



31 July 2023

**QUARTERLY ACTIVITIES REPORT**

*FOR THE PERIOD ENDING 30 June 2023*

- **SIGNIFICANT MILESTONE AT SEROWE-3: FLOW-TESTING WITH INCREASING GAS PRESSURE**
- **DECISION TO PROGRESS SEROWE-3: COMMERCIAL PILOT PROJECT (PROJECT PITSE)**
- **SEROWE-7: PROGRESSING TO FLOW-TESTING BASED ON EXCELLENT RESULTS**
- **SPECIAL ECONOMIC ZONE LICENCE AWARDED FOR THE SOLAR PANEL MANUFACTURING PLANT AT LEUPANE**

*“It was an exciting Quarter for Serowe-3 flow testing: build-up of downhole gas indicating the well should produce good gas flows. We are looking forward to the next Quarter when we plan to test the well further and drill commercial pilot wells.*”

*The site for Serowe-7 flow testing has been prepared; equipment will be shipped from Brisbane for installation and commissioning.”*

Botala Energy Ltd (ACN 626 751 620) (“**Botala**”) is pleased to provide the following Quarterly update.

### **Exploration and Appraisal Programme**

Flow-testing the Serowe-3 well continued during the Quarter with the programme reaching the milestone of building downhole gas pressure. Pressure build-up in the downhole annulus indicates desorption of gas from the coals is taking place, with surface valves remaining closed to allow pressure build-up.

The build-up of pressure was sufficient to make the investment decision to proceed with the Commercial Pilot Project at Serowe-3, Project “**Pitse**”.

Serowe-7 well was spudded and completed during Q1/2023. Nuclear Magnetic Resonance (NMR) logging confirming adsorbed and free gas concentrations, and that the permeability of the targeted coal seams is sufficient to progress with a flow-test; the second well to progress to flow-testing.

Queensland based Akkurat designed and fabricated a flow-testing skid for the well; the second skid, with the first being used at Serowe-3. The skid is awaiting shipment to site.

The logging results have increased the areal extent of the three coal seams known to Botala.



Figure 1 - Serowe 3 Flow testing evaporation pond

Samples of the coals are currently being tested by Weatherford in Houston to understand the properties of the coal seams.

### **Geophysical survey**

During the Quarter a contract was awarded to a Botswanan company to acquire 84-line kms of ground magnetic and AMT over the Serowe-3 and Serowe-7 sites to optimally locate the pilot wells. The surveys were conducted in July.

### **Solar Manufacturing**

During the Quarter Botala was 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 plus work and residence permits.
- ii. Identification and introduction of investors for networking.
- iii. Assistance in fast tracking environmental and other approvals.

During this Quarter Botala was also granted *local asset status* by the Botswana Investment and Trade Centre. Thereby encouraging and allowing local pension funds to invest in Botala.

The decision was made to progress the Botswana Solar PV Panel Manufacturing business case into the next phase of business development. The business case demonstrates sufficient value for this project to proceed within the Botala and Solar Finland project gated process.

Botala 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 commercial attractions are:

- i. Supply high quality solar PV panels to markets within Southern Africa.
- ii. Promote and establish hybrid solar/gas energy plants to supply the gas and solar panels.
- iii. Cooperate with Scandinavian Green Energy Funds and companies in Africa.

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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



Figure 2 - Image of proposed Solar PV Manufacturing facility, prepared for Botata by Design 360 Architects

The business study assessed the viability of the finances, business risks and market to a sufficient level of detail to warrant continuing to spend funds to progress the business case. No 'Show Stopper' risks were identified. The key risks to the business are primarily the supply chain and sales of panels. Mitigation strategies for these have been identified as part of the key focus for the next development phase of

the business case along with firming the ownership structure.

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 Botata's proposed hybrid gas/solar plants. Botata has secured expressions of interest from two solar project developers in South Africa.

