



12 April 2024

LANDMARK HEADS OF AGREEMENT WITH AAAS ENERGY TO DEVELOP LEUPANE 250MW SOLAR PROJECT

Highlights:

- **Binding Heads of Agreement signed with Amsterdam based AAAS Energy (“AAAS”) to develop 200 - 250MW of Solar PV capacity at Botala’s Leupane Energy Hub and Industrial Park (“Project”).**
- **AAAS to farm-into 50% of the Project for A\$1,000,000:**
 - **AAAS responsible for all initial development capital to take the Project to Bankable Feasibility Study.**
 - **Botala has no funding commitment until A\$1,000,000 is spent by AAAS, with additional contributions to be equally shared.**
- **Bankable feasibility study outcomes expected by end of CY2024.**
- **Decision to proceed with the joint development agreement subject to review of the Bankable Feasibility Study at the sole discretion of Botala.**

Botala Energy Ltd (ACN 626 751 620) (**Botala**) is pleased to announce a strategic partnership and Binding Heads of Agreement with AAAS Energy BV, a renowned developer of solar photovoltaic parks in Sub-Saharan Africa. This partnership marks a significant step towards Botala's vision of developing renewable energy projects that are complimentary to gas.

Overview:

- **Joint Solar Project Development:** The agreement focuses on developing up to 250MW of Solar PV capacity at Botala’s Leupane Energy Hub and Industrial Park.
- **Strategic Partnership with AAAS:** Attractive way for Botala to potentially unlock significant value from the Project without incurring initial development costs and leveraging the solar expertise of AAAS.
- **Initial Project Bankability Assessment:** Both parties will finalise a Bankable Feasibility Study (BFS) by the end of 2024, the BFS will determine the project cost, and ownership and funding structures for a Final Investment Decision (FID). Botala anticipates having no funding requirement within the next twelve months.
- **Equity Participation:** Initially, the Project SPV will be 50% owned by each Botala and AAAS, with equity contributions based on contributions to project development costs and land access rights.
- **Future Contributions and Dilution:** Post AAAS’s A\$1 million farm-in anticipated by end of Q1/2025, any additional costs will be shared equally, with dilution applicable for non-contributing parties.
- **Subsequent Development:** Based on the outcome of the BFS and FID, both parties commit to negotiate further solar capacity development under similar terms.

About the Project:

The Leupane Energy Hub, located near Palapye, Botswana, is poised to become a cornerstone for renewable and gas fired power generation in the region. Botala has completed initial plans to develop up to 700MW of hybrid gas and solar power generation capacity on the site (refer to Section 3.7 of the Company’s initial public offering Prospectus dated 16 May 2022). Grid connection studies worked in conjunction with Botswana Power Corporation (BPC) confirm the site has sufficient capacity for up to 700MW. This initiative aligns with both Botala’s and AAAS’s vision of delivering sustainable and affordable energy.

