Botala Energy Ltd

ASX Announcement

Monday, 8 May 2023

SEROWE-3 FLOW-TESTING UPDATE

Highlights:

- **Serowe-3 well flow-testing: visible increase in gas flow as annulus pressure doubles.**
- **Progressing with Serowe-3 Commercial Pilot Programme: developing 4 additional appraisal wells around the central well.**
- **Serowe-7 well: preparing for flow-testing.**

Botala Energy Ltd (ACN 626 751 620) ("**Botala**") is pleased to announce that ever increasing volumes of bubbling gas in the dewatering of Serowe-3 well is accompanied by a substantial increase in downhole annulus pressure (pressure in the area between the two pipes in the well immediately above the target coals). This indicates that pressures within the coals are close to their desorption pressure point, resulting in the release of higher gas flow.

The water level will continue to be drawn down to measure further increases in gas pressure over the coming weeks.

Recent doubling in annulus pressure is sufficiently encouraging to progress with the Serowe-3 Commercial Pilot Programme. The average water flow rate has stabilised at 85bbls/day[1].

Figure 1 - Serowe-3 Flow-Testing Skid

Figure 2 - Serowe-3 Evaporation Pond

Serowe-3 Commercial Pilot Programme

Botala will drill 4 appraisal wells around the Serowe-3 well to establish sustainable gas flow by dewatering the peripheral wells to allow the central well to produce coal bed methane gas. The well designs, surface facilities and procurement are underway.

Prior to finalising the locations of the 4 wells, Botala will conduct comprehensive Ground Magnetic and Audio Magnetic (AMT) surveys over the Serowe-3 and Serowe-7 areas. This includes two lines linking the Serowe-5 well to the Commercial Pilot Programme area of Serowe-3 to provide a greater understanding of the presence of dolerites within the coal sections.

[1] USbbls/day

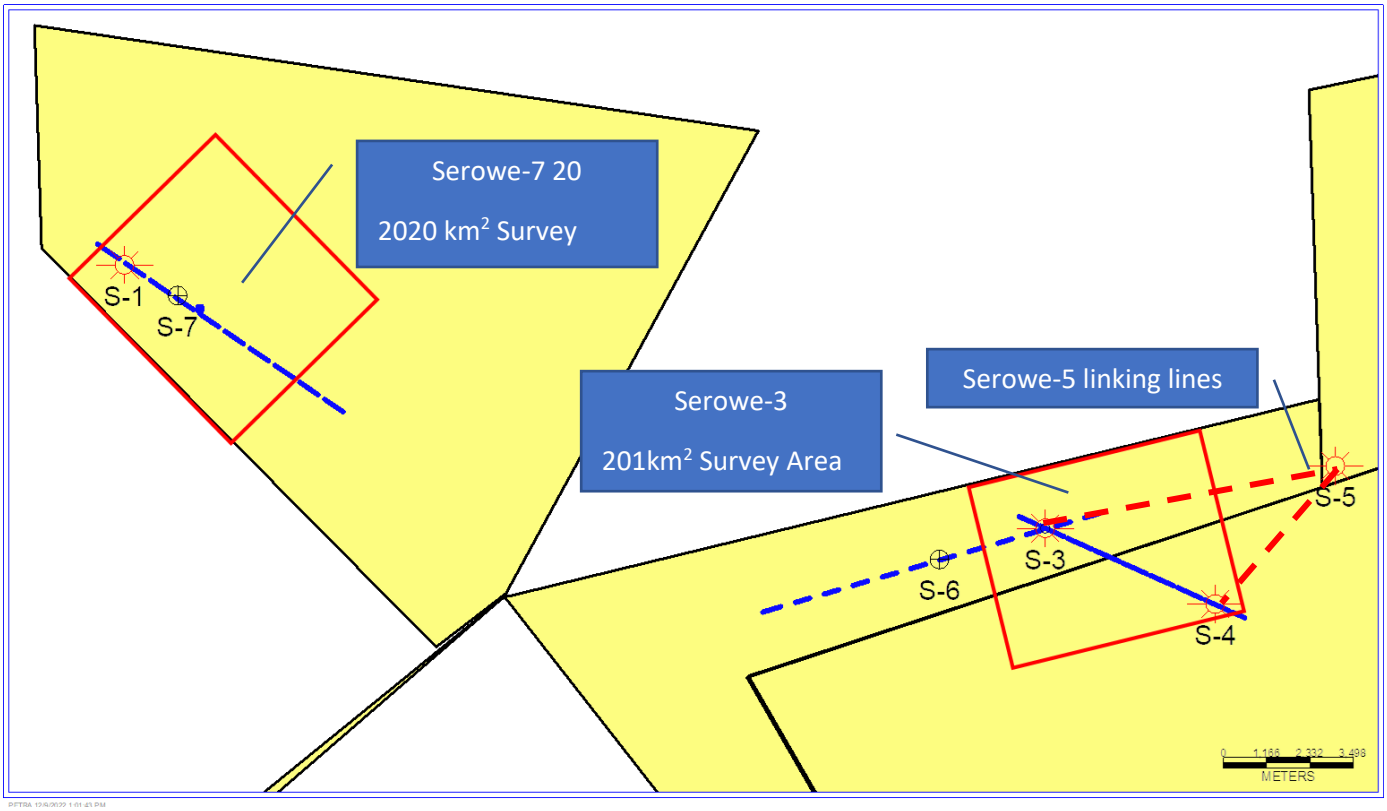

Figure 3 - AMT Survey Scope

The Serowe-3 well is open to the three coal seams of the region. The pilot programme will production test individual coals seams and establish optimum drilling techniques and completion methods.

