



Monday, 4 September 2023

### **SEROWE-3.2 WELL SUCCESSFULLY SPUDDED AND COMMENCEMENT OF COMMERCIAL PILOT PROGRAMME**

#### **Highlights:**

- **Serowe-3.2 well successfully spudded.**
- **Major milestone: commencement of the first of four additional wells around Serowe-3 well of Project Pitse's commercial pilot programme.**
- **Serowe-3.1 is producing gas to surface and building pressure within the surface separator.**

Botala Energy Ltd (ACN 626 751 620) ("**Botala**") is pleased to announce commencement of drilling of the inaugural commercial pilot production programme of its Serowe coal bed methane (CBM) Project in Botswana.

Project Pitse is a 4-well drilling programme within an approximate 800m radius of the existing Serowe-3.1 well which is flowing increasing volumes of CBM gas to surface. The first of the 4 wells (Serowe-3.2) was spudded on 1 September 2023. Drilling will be back-to-back and likely to be completed within 3 months.

The objective is to determine the commercial flow-rate potential within the surrounds of the Serowe-3.1 well and to convert this cluster of five wells into the first commercial production location of Project Pitse, in that region of Botala's Serowe CBM Project of ~420,000 ha.

Flow-testing of the Serowe-3.1 well commenced on 3 November 2022 and since the beginning of this year gas flow to surface increased steadily as observed by increasing bubbling of gas in dewatering water pumped into the adjacent evaporation pond. This was accompanied by a steady increase in pressure within the annulus (well piping) of the well, which is a sign that dewatering is increasing permeability by shrinkage of the coals, thereby stimulating increasing release and flow of gas.

On 8 May 2023 Botala announced that gas pressure was building up within the annulus of Serowe-3.1 well. Following a recent release of gas pressure for maintenance reasons, pressure rebuilt rapidly, confirming that the rate of gas flow is continuing to increase with dewatering. The well is currently flowing gas which is being held back by the surface separator to allow the reservoir to build up pressure which has increased to 30psi at the surface separator.

Serowe-3.1's continuing increase in gas flow and geophysical data suggesting that the CBM potential in the vicinity of this well is widespread led to progressing to the commercial pilot phase of Project Pitse.

#### **About Project Pitse**

The objective of Project Pitse is to determine the commercial flow-rate potential of the Serowe CBM Project within the area surrounding the Serowe-3.1 well and to establish the first commercial cluster of producing wells.

#### **Project Pitse Layout**

The original Serowe-3 well is the northern most well, renamed Serowe-3.1, adjacent to the evaporation pond that will serve the five-well cluster shown in Figure 1.

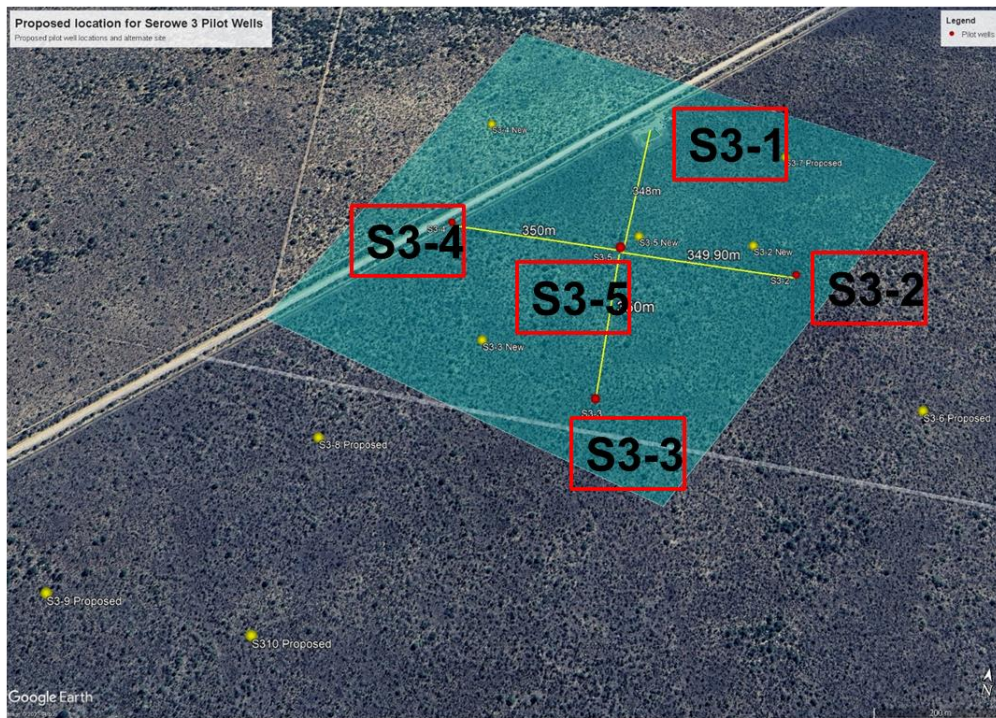


Figure 1 - Serowe-3 Pilot Well Locations.

