



Monday, 20 November 2023

### **COMMERCIAL PILOT PROGRAMME UPDATE – THIRD PILOT WELL SEROWE-3.5 COMPLETED AND SEROWE-3.4 SPUDDED**

#### **Highlights:**

- **Third pilot (main production well) of Project Pitse completed on time and budget.**
- **Serowe-3.5 drilled to a Target Depth of 476m and intercepted 25m of highly prospective coal in the two upper coal seams of the Serowe (13m) and Upper Morupule (12m) Formations and a further 11m of net coal in the Lower Morupule Formation.**
- **Rig moved to Pilot well site Serowe-3.4 and spudded.**
- **Botswana Geological Institute contracted to drill and collect cores through the coal seams at Serowe-3.4 for gas desorption testing prior to further drilling for production testing.**
- **Field laboratory mobilised to site for gas desorption testing of the cores.**

Botala Energy Ltd (ACN 626 751 620) ("**Botala**") is pleased to announce logging results for Project Pitse's third pilot well. Serowe-3.5 is the central well of the five-well system and should become Project Pitse's first production well.

Serowe-3.5 was drilled to a Target Depth of 476m, and intercepted 25m of net coal in the two highly prospective upper coal seams of the Serowe (13m) and Upper Morupule (12m) Formations and a further 11m of net coal in the Lower Morupule Formation.

Coals were first encountered at 344m, which is 17m higher than in Serowe-3.1 which is located 350m to the North (Figure 1). The height difference is due to a localised fault identified during geophysical surveys prior to drilling.

Project Pitse is Botala's first Commercial Pilot Project within its Serowe Coal Bed Methane gas project.

Serowe-3.1 demonstrated that gas can be brought to the surface from simple vertical wells without stimulation when it was first flared on 4 September 2023.

Flaring produced a peak flowrate of 42 thousand standard cubic feet per day (scfd). This is a highly encouraging flow rate as the well is still being dewatered and has yet to reach steady-state pressure. The continuous increase in pressure provides confidence that the Pitse Project should readily achieve the target mid-case commercial flowrate for the 5-wells system of ~70scfd based on economic analysis.

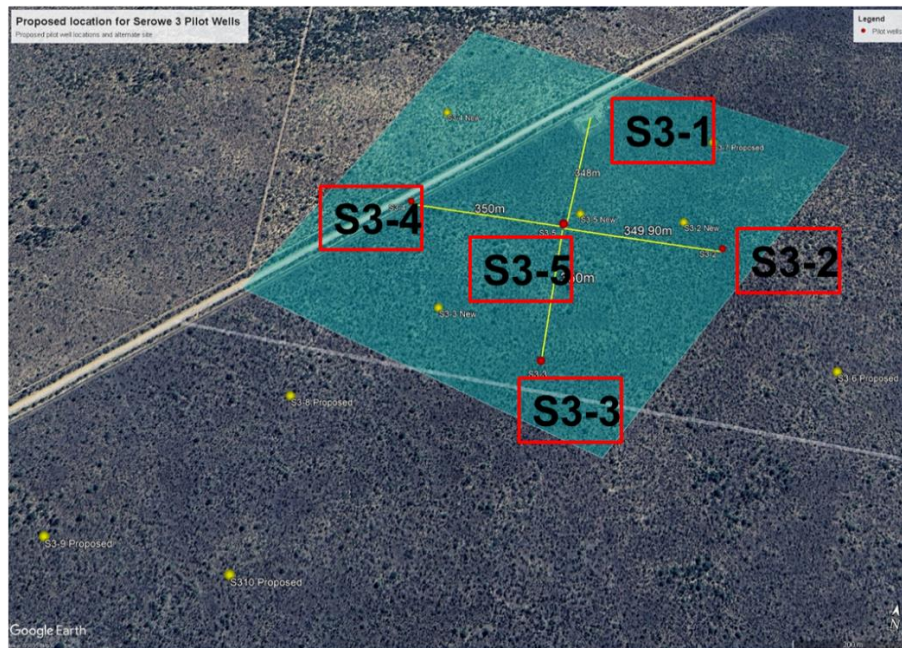


Figure 1 - Serowe-3 Pilot Well Locations.

## Project Pitse background:

### What we know

- Independent certified resource of 317 billion cubic feet (2C) and prospective resource of 8.008 trillion cubic feet (3C) based on 5 exploration wells completed prior to listing on 14 July 2022 (excludes wells Serowe-6 and 7).
- All wells intersected 24-40m of net coal, including coals of the highly prospective Serowe and Upper Morupule Formations and appears representative for our project area based on our coal distribution maps.
- Drilling costs per well are relatively low-cost at an average of ~A\$220,000 per well, which suggests production costs should be very competitive.
- Gas was flared from the Serowe-3.1 well, confirming that gas can be extracted from simple vertical wells with current work designed to establish commercial flow rates.

### What we are currently completing

- Finalising drilling of a pilot cluster of 5 wells (Project Pitse) to accurately observe and measure gas flows and confirm commercial viability.
- Concept for Project Pitse to progress to revenue generating gas production and establishing a 20MW hybrid gas/solar plant, to generate electricity for the Botswana power grid, if gas flows confirm economic viability.

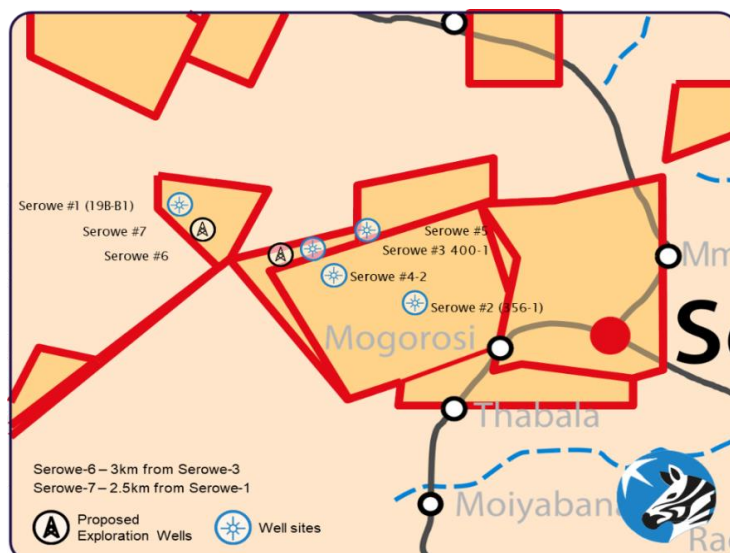


Figure 2 - Botswana Acreage Map

Botala CEO Kris Martinick commented ***“The most encouraging part of this news is not just consistent results but also the vast improvement in operational efficiencies. We have reduced our drilling time from 42 days on the Serowe-2 well to now consistently completing drilling in 10 days and significantly reduced our drilling costs by around 40%.***

#### **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:**

Kris Martinick.

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 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, because 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-3.5 and is an appraisal well targeting Coal Bed Methane.  b) Serowe-3.5 is located at Latitude -22.24528 and Longitude 26.19508 in Prospecting Licence PL-400.  c) Botata Energy Ltd working interest is 70% in the well. Coal seam thickness is 36m.  d) Not Applicable  e) The Geological rock type is coal  f) The Serowe seam was encountered a depth of 344m, the Upper Morupule was encountered at a depth of 380m and the Lower Morupule was encountered at a depth of 412m  g) Flow-testing to be completed as part of the commercial Pilot Project.  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>