



31 January 2024

QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDING 31 DECEMBER 2023

COMMERCIAL PILOT PROGRAMME DRILLING PROGRESSING ON PLAN AND BUDGET

SEROWE-3.1 UNDERWENT 3 FLOW-TESTS WITH GAS FLARED

A\$2.4 MILLION RAISED VIA PRIVATE PLACEMENT

Highlights:

- **Approval for Dual Listing on Botswana Stock Exchange (BSE):** Effective from 22 November 2023, enhancing Botala's market presence and allowing Botswana to invest.
- **A\$2.4M Placement to fund Commercial Pilot Programme:** Strong investor support secures funding for ongoing development.
- **Successful Completion of Serowe-3.3 and Serowe-3.5 Pilot Wells:** Both wells completed on time and within budget, ensuring significant progress with Project Pitse.
- **Advancement in Renewable Energy Initiatives:** Progressing to the next phase of the Solar Project in the Serowe Energy Hub.
- **Commitment to Operational Efficiency and Growth:** Ongoing focus on enhancing drilling efficiencies and exploring new development phases.

CEO Kris Martinick commended the team's operational efficiencies, highlighting a significant reduction in drilling time and costs. This operational excellence, combined with meeting recent financial and corporate milestones, positions Botala for sustained growth and success in its ventures.

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

Project Pitse Progress.

Botala completed three of the four planned Pilot Wells with the remaining well drilling suspended for completion in the new year after core sampling. These wells intercepted significant coal sections, with Serowe-3.3 intercepting 24m of net coal and Serowe-3.5 a total of 25m of net coal in the targeted upper coal seams. Successful completion of these wells on time and under budget underscores Botala's operational efficiency and the high potential of the Serowe Coal Bed Methane (CBM) gas project.

Project Pitse, as Botala's first Commercial Pilot Project, demonstrated promising results with Serowe-3.1's initial flaring producing an unstabilised peak flow rate of 42 thousand standard cubic feet per day. This bolsters confidence in achieving the target commercial flow rate from the 5-well system.

Corporate Developments.

During the Quarter Botala completed a dual listing on the Botswana Stock Exchange (BSE) by way of introduction to the BSE Foreign Main Board, effective 22 November 2023. This strategic move is expected to broaden Botala's investor base and enhance liquidity. Botala will adhere to the ASX Listing Rules for all announcements on the ASX and BSE. Botala's shares are tradeable on both the ASX and BSE, with Computershare Investor Services Pty Ltd overseeing the reconciliation of share registers between the two exchanges.

Botala has appointed Imara Capital Securities (Pty) Ltd as its sponsor and sponsoring broker on the BSE. A waiver from the BSE was received, eliminating the need for a public offer of shares concurrent with the dual listing.

Capital Raise.

Botala successfully secured A\$2.4 million through an oversubscribed placement in December 2023, receiving strong backing from both new and existing investors. This financial injection, with the issue price representing an 8.4% premium to the 10-day VWAP, is earmarked to support the completion of the commercial pilot programme and planning of renewable energy projects, including a Solar Panel Manufacturing Plant in Botswana. The funds also bolster Botala's working capital, positioning Botala strongly for future growth.