Three of the four wells will test gas that comes from the 3 intercepted coal seams: the Serowe, followed by the Upper and then the Lower Morupule coal seams. The fourth well will drill through the Serowe coal seam only, to determine the contribution of gas from this seam.

The current gas flow of the existing Serowe-3.1 well is very encouraging as it is from a well that received no stimulation to enhance gas flows other than underreaming of the coal intersection.

#### Gravity Audio Magnetotelluric (AMT) Survey work

Comprehensive gravity and AMT surveys at various spacings over and near to the Serowe-3 area added substantially to the understanding of the likely extension and potential of CBM in the Pitse Project region centred around the Serowe-3.1 well. This assisted in the final site selection of the four pilot commercial wells of Pitse Project. The surveys included:

- 21 lines of gravity and AMT of different lengths spaced 2km apart for a total of 42 km to obtain more detailed regional data for Project Pitse.
- 6 lines of AMT with 400m line spacing.
- 3 lines of ground magnetics at 100m line spacing between the AMT lines (15km in total).

#### Botala CEO Kris Martinick commented:

*"The spudding of Serowe-3.2 is a significant and exciting milestone for Botala."*

*"The results of the Serowe-3.1 flow test are really encouraging and we have observed gas break-out over the past few weeks with gas pressure building up to 30psi."*

*"We now have the confidence to commence our commercial pilot programme and potentially unlock the next phase of gas generation to provide Botswana with access to affordable and reliable energy."*

*"I look forward to sharing further updates on our commercial pilot programme as it progresses."*



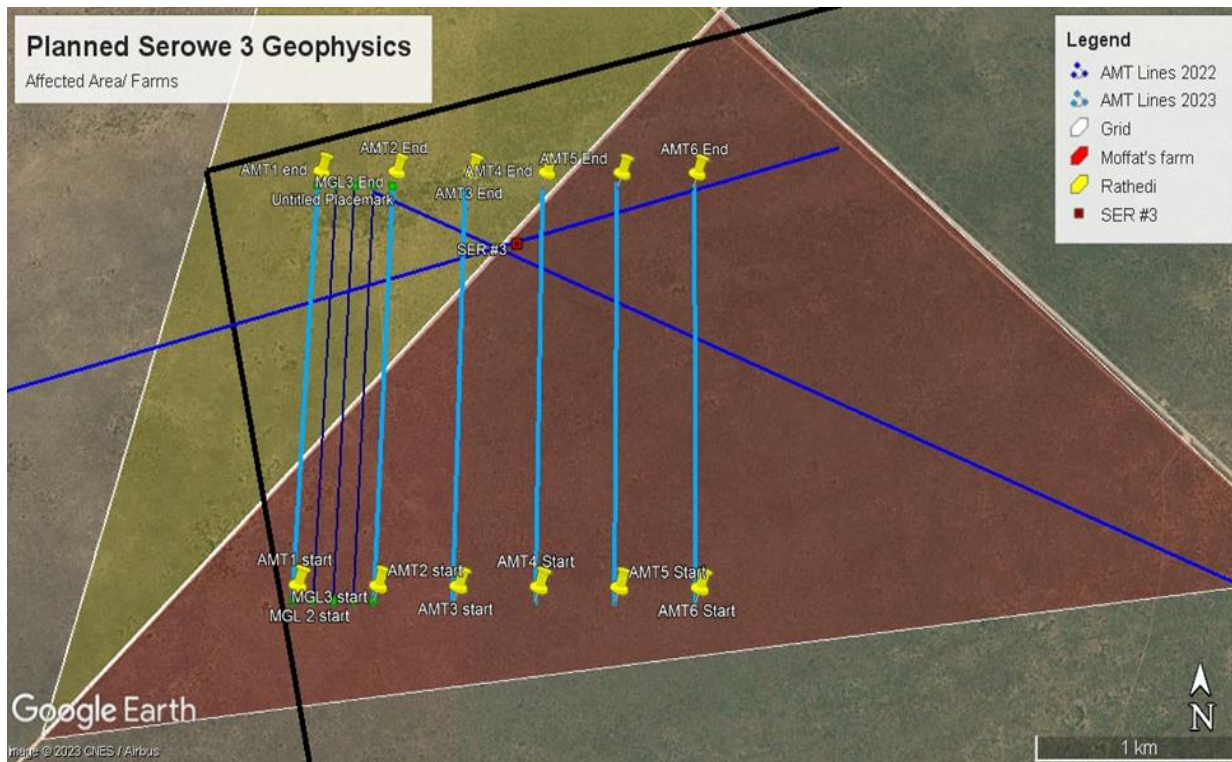


Figure 2 - Serowe CBM Project & Well Locations

### 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.*

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](http://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 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 electricity and liquified natural gas (LNG) 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 because of new information, future events or otherwise.