



31 July 2024

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING 30 JUNE 2024

STRATEGIC ACQUISITION: BOTALA NOW FULLY OWNS THE SEROWE CBM PROJECT, SIGNIFICANTLY ENHANCING CONTROL AND GROWTH POTENTIAL.

MAJOR PARTNERSHIP: HEADS OF AGREEMENT WITH AAAS ENERGY TO CO-DEVELOP BOTALA'S 250MW SOLAR PV PROJECT AT LEUPANE.

Highlights:

- **Ownership Increase:** Acquired remaining 30% of Serowe CBM Project, now fully owned by Botala.
- **Strategic Partnership:** Signed Heads of Agreement with AAAS Energy of Netherlands for development of 250MW Solar Project. Work progressing well.
- **Desorption Testing Success:** Gas desorption testing exceeds expectations, promising higher gas volumes and flow rates.
- **Investor Engagement:** Hosted General Meeting and investor webinars.
- **Resource Certification Update:** New integrated mapping and recertification of 42% resource increase announced in July.

CEO Kris Martinick stated "This Quarter has been transformative for Botala, highlighted by our strategic acquisition of the remaining 30% interest in the Serowe CBM Project, making Botala the sole owner. This consolidation significantly enhances our operational control and positions us optimally to attract development partners.

The encouraging progress of our gas desorption testing, which exceeded expectations, coupled with the ongoing resource recertification, reinforces the project's robustness and commercial viability.

Our strategic partnership with AAAS Energy to develop a 250MW solar PV project at Leupane further underscores our commitment to integrating renewable energy solutions, driving sustainable growth, and delivering value to our shareholders."

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

Ownership Increase in Serowe CBM Project

Botala acquired the remaining 30% interest in the Serowe Coal Bed Methane (CBM) Project from Pure Hydrogen Corporation (ASX: PH2), making Botala the sole owner. This strategic acquisition consolidates Botala's asset base in Botswana, enhancing operational control and increasing potential revenue from the project. The consolidation is crucial for engaging prospective strategic partners and positioning Botala favourably to potentially farm-out a portion of the recently acquired stake to a major development company (though for completeness, no binding terms have been agreed and there is no guarantee that any such transaction will materialise on terms favourable to Botala, or at all). Additionally, the acquisition included issuing 14.5 million shares to PH2 and a milestone payment of A\$750,000 contingent on reserve certifications at a later stage (refer to ASX announcement dated 4 April 2024).

The acquisition simplifies Botala's operations by allowing for more focused and streamlined development of the Serowe CBM Project. Full ownership aligns with Botala's vision of integrating gas resources with solar energy solutions, supports Botswana's renewable energy ambitions and enhances the project's attractiveness to potential farm-in partners interested in full-scale development.

Strategic Solar Partnership with AAAS Energy

Botala signed a binding Heads of Agreement (HOA) with AAAS Energy BV to develop 250MW (Stage-1 of this 500MW solar project) of solar photovoltaic capacity at the Leupane Energy Hub and Industrial Park. Pursuant to the HOA, AAAS will farm-in to 50% of the project by contributing A\$1million on development costs, including a Bankable Feasibility Study (BFS) and to a Final Investment Decision (FID). They will also assist in securing future funding. This arrangement allows Botala to advance significant opportunities without incurring initial project development costs, and leverages AAAS's extensive solar project development expertise.

The project aligns with Botala's strategic goal of creating scalable renewable energy solutions to meet regional energy demands. It is envisaged that by the end of 2024, the BFS will determine the project's cost, ownership, and funding structures for a FID, setting the stage for joint development agreements and further capacity expansion.

Development work is progressing, with financial modelling, grid connections and regulatory applications well underway.

Gas Desorption Testing Exceeds Expectations

Botala's gas desorption testing at the Serowe CBM Project has progressed with values exceeding 2.0 cc/gram at day-61 and now exceeding the target of 2.4 cc/gram. This suggests that gas volumes within the acreage could be significantly higher than currently estimated. Ongoing testing, combined with recertification by Sproule, aims to provide updated and improved resource estimates. These advancements, if they materialise, would bolster Botala's capacity to ramp up production and efficiently meet market demand as required.

Investor Engagement and General Meeting

Botala conducted a General Meeting on 28 June 2024, where all resolutions were passed, including ratification of share issuances and approval of director placement shares and options.

Investor webinars were held to engage shareholders and provide updates on progress and strategic initiatives. These engagements highlight Botala's commitment to transparency and proactive communication with stakeholders, fostering investor confidence and support.

Resource Certification Update

To enhance the value and accuracy of its resource estimates, Botala initiated a recertification process during the Quarter, integrating new data from additional wells and geophysical surveys. The updated certification announced post-Quarter, of a 42% increase in CBM 2C Contingent Resources, provides a more precise assessment of gas reserves (refer ASX announcement dated 8 July 2024). This supports future development plans and ensures Botala remains at the forefront of the energy sector in Botswana and Southern Africa.

Future Outlook

Looking forward, Botala remains committed to advancing its flagship Serowe CBM Project and related renewable energy initiatives.

In addition, the award of a 4MW solar project by the Botswana Power Corporation was announced to the ASX on 18 July 2024.

Botala has been informed that its Mining Licence application is progressing within Government Departments.

