



Wednesday, 10 August 2022

DRILLING CONTRACTOR APPOINTED WITH DRILLING SET TO COMMENCE AT SEROWE CBM PROJECT IN SEPTEMBER 2022 AND FLOW-TEST SKID FABRICATED

Highlights:

- **Kalahari Gas Corporation has been awarded drilling contract.**
- **Flow-test skid has been fabricated and will be moved to site in September 2022.**
- **Botala plans to complete a minimum of four exploration wells by the end of 2023.**
- **Botala has awarded BE&R Consulting with a contract for early-stage research and development of renewable energy opportunities related to the Serowe CBM Project.**
- **Botala holds a 70% interest in the Serowe CBM Project, which is located in a high-grade CBM region of Botswana and which Botala (as Operator) is actively working to explore and develop.**

Welcome to all new shareholders who joined Botala Energy Ltd (ACN 626 751 620) ("**Botala**") when it was admitted to the official list of ASX on 12 July 2022 ("**Admission**") after successfully raising \$5 million (before costs) on schedule, in difficult market conditions.

Since Admission, Botala has focused on detailed planning to execute the work programme outlined in its initial public offering prospectus dated 16 May 2022 (the "**Prospectus**").

Botala's immediate focus and main undertaking is the further exploration of the Serowe CBM Project in Botswana to (amongst other things) potentially increase its certified resources and demonstrate gas flows. As an adjunct to its main undertaking, Botala is also progressing its early-stage research and development of related renewable energy opportunities (refer Section 3.7 of the Prospectus for further details).

Botala is pleased to announce that it has appointed Kalahari Gas Corporation to drill two exploration and four pilot wells.

In addition to the appointment of the drilling contractor, Botala's key activities already undertaken since Admission include:

- Flow-test skid has been fabricated and is ready to be moved to site.
- Locations for the Serowe-6 and 7 exploration wells have been finalised.
- BE&R Consulting has been engaged to study early-stage development concepts, including renewables.
- Procurement of casing and other drilling equipment.

Botala's key upcoming activities in its near-term work plan include:

- Well pad preparation in August 2022 to spud two exploration wells, which are anticipated to spud in September 2022.
- Serowe-3 well: flow-testing is expected to commence in September 2022.
- Discussions with vendors and potential clean energy partners.
- Assessment of utilising agriculture as a produced water disposal method ahead of a commercial pilot programme.

Following the two exploration wells and flow testing of the Serowe-3 well, Botala is planning to drill four pilot wells in preparation for a commercial pilot flow testing programme. Information from all exploration wells and the Serowe-3 flow test will be used to finalise the location of the pilot wells and the design of the top-side facility.

A further two exploration wells are anticipated to be drilled in early-2023; planning will be completed based on results from the two exploration wells to be drilled in Q2/3 2022.

Further details in respect of Botala's upcoming drilling programme are set out below and in Sections 2.6 and 3.7 of the Prospectus.

Exploration Wells

Botala plans to drill and complete a minimum of four exploration wells by the end of 2023, and planning is underway to spud two exploration wells in or around ~September 2022. Botala has selected sites for the Serowe-6 and 7 wells which will be in Prospecting Licences (PL) 400 and 19B, respectively. The Serowe-6 well location in PL 400 is a ~5 km south-westerly step-out from Serowe-3 well, whilst Serowe-7 well is a ~5km south-easterly step-out from Serowe-1 well in PL 19B. These well locations are shown in Figure 1 below.

The objectives of the exploration programme are to:

- Potentially increase the Serowe CBM Project certified gas resources.
- Explore Prospecting Licences which have yet to be drilled.
- Expand the existing high potential areas.
- Determine the location for a future pilot programme(s).
- Satisfy licence commitments.

Prior to drilling, Botala is intending to undertake site specific geophysical surveys over proposed well sites to avoid possible small faults, fractures and igneous intrusions identified on Botala's regional database. This information will be correlated with well logs post-drilling to improve our regional geological understanding.

