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**BRIDGING SOUTHERN AFRICA'S GAS CLIFF -
BOTALA AND NOVO TO BUILD REGIONAL LNG SUPPLY CHAIN**

Highlights:

- **MoU signed with leading Southern African gas distributor NOVO Energy (Pty) Ltd**, a prominent distributor of Natural Gas via pipeline and Compressed Natural Gas (**CNG**) and now expanding into Liquefied Natural Gas (**LNG**).
- **Strategic partnership to develop a regional gas supply chain to address regional shortages**, including South Africa's anticipated "gas cliff" expected from mid-2027.
- **Fast-track to commercial LNG production** through a staged approach from Botala's Serowe Wellfield, with NOVO acting as an off-taker and distributor, securing early cashflow for Botala.
- **Leveraging NOVO's established gas infrastructure** - NOVO's proven capabilities in gas distribution and existing infrastructure will enable rapid deployment of LNG solutions in markets with limited gas infrastructure.

Botala Energy Ltd (**ASX: BTE**) (**Botala**) is pleased to announce the successful execution of a non-binding Memorandum of Understanding (**MoU**) to jointly develop an LNG supply chain with NOVO Energy (Pty) Ltd (**NOVO**), a leading Southern African gas distributor. The MoU partnership seeks to address the region's increasing demand for natural gas by utilising Botala's coal bed methane (**CBM**) resources in Botswana and NOVO's established infrastructure and distribution network in South Africa.

The collaboration aims to provide a quick-to-market solution to Southern Africa's gas requirements, particularly South Africa's anticipated gas shortage from mid-2027. Under the terms of the MoU, NOVO will act as a key off-taker and distributor of LNG from Botala's Serowe Wellfield and related LNG production facilities.

Future Growth

The MoU outlines the potential for expanding LNG production to meet growing demand and develop additional gas markets across Southern Africa.

Kris Martinick, CEO of Botala said: *"This partnership with NOVO Energy is a game-changer for Botala and for the entire Southern African energy landscape. The anticipated 'gas cliff' in 2027, as highlighted by SASOL, has sparked overwhelming interest from gas off-takers across the region. With many industries seeking alternative gas sources to mitigate the looming supply gap, this MoU positions Botala at the forefront of providing a solution.*

*NOVO's significant expertise in gas distribution and established customer base, combined with our Serowe CBM resources, will allow us to rapidly scale LNG production and deliver clean, reliable energy to key markets in Botswana and Southern Africa. **This is more than just a supply agreement - it's about creating a sustainable energy future and providing a vital energy lifeline to industries desperate for solutions.***

We're incredibly excited by the off-take discussions we've had. It's clear that there's an urgent need for LNG, and we're committed to working with NOVO to deliver a reliable and scalable supply chain to meet that demand."

Key elements of the MoU include:

- **Initial Production Target:** 1-2 petajoules per annum (**PJ/a**) of LNG, with the potential to scale up rapidly to meet market demand.
- **Binding Gas Sale Agreement (GSA)** between Botala and NOVO will be finalised within 90 days of signing the MoU, covering pricing mechanisms, production timelines and logistics.

MoU Terms and Conditions

The MoU between Botala and NOVO outlines the key terms and phased approach to developing an LNG supply chain in Southern Africa. The agreement is a significant step towards achieving commercial gas production from Botala's Serowe Wellfield in Botswana.

Under the terms of the MoU, Botala will be responsible for the development of the Serowe Wellfield, gas processing to LNG and in-country logistics in Botswana, whilst NOVO will handle LNG off-take, storage, distribution and customer sales in South Africa.

Condition Precedents and Binding/Non-Binding Portions

Botala cautions investors that the MoU is a non-binding statement of intent between Botala and NOVO, listing milestones required to becoming binding. The agreement outlines the mutual understanding between both parties and sets the stage for a binding GSA.

Binding Portions:

The following portions of the agreement will become binding upon the execution of the GSA:

- GSA terms, including pricing mechanisms and production schedules.
- Responsibilities related to gas production, LNG processing, and distribution logistics.
- Commitments from NOVO to secure customers for the LNG.

Non-Binding Portions:

The following portions of the MoU remain non-binding and are subject to further negotiation:

- Final production profiles and LNG pricing formulas.
- Long-term expansion plans and additional LNG offtake arrangements.
- Future equity partnership arrangements or joint ventures.

When the Deal Becomes Binding:

The MoU will transition to a binding agreement upon the successful conclusion of the GSA, which is expected to be finalised within 90 days of the MoU's execution. Upon signing, the GSA will solidify the terms of the partnership, outlining commitments from both parties to move forward with development of the Serowe Wellfield and LNG distribution infrastructure.