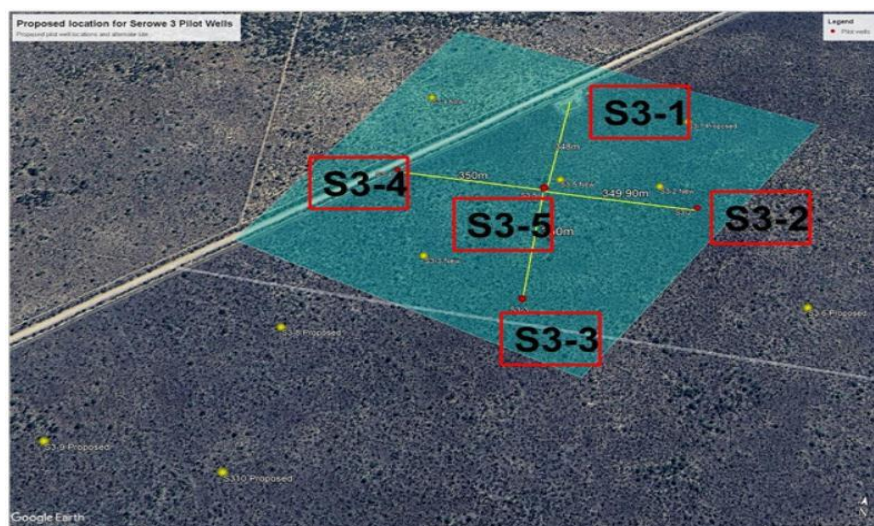


Figure 1 - Botala Exploration Well Locations for Serowe-3

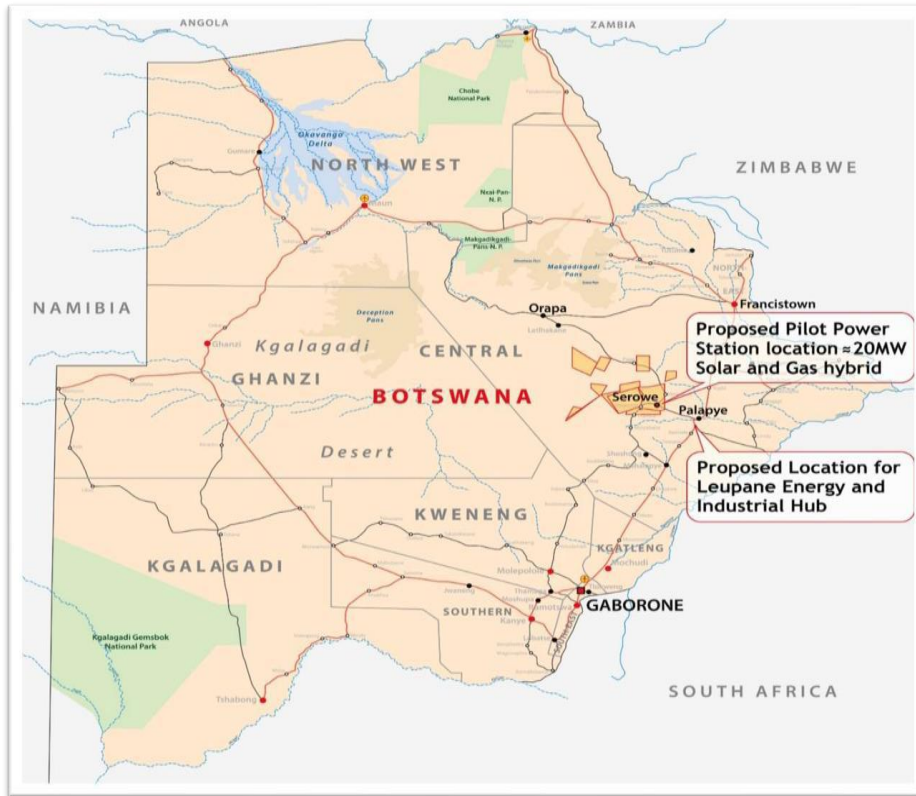


Figure 2 - Botswana and Serowe CBM Project acreage map

TENEMENT DIRECTORY

The following tenements (collectively, **Serowe CBM Project**) are held by Sharpay Enterprises (Pty) Ltd in which Botala has a 70% legal interest and is operator as at 31 December 2023. All tenements are in good standing:

Prospecting Licence Number	Expiry Date	Area (KM ²)	Comments
016/2018	20/02/2025	648.4	Current
018/2018	20/02/2025	694	Current
019/2018	20/02/2025	510.4	Current
356/2018	30/09/2025	926	Current
357/2018	30/09/2025	892	Current
400/2018	30/09/2025	192	Current
055/2021	31/03/2024	268	Licence granted

(Total KM² as at 31 December 2023)

The Serowe CBM Project is located in the Karoo-Kalahari Basin of Central Botswana.

GAS PRODUCTION

There was no gas production for the December 2023 Quarter.

CASH MANAGEMENT

Botala held net cash of A\$1,923,000 at the end of the December 2023 Quarter.

ADDITIONAL ASX LISTING RULE DISCLOSURE

Pursuant to ASX Listing Rule 5.4.5, Botala must include a description of and an explanation for payments to related parties and their associates as disclosed in the Appendix 5B in Section 6 as follows:

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	55
6.2	Aggregate amount of payments to related parties and their associates included in item 2	120

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.

Item 6.1: The aggregate amount of payments to related parties and their associates during the December 2023 Quarter was A\$55k in Director and CEO consulting fees for company administration.

Item 6.2: The aggregate amount of payments to related parties and their associates during the December 2023 Quarter was A\$120k in Director and CEO consulting fees for exploration and evaluation activities.

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 or 0421 322 737

This report is lodged on Botala's website, 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 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

31 December 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 31 December 2023
	A\$'000	A\$'000
Drilling and flow testing	3,600	3,017
Operations	1,000	1,427
Licence retention and expansion	150	137
Research and development for proposed renewable projects	475	220
Local and international office costs	150	129
Corporate costs and working capital	531	1,267
Estimated expenses of the Offers	644	539
Total Use of Funds	6,550	6,736

At the end of the December 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")

31 DECEMBER 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(104)	(220)
(e) administration and corporate costs	(55)	(107)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	17
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	(156)	(310)

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	(1,296)	(2,538)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(1,296)	(2,538)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	883	1,688
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	(84)	(84)
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	775	1,300
3.10	Net cash from / (used in) financing activities	1,574	2,904
4.	Net increase / (decrease) in cash and cash equivalents for the period	122	56
4.1	Cash and cash equivalents at beginning of period	1,801	1,867
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(156)	(310)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,296)	(2,538)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,574	2,904

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,923	1,923

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	1,923	1,801
5.2	Call deposits	-	-
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)	1,923	1,801

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	55
6.2	Aggregate amount of payments to related parties and their associates included in item 2	120

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	-	-
7.2 Credit standby arrangements	50	1
7.3 Other (please specify)	-	-
7.4 Total financing facilities	50	1
7.5 Unused financing facilities available at quarter end		49
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)	(156)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,296)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,452)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,923
8.5 Unused finance facilities available at quarter end (item 7.5)	49
8.6 Total available funding (item 8.4 + item 8.5)	1,972
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.4
<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 as 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\$2.4 million (before costs) (refer ASX announcement 22 December 2023) and is continuing to evaluate future capital raising opportunities to support future work programmes. Botata received A\$1.65 million of the private placement in cash before 31 December 2023 with A\$750k to be received in the Quarter ending 31 March 2024.

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 while it evaluates future capital raising and other opportunities.

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 January 2024

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.