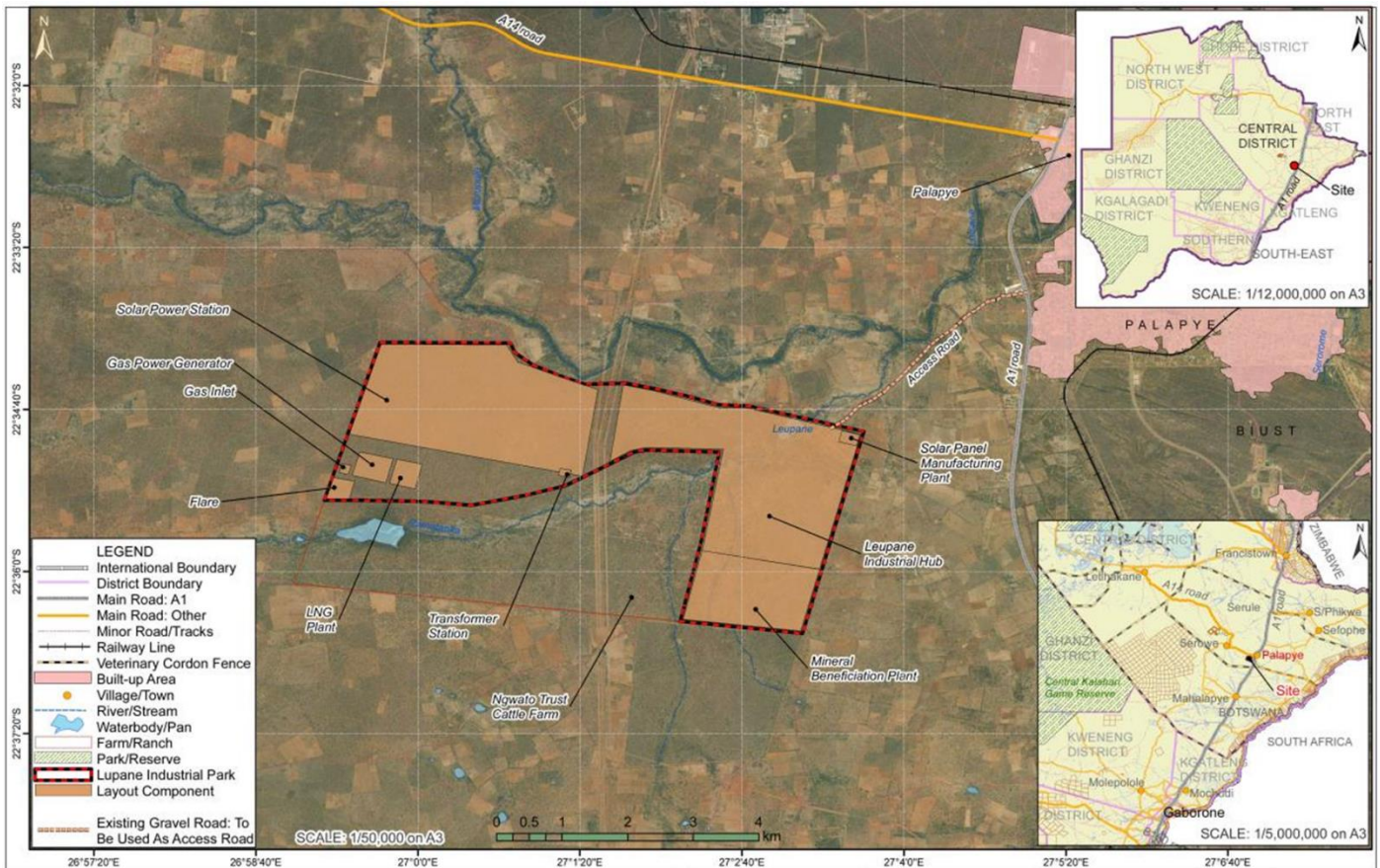


Figure 1 - Proposed Leupane Energy Hub and Industrial Park Preliminary Layout

Market:

A portion of the BFS will be focused on a final market assessment and development of potential off-takers in the Southern African region. The BFS will assess the potential for developing the project as a merchant power station, this effectively means trading power via the Southern African Power Pool market and the wheeling of power to third parties in the SADC region under longer term off take agreements.

Studies completed to date:

Botlata has completed Grid Connection studies for the project. The modelling completed by OCEF Engineering (Botswana) and Digisilent Buyisa (South Africa) identified no issues with connection at the proposed location to tie-into the existing 2x220kV transmission lines which traverse the project location. Botlata collaborated with BPC in the studies for up to 700MW of hybrid power entering the grid. The focus of this study was to determine the best tie-in location and prevent any negative impacts on the grid under current conditions as well as various future scenarios.

Botlata has just completed the public review period of the Environmental Impact Assessment (EIA) for the proposed Leupane Energy Hub and Industrial Park. The EIA is now with the Department of Environment for final review before award. The EIA includes:

- Hybrid Power Station, to be potentially developed progressively to ~700 MW; with scope to expand further with growth in the demand for electricity. This will be up to 500MW solar energy and 200MW of gas generated power.
- Solar (photovoltaic) Panel Manufacturing Plant.
- Liquefied Natural Gas (LNG) and / or Compressed Natural Gas (CNG) plants.
- Land servicing: Services such as roads, power distribution, water supply and sewage. These services will be developed to meet all local planning regulations.
- Offices and workshops for administration, storage, and maintenance.
- Mixed use agriculture of crops and animal husbandry.

AAAS Contributions to Project Development:

AAAS will bring its extensive experience in solar project development, including site assessment, plant design, market mechanisms, regulatory compliance and project funding models. They will also establish a local office to support the project, leveraging lessons learned from their successful Francistown Tati project in Botswana.