Serowe-7 Update

Botala has selected equipment vendor Akkurat to proceed with the fabrication of the flow-testing unit for the Serowe-7 well at their facility in Brendale, Queensland. Fabrication is expected to be completed in 2 months, for transfer to Botswana for installation. The Serowe-7 well is located ~26 km west of the Serowe-3 well. See Figure 6 below.

Figure 4 - Instrumentation Control Box and Valves, Akkurat

Figure 5 - Structural Fabrication, Akkurat

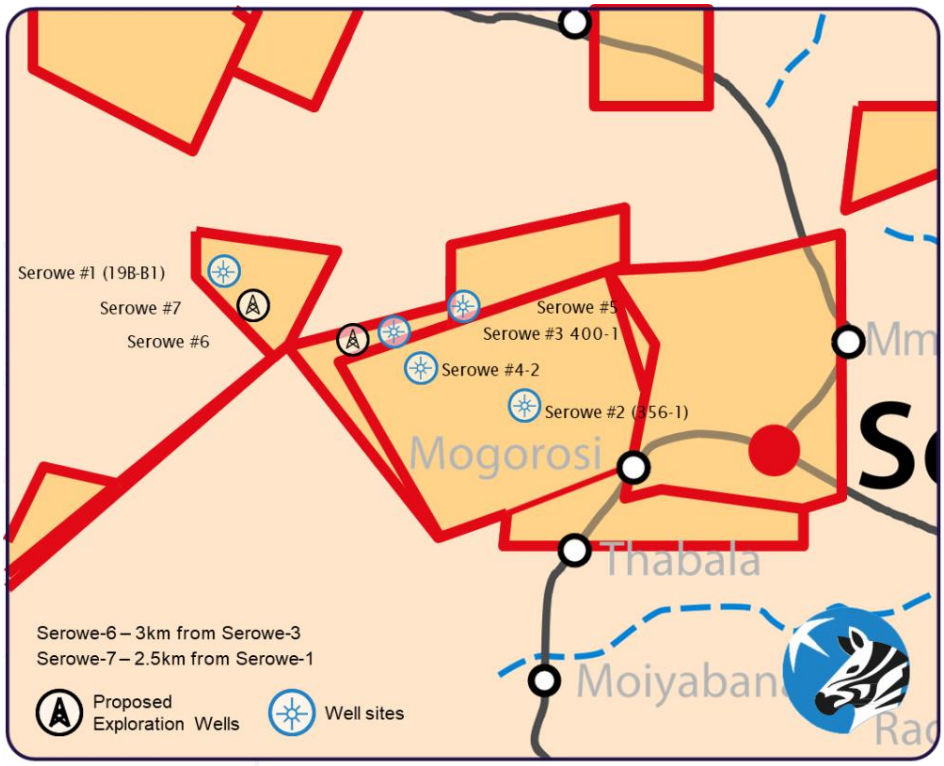

Figure 6 - Botala Acreage Map, Botswana

Botala CEO Kris Martinick commented: "*The increase in annulus pressure is very encouraging and allowed us to make an investment decision to proceed with 4 additional appraisal wells. It is also exciting to flow-test Serowe-7 concurrently with drilling the Serowe-3 appraisal wells. This tests our acreage ~26km west of Serowe-3.*

We still have a large, underexplored area. The two programmes will allow us to confirm we are targeting the right coal seams in the region and increase our confidence in meeting our objective of developing a commercial gas field."

Cautionary Statement

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

For more information please contact:

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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	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. (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.	a) Well title is Serowe-3 and is an exploration well targeting Coal Bed Methane. b) Serowe-3 is located at Latitude -22.24614 and Longitude 26.195233 in Prospecting Licence PL-400. c) Botala Energy Ltd working interest is 70% in the well. Coal seam thickness is 42m. d) Not Applicable e) The Geological rock type is coal f) The Serowe seam was encountered a depth of 360m, the Upper Morupule was encountered at a depth of 398m and the Lower Morupule was encountered at a depth of 428m. g) NMR logging completed. h) NMR logging results have confirmed presence of hydrocarbon content which will be further tested via a flow-test, gas has been observed at surface. i) Water volumes 85bbls/day will be tested in subsequent flow-testing j) Not Applicable k) Not Applicable l) 1-2 psi; ongoing monitoring as this continues to increase m) Not Applicable n) Not Applicable