

Unlocking Gas Resource Upside Across Serowe Project Through Strategic Expansion and Low-Cost Drilling

Independent Wellfield Exploration & Appraisal of Operational Capability Achieved

Highlights

- **Potential for a Large, Continuous Gas Field:** Mapping of coal distribution supported by geophysical surveys indicates an extensive, continuous gas resource linking the confirmed presence of gas on the Western and Eastern Flanks of Botala's Serowe Gas Project into a single gas field.
- **Historic sustained gas flows of 110,000 - 120,000 standard cubic feet/day (scf/d)** from a 5-spot production test adjacent to Botala's Eastern Flank in the same Serowe coals supports the gas potential of the eastern region.
- **Connecting Key Resource Areas:** Exploration now focused on linking the Western Flank, where Botala plans to commence commercial production (Project Pitse), with the Eastern Flank. Botala believes these ~40 km of uniformly distributed coal formations offer strong potential for presence of a large gas resource.
- **Phase-1 LNG Project Underpinned by Independently Certified Gas:** Initial certified volumes from the Western Flank provide the foundation for Botala's Phase-1 LNG production by mid-2027.
- **Significant Upside from Basin-Wide Integration:** Integration of exploration results between these two flanks of the Serowe Coal Basin is expected to deliver a step-change in resource scale, unlocking substantial long-term value.
- **Operational Independence Secured:** Botala acquired a comprehensive suite of specialised drilling and well development equipment at a fraction of replacement cost, enabling in-house operational capability.
- **Low-Cost Drilling and Well Completion Model Established:** With its own fleet and experienced personnel, Botala targets well drilling and completion costs of ~A\$100,000 per vertical well, positioning Botala as a low-cost leader in regional CBM development.
- **Phase-2 Bankable Feasibility Study Underway:** Phase-2 BFS is in progress, adopting a globally proven small-scale LNG model supporting fast-track development and modular scalability.

Mr Kris Martinick, Chief Executive Officer stated: "Our progress at Serowe has been immense. The strategic focus on the Western Flank has already delivered certified gas volumes sufficient to underpin our Phase-1 LNG production. Integration with the highly prospective Eastern Flank, creates an opportunity for a single, large-scale CBM field that supports long-term gas exports."

With full control of our drilling operations and the ability to drill at around A\$100,000 per well, we believe we now have a sustainable, low-cost model that can be rapidly scaled up as we move towards first



production. This positions us as a major gas supplier in Southern Africa, with the capability and partnerships needed to deliver value to shareholders and energy security to the region."

Transitioning from Appraisal to Production.

Botala Energy Ltd (Botala; ASX & BSE code: BTE) continues to achieve important technical milestones at Project Pitse (Figure 1), where appraisal activities are delivering commercially encouraging results. Serowe Wells 3.1 to 3.5 have provided valuable gas flow data and serve as platforms to optimise completion techniques. Botala is evaluating open-hole versus cased-hole designs and stimulation methods as part of finalising its Field Development Plan, ahead of commercial rollout scheduled for Q4/2025. This is subject to completion of a favourable Bankable Feasibility Study (**BFS**) and securing project funding.

