



31 October 2023

QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDING 30 SEPTEMBER 2023

APPRAISAL MILESTONE - GAS FLARED AT SEROWE-3.1

**COMMERCIAL PILOT PROGRAMME UNDERWAY WITH SEROWE-3.2
SPUDED AND DRILLED TO TARGET DEPTH**

A\$1.3 MILLION RAISED VIA INSTITUTIONAL PLACEMENT

Highlights:

- Serowe-3.1 successfully flared for 22 minutes measuring a change in pressure of 22psi, marking an important appraisal milestone.
- Serowe 3.1 is an important contributor to the independently certified 2C resource and representative of its CBM geology.
- Project Pitse first pilot well Serowe-3.2 was successfully completed on time and on budget with logging results determining 37m of coal within the Serowe, Lower and Upper Morupule seams.
- Major milestone: commencement of the first of four additional wells within ~800 radius of Serowe-3.1 as part of Project Pitse.
- A\$1.3 million raised via Institutional Placement with strong support from new and existing sophisticated and professional investors.
- Board participated in the placement with a \$525,000 commitment subject to shareholder approval.

CEO Kris Martinick stated "This past quarter has seen the commencement of the Commercial Pilot Programme, Project Pitse. We are excited about this Programme because it is the pathway to establish a cluster of wells to underpin development of the commercial potential of the Serowe CBM gas play."

Botala Energy Ltd (ACN 626 751 620) ("**Botala**") is pleased to provide the following quarterly update.

Project Pitse.

During the quarter Botala commenced its inaugural Commercial Pilot Programme, Project Pitse. Pitse is a 5 pilot well programme around Serowe-3-1 well (formally Serowe-3). The decision to proceed with drilling four additional wells was based on the ongoing build-up of gas which was subsequently flared. The temporary gas flow indicates the coals are at their desorption pressure point and demonstrates good permeability. Serowe-3.1 flared successfully for 22 minutes measuring a change in pressure of 22psi and an instantaneous flow-rate of 42Mscfd. The test on this well was 'open hole' meaning that the well is open to all three coal seams in the area. All well testing going forward will be part of developing the Pitse Project for commercial production.

The first of four pilot wells Serowe-3.2 was spudded and drilled to target depth of 471m, encountering 37m of coal within the Serowe, Upper and Lower Morupule seams. The Serowe Coal Seam (the primary target) showed the same characteristics as the initial Serowe-3.1 well. The logging results extend the area of the targeted coals in the upper seams found within Botala's acreage.

The rig subsequently moved to the Serowe-3.3 site 700m south of Serowe-3.1 and was spudded in the following quarter.

Investment.

In September Botala completed a A\$1.3 million Institutional Placement to advance the company's drilling and flow-testing programmes. The Botala Board participated in the placement with an investment of A\$525,000 subject to shareholder approval at the upcoming Annual General Meeting. This has strengthened the balance sheet position of the Company to strongly progress with Project Pitse.

The A\$1.3 million placement (before costs) was completed at an issue price of A\$0.09 per share ("**New Shares**") with a free attaching 1 for 1 unlisted option exercisable at A\$0.15 per share and expiring 31 December 2025 ("**attaching Options**") to advance Project Pitse.

These securities were issued at a 23.1% discount to the 30-trading day Volume Weighted Average Price ("**VWAP**"). In addition to the Placement, a service company will provide A\$400,000 of equipment for New Shares in the Company at the same price as the Placement ("**Equipment Provider Shares**"). This equipment will be used to further Botala's flow-testing and monitoring.

An approximate total of 19.2 million shares, and approximately 14.8 million unlisted options will be issued in respect to Placement & Equipment Provider Shares with approximately 13.4 million issued under Botala's remaining capacity under Listing Rule 7.1.