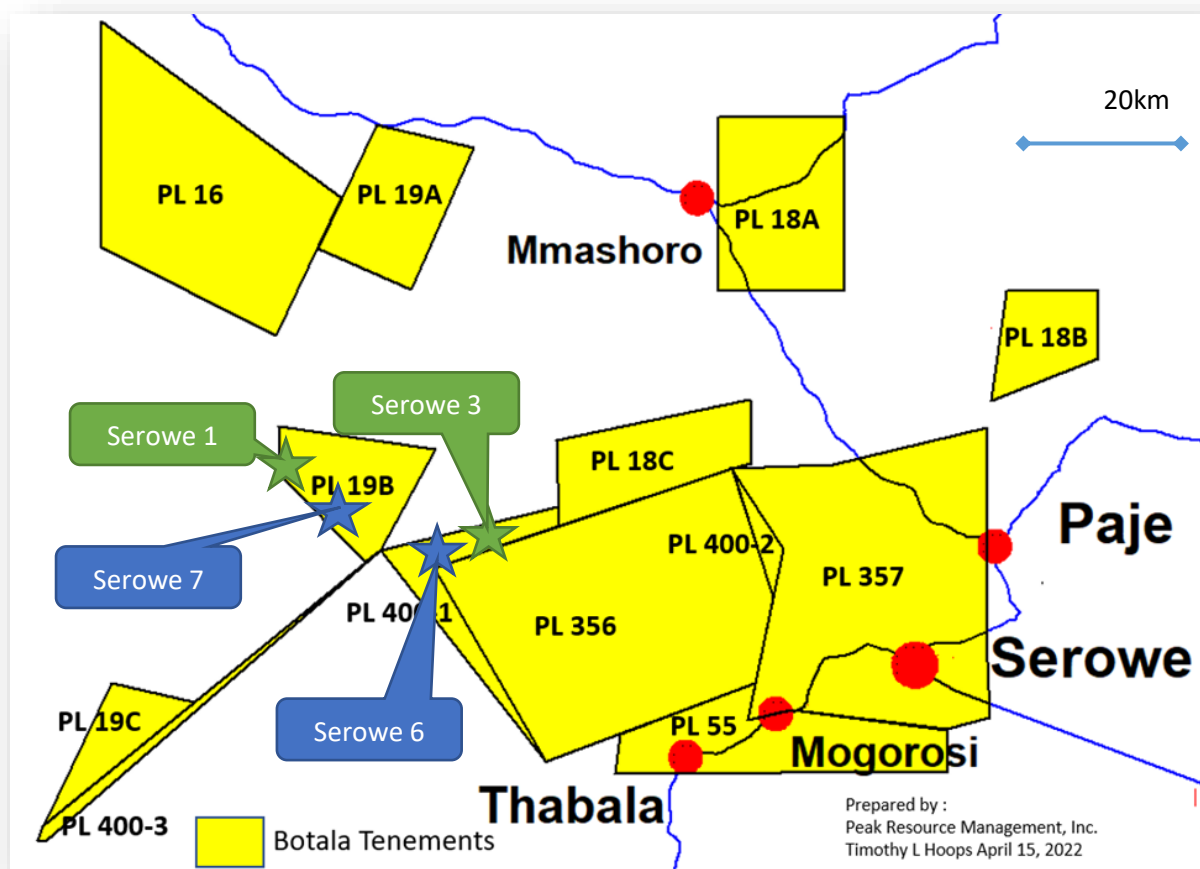


Figure 1 - Serowe Prospecting Licence Map.

Serowe-3 Flow Testing

The objective of the appraisal programme is to further Botala's understanding of the geological parameters of the coals and develop cost-effective methods to develop the discovered gas. Exploration and appraisal data will provide information on geological extent, continuity, heterogeneity, gas saturations, depths, thicknesses, gas volumes, and dynamics of gas flows. Botala believes that the quantity and quality of this data will contribute towards developing efficient procedures to maximise commercial gas flows.

The Serowe-3 well, which was drilled in August 2021, will be under-reamed (to increase its diameter) and flow tested. A 'completion design' for this flow testing has been finalised; and a flow monitoring skid (Figure 2 below), separator and pump have been procured. Flow-testing is expected to start in mid-September 2022. Resultant data will be used to plan the commercial testing phase.



Figure 2 - Serowe 3 Flow Testing Skid post factory testing at Franklin Electric (Pty) Ltd facility in South Africa.

Early-Stage Renewables R&D

Botala recognises the global need for clean energy solutions and envisages that development of the Serowe CBM Project gas field will be combined with renewable energy solutions. Botala is focused on minimising its carbon footprint during the appraisal, development and production phases. BE&R Consulting have been engaged for early-stage research and development into the viability of developing the following (which are subject to, and conditional upon, the successful commercialisation of the Serowe CBM Project):

- (a) **Pilot Programme:** Identify economically viable solution to use CBM produced during the appraisal programme instead of flaring.
- (b) **Serowe Energy Hub of 110 ha:** proposal for an initial ~20MW solar/gas hybrid electricity plant to feed into a nearby substation in Serowe, Botswana.
- (c) **Early-Stage Agriculture:** as part of the process to manage water produced from completed wells.

