



Monday, 3 April 2023

FLOW-TESTING AND OTHER DEVELOPMENTS UPDATE

Highlights:

- i. **Serowe-7 well (most recently drilled well):**
 - NMR logging confirms presence of gas in the 35m of coal intersected in 3 seams.
 - Decision taken to progress to flow-testing.
 - ii. **Serowe-3 well – Flow testing resulting in following observations:**
 - Steady increase in bubbling of gas.
 - Water flow rate stabilising steadily as anticipated.
 - iii. **Secured:**
 - **Local Asset Status:** allows local government and pension funds to invest in Botala.
 - **Accreditation from the Botswana Investment and Trade Centre (BITC):** provides access to investors, market development, fast tracking of permits, and networking.
- Collectively, this should enhance Botala's:
- **Business case for a solar (PV) panel manufacturing plant in Botswana.**
 - **Development of its Leupane Energy Hub and Industrial Park.**
 - **Securing investment from Botswana-based funds.**

Botala Energy Ltd (ACN 626 751 620) ("**Botala**") is pleased to provide the following updates:

- i. **Serowe-7 well** (~26km from the Serowe-3 well):
 - Nuclear Magnetic Resonance (**NMR**) logging suggests sufficient presence of gas to proceed to flow-testing.
 - Diameter of coal intersections increased from 6 to 10 inches to enhance gas flow.
 - Planning surface facilities for flow testing.
- ii. **Serowe-3 well:** Ongoing, steady, pressure-controlled dewatering resulting in:
 - Noticeable increase in bubbling of gas (see photo).
 - Steady, desired lowering of water level above of the upper coal seam.

This:

- Demonstrates continuous improvement in the permeability of the coal seams.
- Increases the overall drainage area of the well.



- iii. **Local Asset Status** secured from Botswana's Non-Bank Financial Institutions Regulatory Authority (**NBFIRA**). This allows pension and other funds domiciled in Botswana to invest in Botata and for that investment to be treated as part of their local allocation of investments (which NBFIRA requires 40% of their overall allocation of investments¹). A limited number of publicly traded companies have obtained Local Asset Status. Botata believes this status and accreditation from the Botswana Investment and Trade Centre (**BITC**) may promote increased demand for investment in Botata among Botswana and Botswana-based investment and pension funds.

Other Matters

i. Energy progress

Exploration for commercial gas production is Botata's primary focus² with its aim to become a socially and environmentally responsible producer of reliable and affordable energy by combining gas with renewables in hybrid gas/solar electricity generation plants. This was outlined in Botata's IPO Prospectus³.

Botata has been progressing business case studies for hybrid gas/solar plants and a solar panel (photovoltaic, **PV**) project with Solar Finland. This is pursuant to the binding Memorandum of Understanding (**MOU**) to manufacture PV panels in Botswana for the Southern African market (ASX announcements, 5 and 7 Sept 2022).

The PV manufacturing plant is an early-stage R&D concept. Preliminary assessment of the financial viability and business risks suggest that the study be progressed, with a final investment decision around July 2023. If developed, it will be fully automated and state-of-the-art; producing high quality PV panels within the Leupane Energy Hub and Industrial Park.

To date \$35,000 has been spent on these activities which is 7% of the budgeted early-stage R&D Budget.

ii. Potential Partnership Structure and Financial Support.

Botata and Solar Finland are working towards an equal partnership and have received Expressions of Interest for equity participation and debt funding. Investors are cautioned that the Expressions of Interest are non-binding and subject to ongoing discussions between the parties. Botata will keep the ASX informed in accordance with its continuous disclosure obligations in that regard.

Botata and Solar Finland hope to shortly complete the stringent Due Diligence requirements of the potential financial partners and to finalise a partnership structure by July 2023.

iii. Environmental

Botata has progressed separate Environmental Impact Assessments (**EIA**) for its Serowe and Leupane sites to obtain approval to establish gas/solar hybrid power stations should gas flow at commercial rates.

The Leupane EIA also requests approval to establish the Leupane Industrial Park for industry attracted by reliable and affordable energy.

The Energy Hubs, should they progress to development (noting they are currently early-stage research and development concepts), will be designed to supply electricity to the domestic market and export into the Southern African Power Pool.

Concurrently, Botata is progressing its EIA for development of its gas field, complete with a pipeline to the proposed Leupane Energy Hub.

All environmental approvals are expected by late 2023.

¹ Botswana Pensions Prudential Rules.

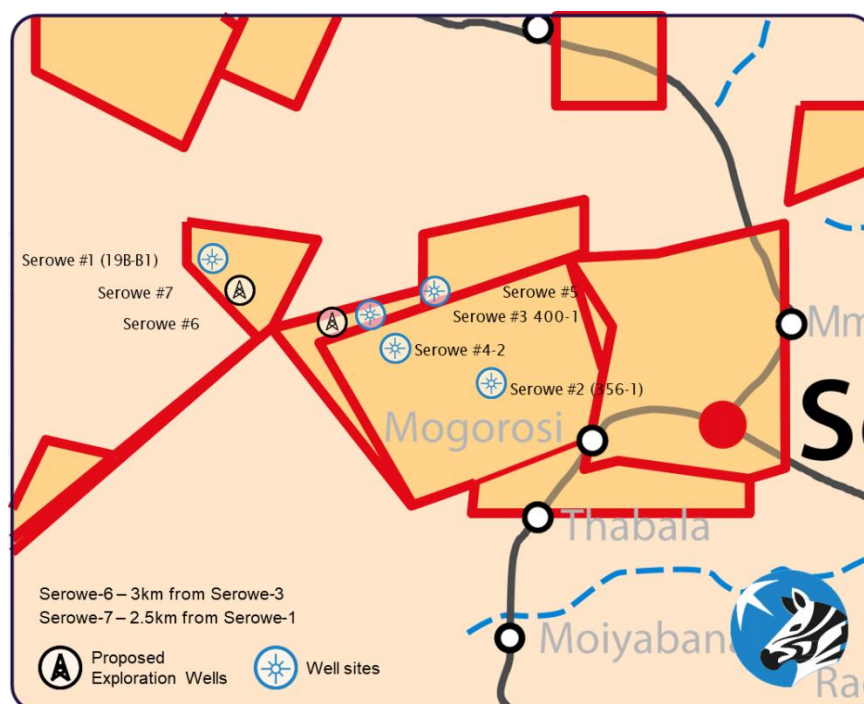
² Funds from the 'Botata Research and Development for proposed renewable projects' outlined within the IPO Prospectus document.