Ownership Structure and Milestones:

The project special purpose vehicle (SPV) will initially be equally owned. Botala's shareholding will be compensated through its land access provision and historical costs, while AAAS's shareholding will be earned through its project development funding. Should AAAS not fulfill its funding commitment, its shareholding will proportionally revert to Botala.

Next Steps for Botala Energy:

Botala will review the bankable feasibility study outcomes by end of CY2024 to decide on whether to proceed with the joint development agreement. Any additional project development costs beyond the initial contributions will be shared, with provisions for dilution if either party does not meet future funding requirements.

This agreement outlines a collaborative effort to develop solar energy projects in Botswana. Within this framework, certain elements of the agreement are binding, while others serve as a foundation for future binding agreements or actions. Understanding these elements is crucial for gauging the impact on Botala's business and its future prospects.

Binding Parameters:

- **Joint Development of Solar Capacity:** The commitment to collaboratively develop up to 250MW of solar PV capacity at Botala's Leupane Energy Hub and Industrial Park is a central, binding aspect of the agreement.
- **Initial Project Bankability Assessment (Phase 1):** Both parties are committed to finalising a BFS funded by AAAS for the project, outlining specific contributions from each party towards this goal.
- **Equity Participation:** The agreement stipulates the equity participation terms within the Project Special Purpose Vehicle (SPV), including initial ownership distribution and conditions for equity adjustments based on project development contributions and expenditures.
- **Financial Commitments:** Both parties have committed specific financial contributions towards the project development, with Botala recognising historical costs and AAAS committing project development funds.
- **Conditions Precedent:** These include completion of due diligence on AAAS by Botala and securing necessary environmental approvals, which are prerequisites for the agreement's progression and investors are cautioned that in this conditions precedent are not satisfied before 31 May 2024, then either party may terminate the agreement.

Non-binding Parameters:

- **Future Development Phases:** The detailed outline of subsequent phases (such as contracting, financing, financial close, and construction) provides a framework for future actions, but remains non-binding until formalised through a Joint Development Agreement (JDA) and subsequent agreements. Investors are cautioned there is no guarantee that the parties will be able to agree such documents and, as such, there is a risk that subsequent phases do not occur.
- **Subsequent Development of Solar Resources:** The commitment to negotiate the development of further solar PV capacity (up to the full 500MW on Leupane) following the project's financial close is expressed in good faith, but is non-binding.

Impact on Business and Future Prospects:

- **Enhanced Capacity and Market Position:** By partnering with AAAS, Botala significantly enhances its capacity to develop renewable energy projects, potentially establishing itself as a leader in sustainable energy in Botswana and the region.
- **Risk Mitigation:** The partnership distributes project development risks, particularly in the crucial initial phases. This collaborative approach can also enhance project bankability through combined expertise and resources.
- **Future Growth Opportunities:** The agreement opens the door for future projects under similar terms, setting a precedent for scalable growth. Botala's engagement in these initiatives can significantly impact its growth trajectory and investment appeal.
- **Community and Economic Impact:** By focusing on local job creation, skills development, and empowerment, Botala positions itself as a key player in the socio-economic development of Botswana, potentially benefiting from government and community support.

In summary, the binding elements of the agreement provide a solid foundation for project initiation and development, with clear commitments and contributions from both parties. The non-binding aspects offer flexibility and a framework for future expansion and collaboration. This strategic partnership not only enhances Botala Energy's project portfolio and market positioning but also aligns with its vision to contribute to Botswana's sustainable energy future, presenting significant growth prospects.

About AAAS:

AAAS focuses on developing world-class solar PV parks in Sub-Saharan Africa, contributing to the region's sustainable economic growth through clean and affordable energy solutions. AAAS's capabilities include the full suite of project development expertise, including project structuring, financing and management of implementation. They are able to participate as co-funders and support market processes during commercial operations.

Kris Martinick, CEO of Botala said: *"We are excited to now be able to attract significant partners into our projects to take them from the conceptual phase and further develop them into potential operating assets. The strategic partnership with AAAS provides an attractive way to advance a significant opportunity at Botala's Leupane Energy Hub and Industrial Park without incurring initial project development costs. We look forward to working closely with AAAS and leveraging their extensive experience in solar project development."*

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 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.