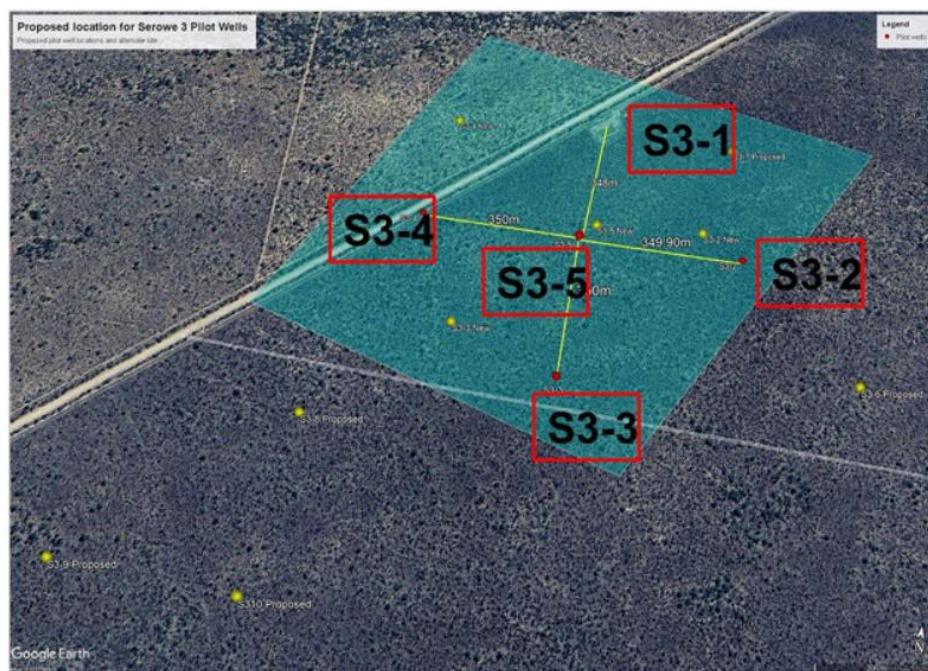


Figure 1 - Botala Exploration Well Locations for Serowe-3

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 dated 8 December 2020.

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 September 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 September 2023
	A\$'000	A\$'000
Drilling and flow testing	3,600	2,161
Operations	1,000	1,142
Licence retention and expansion	150	123
Research and development for proposed renewable projects	475	191
Local and international office costs	150	126
Corporate costs and working capital	531	1,002
Estimated expenses of the Offers	644	455
Total Use of Funds	6,550	5,200

At the end of the September 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 SEPTEMBER 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(116)	(116)
	(e) administration and corporate costs	(52)	(52)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	14	14
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(154)	(154)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(1,242)	(1,242)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(1,242)	(1,242)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	805	805
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	-	-
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 – placement advance from Directors	525	525
3.10	Net cash from / (used in) financing activities	1,330	1,330

4.	Net increase / (decrease) in cash and cash equivalents for the period	(66)	(66)
4.1	Cash and cash equivalents at beginning of period	1,867	1,867
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(154)	(154)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,242)	(1,242)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,330	1,330

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,801	1,801

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,801	467
5.2	Call deposits	-	1,400
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,801	1,867

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
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	121
<i>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.</i>		

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

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	50	2
7.3	Other (please specify)	-	-
7.4	Total financing facilities	50	2
7.5	Unused financing facilities available at quarter end		48
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. Credit standby facilities are for a credit card facility of \$50,000 from the NAB at commercial interest rates, which is secured.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(154)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,242)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,396)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,801
8.5	Unused finance facilities available at quarter end (item 7.5)	48
8.6	Total available funding (item 8.4 + item 8.5)	1,849
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.3
	<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: No, the Company expects costs to reduce in the near term once the drilling programme for Project Pitse is completed and into commissioning.	
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: The Company recently announced a private placement of approximately A\$1.3 million (before costs) (refer ASX announcement 22 September 2023) and is continuing to evaluate future capital raising opportunities to support future work programmes. Further, Botla has completed its farm-in to the Serowe CBM Project to acquire its current 70% working interest having satisfied its A\$6.1 million minimum commitment (Minimum Commitment) under the Serowe joint operating agreement (Serowe JOA). BTE's joint venture partner, Pure Hydrogen Corporation Limited (PH2) will be required to contribute to future exploration expenditure pro-rata in accordance with its 30% participating interest in the Serowe CBM Project.	

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: Yes, as set out in Question 8.8.1 above, the Company is intending to reduce its capital expenditure in the near term once the current drilling campaign is complete while it evaluates future capital raising opportunities and will, subject to the Minimum Commitment under the Serowe JOA having been satisfied, have the benefit of PH2 contributing to future gas exploration expenditure pro rata in proportion to its 30% participating interest in the Serowe CBM Project pursuant to the Serowe JOA (refer Question 8.8.2 above).

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 October 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.