³ Funds from the 'Botata Research and Development for proposed renewable projects' outlined within the IPO Prospectus document.

Botala's CEO, Kris Martinick, commented "It is exciting to commence a second flow-test on our Serowe-7 well with similar potential to our Serowe-3 well. This 26km step-out within our tenement holding of ~420,000 hectares is a significant step towards proving commercial flows within a huge area.

Award of the Local Asset Status and the Accreditation from BITC demonstrate Botswana's enthusiasm for developing projects and attracting industries and allows us to raise money from interested local funds.

Botala continues to be very well received and we look forward to continuing to explore and develop the Serowe Coal Bed Methane gas field, develop gas/solar hybrid plants, and advance our involvement in renewable energy."



Botala's Prospecting Licences and the location of its seven wells

Cautionary Statements

Botala reiterates that its renewable energy activities are currently limited to ongoing R&D, are early stage and subject to the various contingencies set out in Botala's ASX announcement of 7 Sept 2022. Investors are cautioned that the Expressions of Interest are non-binding and subject to ongoing discussions between the parties. Botala will keep the ASX informed in accordance with its continuous disclose obligations in that regard.

The estimated quantities of coal bed methane that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable gas. Contingent Resources assessments in this release were estimated using probabilistic methods in accordance with SPE-PRMS standards.

This ASX announcement was approved and authorised for release by the CEO.

Yours faithfully

BOTALA ENERGY LTD



Kris Martinick

Chief Executive Officer

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This report is lodged on Botala's website, www.botalaenergy.com

About Botala

ASX-listed Botala is exploring and developing production of coal bed methane (**CBM**) from its 70% owned Serowe CBM Project which is located in a high-grade CBM region of Botswana. The remaining 30% are owned by ASX-listed Pure Hydrogen Corporation Ltd pursuant to a joint venture agreement with Botala. As Operator, Botala is focussed on developing the Serowe CBM Project and related early-stage renewable energy opportunities and believes that there are considerable opportunities for Botala to commercialise CBM because of the demand for reliable and affordable energy in Botswana and neighbouring countries.

Forward-looking Statements

This document may contain certain statements that may be deemed forward-looking statements. Forward looking statements reflect Botala's views and assumptions with respect to future events as at the date of the Announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth due to various factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the gas industry, including environmental regulation; economic conditions in Botswana and globally; geological technical and drilling results; predicted production and reserves estimates; operational delays or an unanticipated operating event; physical, environmental and political risks; liabilities inherent in gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Botala, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Announcement sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Appendix A – Listing Requirements

The following information is provided in respect of this announcement and the reporting of contingent resources and prospective resources.

Listing Rule	Rule	Response
5.30	<p>An entity publicly reporting material exploration and drilling results in relation to petroleum resources must include all of the following information in that report and give the report to ASX for release to the market.</p> <p>(a) The name and type of well. (b) The location of the well and the details of the permit or lease in which the well is located. (c) The entity's working interest in the well. (d) If the gross pay thickness is reported for an interval of conventional resources, the net pay thickness. (e) The geological rock type of the formation drilled. (f) The depth of the zones tested. (g) The types of test(s) undertaken and the duration of the test(s). (h) The hydrocarbon phases recovered in the test(s). (i) Any other recovery, such as, formation water and water, associated with the test(s) and their respective proportions. (j) The choke size used, the flow rates and, if measured, the volumes of the hydrocarbon phases measured. (k) If flow rates were tested, information about the pressures associated with the flow and the duration of the test. (l) If applicable, the number of fracture stimulation stages and the size and nature of fracture stimulation applied. (m) Any material volumes of non-hydrocarbon gases, such as, carbon dioxide, nitrogen, hydrogen sulphide and sulphur. (n) Any other information that is material to understanding the reported results.</p>	<p>a) Well title is Serowe-7 and is an exploration well targeting Coal Bed Methane. b) Serowe-7 is located at Latitude -22.258895 and Longitude 26.14869 in Prospecting Licence PL-19B. c) Botla Energy Ltd working interest is 70% in the well. Coal seam thickness is 35m. d) Not Applicable e) The Geological rock type is coal f) The Serowe seam was encountered at a depth of 394m, the Upper Morupule was encountered at a depth of 442m and the Lower Morupule was encountered at a depth of 490m. g) NMR logging underway on the well. h) Logging results will identify the hydrocarbon content, gas has been observed at surface. i) Water volumes will be tested in subsequent flow-testing j) Not Applicable k) Not Applicable l) Not Applicable m) Not Applicable n) Not Applicable</p>