



13 November 2024

CORRECTIVE ACTION IN RELATION TO INADVERTANT BREACH OF LISTING RULE 10.1

As announced on 4 April 2024, Botala Energy Ltd (ACN 626 751 620) ("**Botala**" or "**Company**") successfully increased its ownership in the Serowe CBM Project to 100% by acquiring the remaining 30% ("**PH2 Acquisition**") from Pure Hydrogen Corporation Limited ("ASX: PH2") ("**PH2**"). Whilst Botala wishes to emphasise that the transaction was negotiated independently and on commercial and arm's length terms, it has since been brought to Botala's attention that the PH2 Acquisition inadvertently breached the Listing Rules by Botala having obtained shareholder approval under Listing Rules 7.1 and 7.4 rather than 10.1. The details of the inadvertent breach and the corrective action Botala is undertaking are set out below.

Botala is extremely pleased with having increased its ownership in the Serowe CBM Project to 100% and its recent successful placement to raise \$1.87 million (refer ASX announcement dated 23 October 2024) and believes that it is well positioned to exploit the Serowe CBM Project as the new year approaches.

PH2 Sale Agreement

Pursuant to the share sale agreement in respect of the PH2 Acquisition ("**PH2 Sale Agreement**"), Botala agreed to pay aggregate consideration of A\$2,055,000 ("**Purchase Price**") comprising the issue 14.5 million shares (valued at A\$1,305,000 using a deemed issue price of \$0.09 per share) to PH2 in two tranches ("**T1 Consideration Shares**" and "**T2 Consideration Shares**", respectively), together with a milestone payment of A\$750,000 contingent on agreed reserves certifications ("**Milestone Consideration**").

Listing Rule 10.1 requires a company to ensure that neither it nor its subsidiaries acquire or agree to acquire a "substantial asset" from certain entities including a related party and associates without the approval of shareholders of the company. A "substantial asset" is one which the value of the consideration paid is more than 5% of the equity interests of the entity.

At the time of the PH2 Sale Agreement, PH2 had a 16.49% voting power in Botala's shares, such that PH2 was a party to whom Listing Rule 10.1 applied. Accordingly, given the value of the Purchase Price exceeded 5% of Botala's equity interests of \$14,940,243 (as stated in the Company's half year accounts announced on 13 March 2024), Listing Rule 10.1 approval ought to have been obtained.

However, at the relevant time the Company was under the belief that the value of the Purchase Price did not exceed the 5% threshold, such that at the Company's general meeting held on 28 June 2024 shareholder approval was instead sought and obtained under Listing Rules 7.1 and 7.4 in respect of the T1 Consideration Shares and T2 Consideration Shares.

Whilst shareholders overwhelmingly approved the issue of T1 Consideration Shares and T2 Consideration Shares at the Company's general meeting, the Company appreciates that not obtaining Listing Rule 10.1 approval in respect of the PH2 Sale Agreement was an inadvertent breach of the Listing Rules.

As such, the Company will undertake the following corrective actions:

Procedures in place

Botala will take all appropriate precautions to ensure that any further breach of Listing Rule 10.1 does not occur in future, including by:

- engaging with its legal and accounting advisors at the earliest possible juncture when considering any proposed acquisitions or disposals with existing substantial shareholders ("**Relevant Transactions**") to ascertain all applicable listing rules and receive written advice in relation to same;
- revising its internal policies to ensure that the application of Listing Rule 10 is considered and signed off by the board at a board meeting prior to undertaking any Relevant Transactions; and
- considering and, where practicable, including in the binding documentation in relation to Relevant Transactions a caveat that the transaction consideration is subject to the Listing Rules.

ASX Engagement

In light of the above, Botala has agreed with ASX to issue this announcement and seek approval of the PH2 Sale Agreement under Listing Rule 10.1 at an upcoming general meeting intended to be held in late December. The notice of meeting will be accompanied by an independent expert report in accordance with Chapter 10 of the Listing Rules. In the event that shareholders do not approve the PH2 Sale Agreement under Listing Rule 10.1, the Company will be required to terminate the PH2 Sale Agreement in order to comply with the Listing Rules.

Listing Rule 10.7

Given PH2 is a party to whom Listing Rule 10.1 applies, Listing Rule 10.7 applies to the PH2 Sale Agreement.

Broadly speaking, Listing Rule 10.7 states that if an acquisition to which Listing Rule 10.1 applies involves a classified asset, the consideration must be restricted securities (and/ or reimbursement of exploration expenditure).

The Company confirms that 100% of the Milestone Consideration constitutes reimbursement of exploration expenditure.

The Company is currently in the process of seeking a waiver from ASX from Listing Rule 10.7 to the extent necessary to enable the T1 Consideration Shares and T2 Consideration Shares to be escrowed until 31 December 2024 (as is provided for in the PH2 Sale Agreement) (**Waiver**). There is no guarantee that ASX will grant the Waiver. Unless and until ASX grants the Waiver, the ASX escrow applicable to the T1 Consideration Shares and T2 Consideration Shares is 12 months from their respective dates of issue in accordance with the Listing Rules.

The Company confirms it has issued a restriction notice to PH2 in respect of the 6,000,000 T1 Consideration Shares and 6,500,000 Tranche 2 Consideration Shares which have been issued and, unless ASX grants the Waiver first, will issue an additional restriction notice to PH2 in respect of the remaining 2,000,000 Tranche 2 Consideration Shares to be issued under the PH2 Sale Agreement.

For completeness, the Company confirms that neither the T1 Consideration Shares nor T2 Consideration Shares have been traded by PH2 given they are currently subject to escrow and a holding lock in accordance with the PH2 Sale Agreement until 31 December 2024. The current escrow arrangements will not be reduced in the event that ASX grants the Waiver.

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

About Botala

Botala Energy Ltd (ACN 626 751 620) is an ASX-listed coal bed methane (**CBM**) exploration and development company focussed on developing production from its 100% owned Serowe CBM Project 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. Botala is listed on the Australian Securities Exchange and the Botswana Stock Exchange.

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.