



Monday, 5 June 2023

### **SOLAR PV MANUFACTURE PROGRESSING & SPECIAL ECONOMIC ZONE LICENCE AWARDED**

#### **Highlights:**

- i. **Solar PV Panel Manufacturing plant progressing with ongoing studies.**
- ii. **Special Economic Zone Licence obtained for Botala's Leupane Energy Hub and Industrial Park. Key points:**
  - **Corporate Tax: 5% for first 10 years and 10% subsequently.**
  - **No VAT on raw materials.**
  - **Duty-free imports of plant and machinery.**
  - **No exchange controls.**
- iii. **Expression of Interests received from:**
  - **Two independent parties for equity and debt funding.**
  - **Panel off-takers within Southern Africa.**

#### **Special Economic Zone**

Botala Energy Ltd's (ACN 626 751 620) ("**Botala**") is pleased to be granted a Special Economic Zone Licence by Botswana's Special Economic Zone Authority for its proposed manufacture of solar PV panels with Solar Finland.

Financial incentives<sup>1</sup> include:

- i. Corporate Tax rate of 5% for first 10 years and subsequently 10%.
- ii. Fast tracked land allocation and long-term renewable land leases.
- iii. Zero-rated VAT on raw materials for manufacturing for export.
- iv. Duty-free imports of plant and machinery for manufacturing purposes.
- v. Waiver on transfer duty on land and property.
- vi. Property tax exemption for 5 years.
- vii. No exchange controls.
- viii. Full repatriation of profits and capital.

Non-financial incentives include:

- i. Support in fast tracking visas and work and residence permits.
- ii. Identification and introduction of investors and networking.
- iii. Assistance in fast tracking environmental and other approvals.

#### **Solar PV Manufacture**

The prefeasibility study demonstrates sufficient value for Botala, in partnership with Solar Finland, to proceed with ongoing studies to build a state-of-the-art, fully automated plant producing high quality PV panels for the Southern African market and Botala's needs.

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<sup>1</sup> Incentives package for SEZ as approved by the Botswana Cabinet on the 22<sup>nd</sup> of July 2019

The PV manufacturing plant will be in Botala's Leupane Energy Hub and Industrial Park for which an Environmental Impact Assessment is in progress. The Special Economic Zone Licence will substantially improve the economic attraction of PV manufacture, should Botala elect to proceed. To date A\$93,000, or 20% of the budgeted early-stage R&D Budget, has been spent on this project.

Botala's is leading the PV studies and would own the manufacturing plant jointly with Solar Finland and other funding partners. Botala will become the operator; key attractions are:

1. Supply high quality solar PV panels to solar projects within Southern Africa.
2. Promote and establish hybrid solar/gas energy plants and supply the gas and solar panels.
3. Cooperate with Scandinavian Green Energy Funds and companies in Africa.



*Figure 1 – Image of proposed Solar PV Manufacturing facility, prepared for Botala by Design 360 Architects*

The business study, undertaken jointly with Solar Finland, has assessed the economic viability, business risks and markets sufficiently to warrant allocation of funds to progress the business study. No 'Show Stopper' risks were identified. The key risks to the business are the supply chain and sales of panels, mitigation strategies identified during this phase will be further defined to reduce or eliminate the potential risks. Further funds will be allocated to the programme<sup>2</sup> from Botala's existing renewables and working capital budgets.

Market projections indicate major growth in the global demand for solar panels, including sub-Saharan Africa. Current risks include upward pressure on panel costs and supply chain restrictions. There is an opportunity to mitigate this risk through the self-supply of PV panels to Botala's proposed hybrid gas/solar plants. Botala has secured expressions of interest from two solar project developers in South Africa.

#### **Potential Partnership Structure and Financial Support**

Botala and Solar Finland are working towards an equal partnership and have received two Expressions of Interest for equity participation and debt funding from two independent parties.

Due Diligence studies required by both potential financial partners are progressing.

Botala and Solar Finland anticipate finalising a partnership agreement shortly.

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<sup>2</sup> Botala is not sufficiently funded at this current stage to advance a solar manufacturing project beyond a Financial Investment Decision and investors are cautioned that additional funds would need to be raised.

## **Main activities**

Gas exploration and early production remain Botala's main activities. Obtaining commercial gas flows is the key focus of Botala's ongoing exploration and advanced gas flow studies at its Serowe-3 well and proposed for its Serowe-7 well.

Botala aims to combine gas with renewable energy in hybrid gas/solar plants to become a producer of reliable, affordable, sustainable, and environmentally responsible energy. Recognition<sup>3</sup> of this led to a binding Memorandum of Understanding (MOU) with Solar Finland [a supplier of quality solar photovoltaic (PV) panels] to manufacture PV panels in Botswana for the growing Southern African market, which is currently met by imports, and for Botala's own internal requirements (reported to ASX on 5 September 2022).

***Botala CEO Kris Martinick commented "The award of the Special Economic Zoning is another demonstration of the Botswana government's enthusiasm for developing projects, and for the quality of our projects. Botala has been very well received to date and we look forward to continuing to explore and develop the Serowe Coal Bed Methane gas field."***

***The business case for the Solar Panel Manufacturing plant looks exciting and will diversify our business risk and although there are still many decisions to be made, has sufficient value to progress to improving project definition before making a final investment decision."***

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)

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<sup>3</sup> Funds from the 'Botala Research and Development for proposed renewable projects' outlined within the IPO Prospectus document.

## **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.