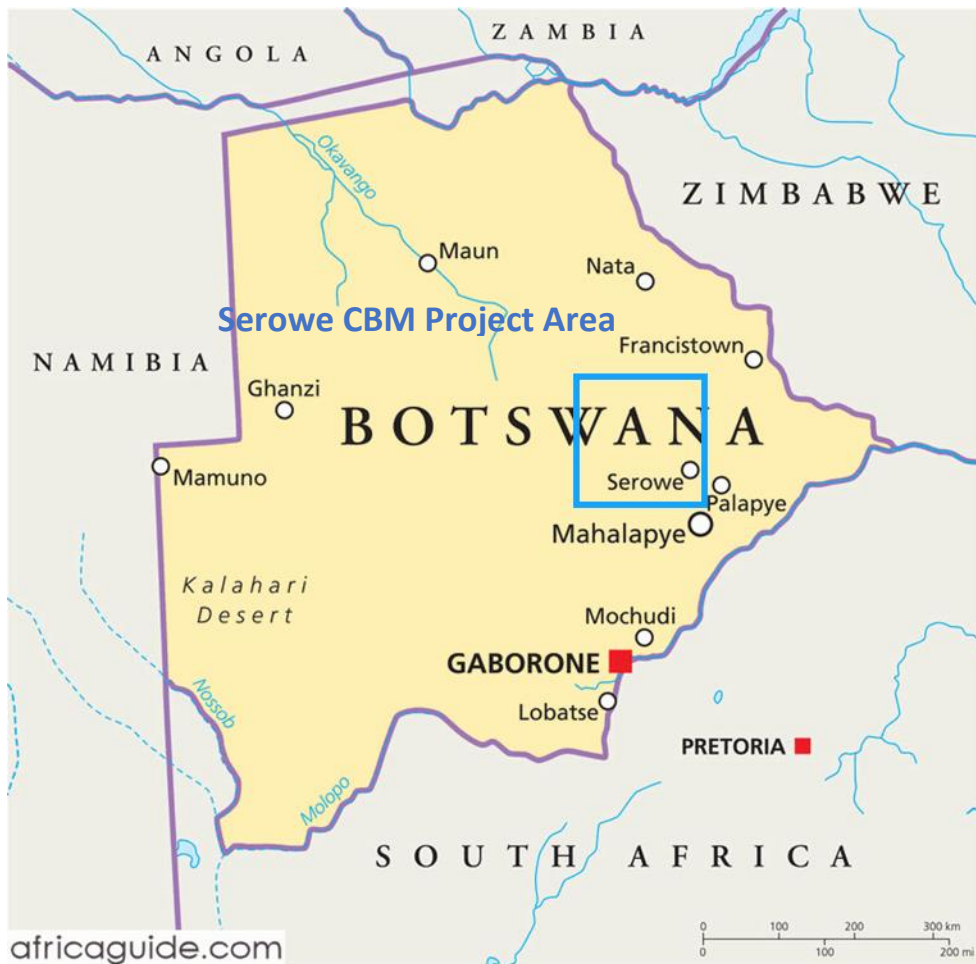


Figure 3 - Serowe CBM Project Location Map.

Kris Martinick, CEO of Botala Energy said: “We are pleased to have appointed Kalahari Gas Corporation as our drilling contractor to complete near term drilling. This represents a significant step forward in the development of the Serowe CBM Project with a dedicated focus on further exploration and appraisal of the field providing growth opportunities.”

BY ORDER OF THE BOARD

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

Botala Energy Limited (ACN 626 751 620) is an ASX-listed coal bed methane (**CBM**) exploration and development company focussed on developing production from its 70% owned Serowe CBM Project (the remaining 30% of which is owned by ASX-listed Pure Hydrogen Corporation Limited pursuant to a joint venture agreement with Botala) located in a high-grade CBM region of Botswana (and related early-stage renewable energy opportunities). Botala (as Operator) is focussed on developing the Serowe CBM Project and believes that there is a considerable opportunity for it to commercialise the project due to the demand for stable power supply in Botswana.

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.