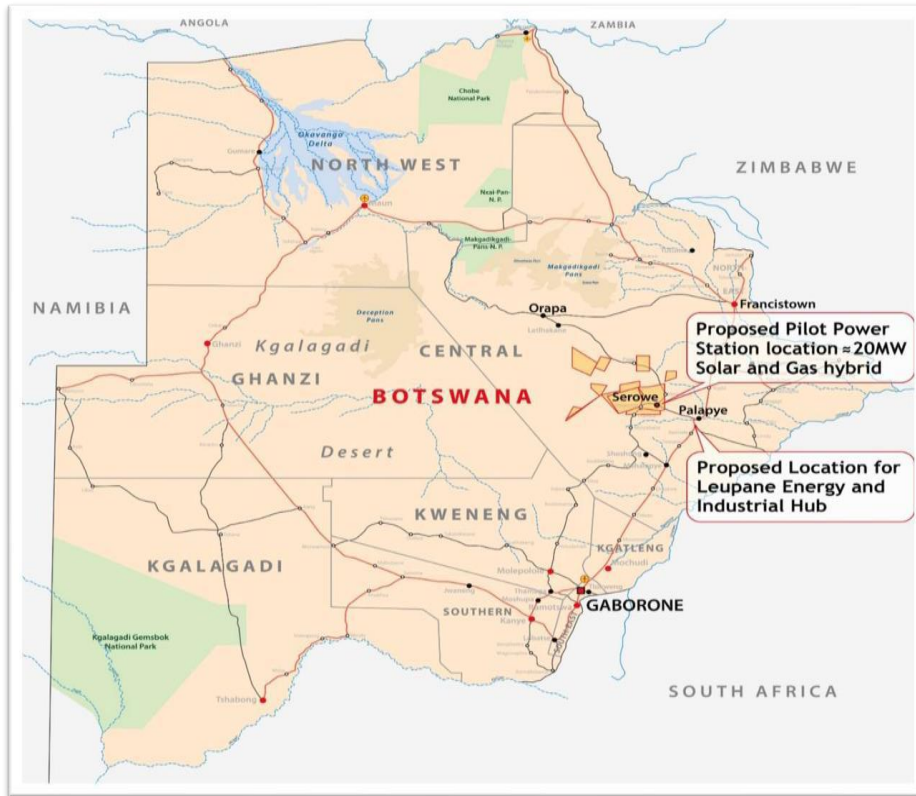


Figure 2 - Botswana and Serowe CBM Project acreage map

TENEMENT DIRECTORY

The following tenements (collectively, **Serowe CBM Project**) are held by Sharpay Enterprises (Pty) Ltd in which Botala has a 100% legal interest and is Operator. All tenements are in good standing.

Prospecting Licence Number	Expiry Date	Area (KM²)	Comments
016/2018	31/03/2025	648.12	Current
018/2018	31/03/2025	694.35	Current
019/2018	31/03/2025	511.39	Current
356/2018	30/09/2025	918.97	Current
357/2018	30/09/2025	892.23	Current
400/2018	30/09/2025	192.79	Current
055/2021	31/03/2026	267.14	Current

(Total KM² as at 30 June 2024)

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

GAS PRODUCTION

There was no gas production for the June 2024 Quarter.

CASH MANAGEMENT

Botala held net cash of A\$442,602 at the end of the June 2024 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 June 2024 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 June 2024 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:

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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 focused on developing production from its 100% owned Serowe CBM Project in a high-grade CBM region of Botswana and related early-stage renewable energy opportunities. Botala, as Operator, is focused on developing the Serowe CBM Project and believes that there is a considerable opportunity for Botala to commercialise the project due to the demand for a stable, reliable power supply in Botswana.

Botala is listed on the Australian Securities Exchange (ASX) and the Botswana Stock Exchange (BSE).

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, Botala does 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 June 2024

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 June 2024
	A\$'000	A\$'000
Drilling and flow testing	3,600	4,490
Operations	1,000	1,831
Licence retention and expansion	150	151
Research and development for proposed renewable projects	475	264
Local and international office costs	150	185
Corporate costs and working capital	531	1,644
Estimated expenses of the Offers	644	545
Total Use of Funds	6,550	9,110

At the end of the June 2024 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 JUNE 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	(124)	(457)
(e) administration and corporate costs	(51)	(208)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	26
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	(172)	(639)

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	(821)	(4,433)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(821)	(4,433)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,738
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	-	(90)
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 Directors/ Investor	-	-
3.10	Net cash from / (used in) financing activities	-	3,648
4.	Net increase / (decrease) in cash and cash equivalents for the period	(993)	(1,424)
4.1	Cash and cash equivalents at beginning of period	1,436	1,867
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(172)	(639)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(821)	(4,433)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,648

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	443	443

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	443	1,436
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)	443	1,436

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	6
7.3 Other (please specify)	-	-
7.4 Total financing facilities	50	6
7.5 Unused financing facilities available at quarter end		44
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)	(172)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(821)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(993)
8.4 Cash and cash equivalents at quarter end (item 4.6)	443
8.5 Unused finance facilities available at quarter end (item 7.5)	44
8.6 Total available funding (item 8.4 + item 8.5)	487
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.5
<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, Botala expects costs to further reduce in the next Quarter as it continues to evaluate the drilling and desorption testing results from Project Pitse.	
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: Botala will monitor its cash position and will take the necessary steps to evaluate future capital raising opportunities as and when required to support future work programmes, which may (amongst other things) take the form of either or both of a placement to sophisticated and professional investors or an entitlement offer to shareholders (both at a price and quantum which are yet to be determined). As announced to the ASX on the 4 April 2024, sole ownership of the Serowe CBM Project is important for engagement with prospective strategic partners as Botala advances towards development. Botala is currently in advanced negotiations with a number of development partners (though for completeness, no binding terms have been agreed and there is no guarantee that any such transaction will materialise on terms favourable to Botala, or at all).	

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, refer to the Company's response provided under item 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 July 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.