Next Steps

Execution of the MoU marks the beginning of a critical phase for Botala and NOVO as they work towards finalising a binding GSA and commencing LNG production from the Serowe Wellfield. This partnership, once operational, is expected to generate early cash flows for Botala, strengthen regional energy security and provide a sustainable and reliable gas supply to Southern Africa from gas exported from Botswana.

The LNG Opportunity

The Southern African region, particularly South Africa, is facing an impending gas shortage, commonly referred to as the "**gas cliff**," expected to take effect from mid-2027. This looming supply gap has created an urgent need for alternative sources of natural gas to ensure energy security and continuity for industries across the region, particularly the greater Johannesburg/Gauteng Region through to Durban.

The Serowe Wellfield in Botswana presents a significant opportunity to fill a portion of this gap through the production of LNG. LNG offers a clean, efficient, and flexible energy solution that can be transported and distributed to areas which contain limited, or no pipeline infrastructure. The partnership between Botala and NOVO aims to capitalise on this opportunity by developing a regional LNG supply chain that will deliver gas to key markets in Botswana and elsewhere in Southern Africa.

Bankable Feasibility Study

A Bankable Feasibility Study (BFS) for an up to 2 PJ/annum LNG plant is currently underway. The BFS will provide a comprehensive assessment of the Serowe Project's technical and economic viability, ensuring that development of the wellfield and LNG plant is both financially and operationally sound. The BFS will build upon previous works completed on the feasibility of the wellfield and a completed Pre-Feasibility Study of the commercialisation options.

Key aspects of the BFS include:

- **Wellfield Development:** Detailed engineering designs and cost estimates for the development of gas wells.
- **LNG Plant Design:** Specifications for the LNG processing facility, including storage, compression and distribution infrastructure.
- **Market Analysis:** Identification of key LNG off-takers and market demand across Southern Africa.
- **Financial Projections:** Evaluation of project costs, revenues, and potential returns to ensure bankability.

The BFS will form the foundation for securing project financing and moving the Serowe LNG Project to the construction and production phases.

About NOVO Energy

NOVO is a leading South African energy company specialising in the distribution of natural gas, CNG and LNG to a variety of businesses, including vehicular, industrial, commercial, mining and residential sectors. NOVO's core focus is on the provision of integrated energy solutions that leverage both conventional and unconventional gas sources, such as biogenic gas and CBM.

Key Operations

- **Gas Sourcing:** NOVO sources gas from conventional pipelines and unconventional sources, such as biogenic gas and CBM.
- **Infrastructure Development:** NOVO owns and operates critical gas infrastructure, including compression stations, vehicle dispensing stations and pipeline distribution systems.
- **Gas Distribution:** NOVO distributes natural gas via CNG technology and pipelines to end users across Southern Africa, providing solutions for power generation, thermal applications and transportation fuel.
- **LNG Programme:** NOVO's LNG programme is well-advanced, with environmental authorisations secured for key supply chain components. NOVO is positioned to become a major supplier of LNG as South Africa transitions away from traditional gas supplies. NOVO's website can be accessed on the following link: <https://www.novoenergy.co.za/>

Strategic Importance in South Africa

South Africa is facing a growing gas shortage due to declining production from traditional suppliers like Sasol. NOVO is strategically positioned to fill this gap through its advanced LNG infrastructure and market presence. NOVO's ability to operate in markets with limited gas infrastructure makes it a valuable partner for Botata's LNG ambitions in Botswana and elsewhere in Southern Africa.

Andri Hugo, CEO of NOVO said: *"The partnership creates an immediate LNG supply value chain by integrating both companies' respective expertise. This provides NOVO with a secure regional LNG supply, that is very affordable compared to internationally imported LNG and has flexible scalability to meet market demand. Regional supply also has the benefit of price stability due to the avoidance of volatile international LNG components. Botata would have the benefit of immediately tapping into NOVO's existing market portfolio and taking advantage of our advanced LNG Programme that includes inland LNG infrastructure and established gas logistics operations."*

NOVO is especially excited about the market growth opportunities in sectors and geographic areas currently not being serviced by existing natural gas infrastructure. The structural changes in the South African energy landscape, including electricity, natural gas and liquid fuels, has created significant opportunities for a regional integrated LNG Venture. The timing for this partnership with Botata is perfect and will assist in developing Botata's huge gas potential and Botswana's emergence as a significant energy exporter in Southern Africa."

BY ORDER OF THE BOARD

Yours faithfully
BOTALA ENERGY LTD



Kris Martinick
Chief Executive Officer

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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 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 and elsewhere in Southern Africa. 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 because of new information, future events or otherwise.