### EIA progress and Stakeholder engagement

Separate Environmental Impact Assessments are progressing for approvals of the following three projects:

- Serowe wellfield development and pipeline to Leupane near Palapye.
- Serowe 20MW solar/gas hybrid power station.
- Development of the Leupane Energy Hub and Industrial Park on which the Solar PV Panel Manufacturing Plant would be located.

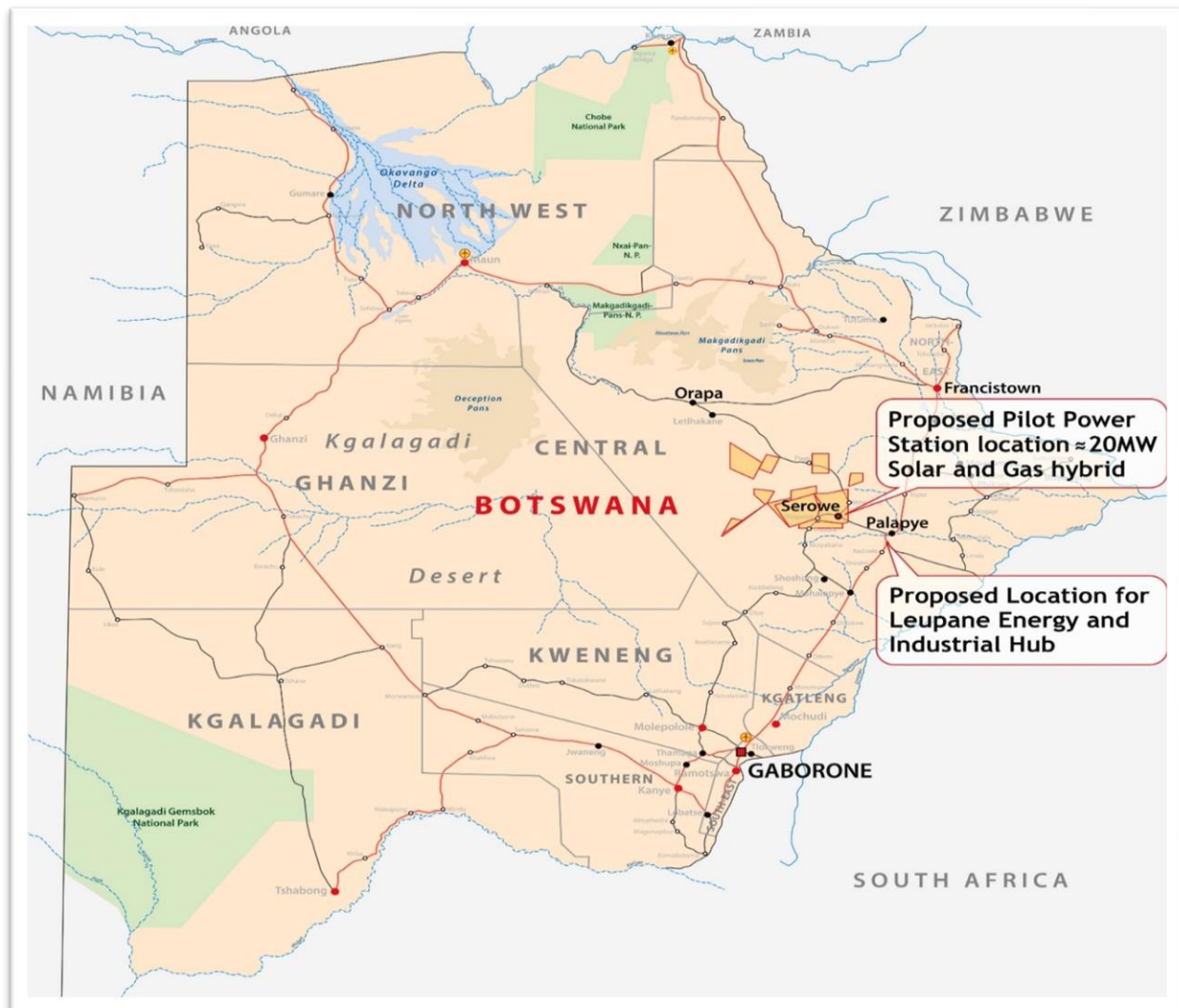


Figure 3 - Botswana and Serowe CBM Project acreage map

### TENEMENT DIRECTORY

The following tenements are held by Sharpay Enterprises (Pty) Ltd in which Botala has a 70% interest and is operator. All tenements are in good standing:

<b>Prospecting Licence Number</b>	<b>Expiry Date</b>	<b>Area (KM<sup>2</sup>)</b>	<b>Comments</b>
016/2018	20/2/2025	648.4	Licence granted
018/2018	20/2/2025	694	Licence granted
019/2018	20/2/2025	510.4	Licence granted
356/2018	30/9/2023	926	Licence granted
357/2018	30/9/2023	892	Licence granted
400/2018	30/9/2023	192	Licence granted
055/2021	31/3/2024	268	Licence granted

*(Total acres as at 30 June 2023)*

### GAS PRODUCTION

There was no gas production for the June 2023 Quarter.

### CASH MANAGEMENT

Botala held net cash of A\$1,867,226 at the end of the June 2023 Quarter.

BY ORDER OF THE BOARD

Yours faithfully

**BOTALA ENERGY LTD**



Kris Martinick  
**Chief Executive Officer**

**For more information please contact:**

Kris Martinick: [kris.martinick@botalaenergy.com.au](mailto:kris.martinick@botalaenergy.com.au) or +61 421 322 737

This report is lodged on the Company's website, [www.botalaenergy.com](http://www.botalaenergy.com)

## **About Botala**

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

## **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 One

### to the Quarterly Activities Report

30 June 2023

Reconciliation of the Use of Funds

Statement from the Prospectus

The following table shows the intended use of funds in the 24-month period following Admission:

	Prospectus Use of Funds	Funds Used to 30 June 2023
	A\$'000	A\$'000
Drilling and flow testing	3,600	1,500
Operations	1,000	949
Licence retention and expansion	150	87
Research and development for proposed renewable projects	475	123
Local and international office costs	150	111
Corporate costs and working capital	531	733
Estimated expenses of the Offers	644	455
<b>Total Use of Funds</b>	<b>6,550</b>	<b>3,958</b>

At the end of the June 2023 Quarter there were no material variances to the budgeted expenditure.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

BOTALA ENERGY LTD

ABN

41 626 751 620

Quarter ended ("current quarter")

30 JUNE 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(114)	(588)
(e) administration and corporate costs	(64)	(226)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	87
1.5 Interest and other costs of finance paid	-	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(159)</b>	<b>(731)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(1)	(1)
(d) exploration & evaluation	(673)	(3,501)
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	730
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(674)</b>	<b>(2,772)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(455)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(455)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>(833)</b>	<b>(3,958)</b>
4.1	Cash and cash equivalents at beginning of period	2,700	5,825
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(159)	(731)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(674)	(2,772)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(455)



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,867</b>	<b>1,867</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	467	700
5.2	Call deposits	1,400	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,867</b>	<b>2,700</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	54
6.2	Aggregate amount of payments to related parties and their associates included in item 2	91

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	10	10
7.2 Credit standby arrangements	50	7
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	60	17
7.5 <b>Unused financing facilities available at quarter end</b>		43
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	Loan facilities are in relation to a loan to fund D&O insurance. Credit standby facilities are for a credit card facility of \$50,000 from the NAB at commercial interest rates, which is secured.	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(159)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(674)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(833)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,867
8.5 Unused finance facilities available at quarter end (item 7.5)	43
8.6 Total available funding (item 8.4 + item 8.5)	1,910
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	2.3
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 July 2023

Date: .....



Authorised by: .....

Craig Basson  
(Company Secretary)

Authorised by: The Board

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.