers for the Lower Morupule coal seam which are shown in the first row of the above table.
- 5) 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).

INVESTMENT CASE

**Approved EIS for
upstream
development**

**Government
sanctioned 50MW
Project**

**Only CBM
Reserves in
Botswana**

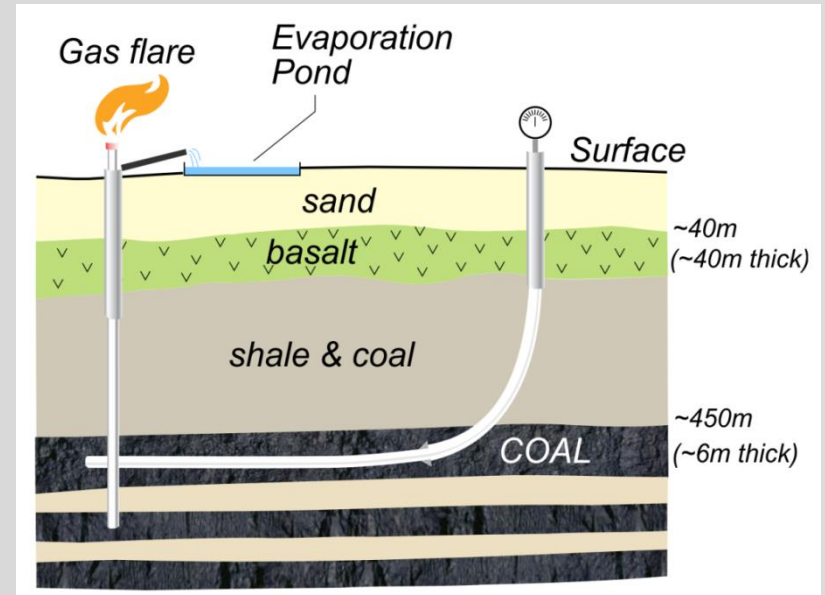
**Huge market
opportunity**

100% owned

APPENDIX

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

Large
mining
industry to
power



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