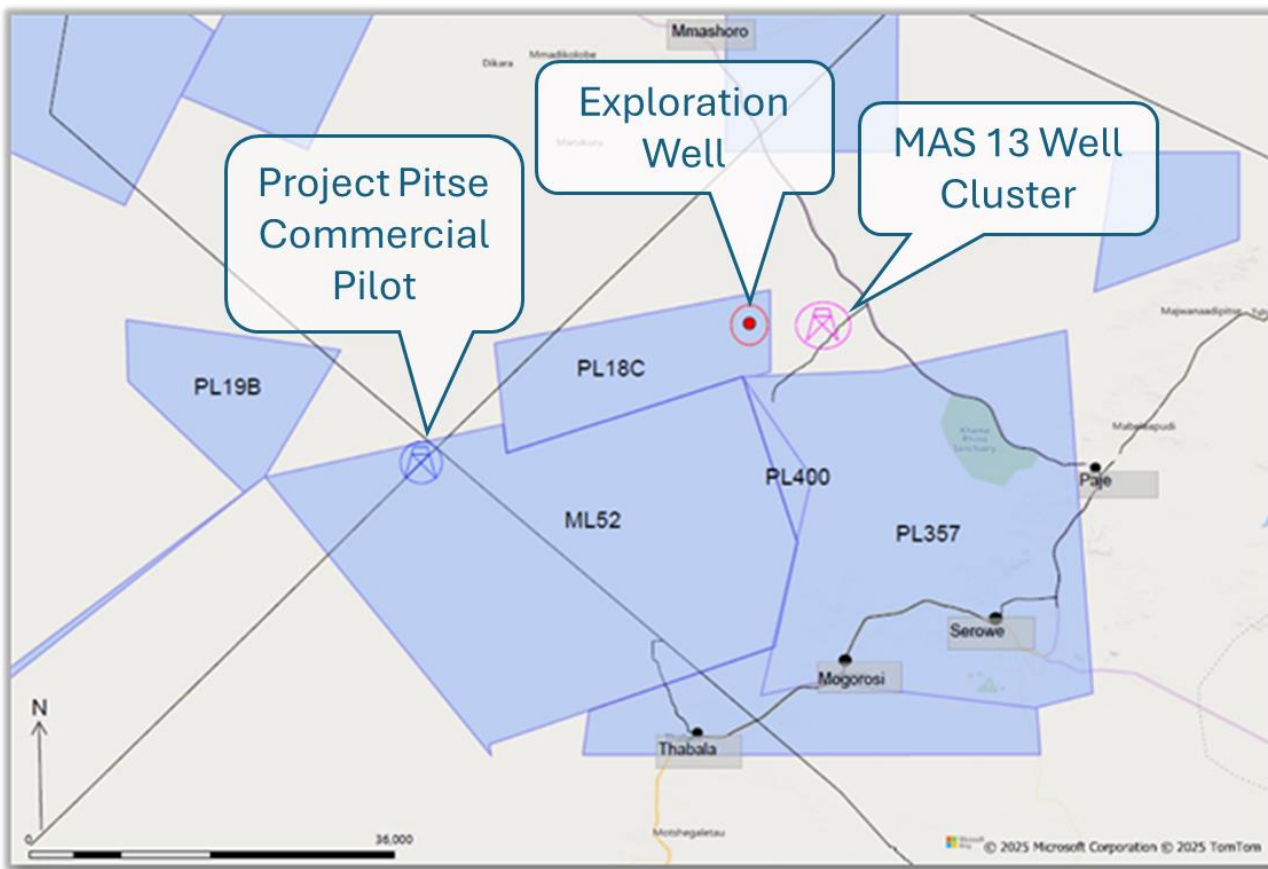


Figure 1 - Aerial view of the 5-well cluster of Project Pitse on the Eastern Flank of the Serowe Coal Basin of Botala's Serowe Project Area.

Phase-1 of Project Pitse will mark the start of Botala's Serowe Coal Bed Methane (**CBM**) gas field development, requiring continuous drilling and completion of approximately 40 vertical wells. These wells are expected to produce ~200 t/d of Liquefied Natural Gas (**LNG**) for delivery to SCAW South Africa, a major industrial company and steel producer near Johannesburg, under a binding gas sales agreement (see ASX announcement on 27 March 2025, "Botala Energy Signs Binding Letter of Intent for Gas Offtake Agreement with SCAW.")

For Project Pitse, on the Western Flank of the ~420,000 ha large Serowe Project Area, results of just five wells defined a certified contingent resource sufficient to support Phase-1 development. The Eastern Flank, ~40km away and partially across an adjacent prospecting licence not owned by Botala, has a history of high gas flow rates and robust well performance data reported by earlier operators. Geophysical surveys and comprehensive mapping by Botala of coal presence strongly suggests existence of a single, large-scale CBM gas field within the entire West to East region.

Proximity to historical production areas is no guarantee that Botala's projects will be economically viable for commercial production. As such, investors are cautioned not to place undue reliance on the proximity of Botala's projects to such historical production areas in making an investment decision in respect of Botala.



Expanding the Exploration Programme – A Low-Cost Growth Strategy

These wells will be drilled and equipped using Botola's newly acquired drilling fleet, significantly reducing costs to an estimated ~A\$100,000 per well, or less than half the previous average of ~A\$220,000. This capability enables more aggressive resource delineation at a fraction of Botola's historical costs.

¹ Xingjin Wang and Tim A. Moore, 24 June 2013. Initial flow model for G2a coal seam, MAS-13 Area.



These exploration results are expected to guide rapid development of new wells in the Eastern Flank and the region to the Western Flank, particularly near wells of high historical gas flows and the bitumen road to the Orapa power station.

Equipment Acquisition – A Strategic Advantage

Historically, Botala relied on the only contractor in Southern Africa equipped to drill, test and develop CBM wells; they used equipment imported from the USA for these purposes. This equipment was purchased and refurbished by Botala for ~A\$750,000 when auctioned under instructions from the Court of Botswana and has been legally transferred to Botala.

This strategic acquisition secured in-house access to essential drilling, well testing and development equipment. It also enabled recruitment of key, experienced operators from the original contractor, many trained in the US and now residing in villages near the Serowe Project. The move ensures Botala can manage its entire wellfield development internally, offering significant savings on leasing, mobilisation, demobilisation and operational expenses.

Equipment purchased includes cementing and stimulation machinery; gas/water separation units; drilling and work-over rigs; specialised pumps and instrumentation; fuel and water tankers, trailers, loaders, excavators, spares, drill pipes, rods and field tools (see Figures 3 to 6).

This new capability allows Botala to build a multi-skilled, locally based contract team for drilling, equipping and wellfield operations, including cementing and gas flow stimulation.

Strategic Outlook

The acquisition delivers Botala several key advantages in respect of the drilling, testing and development of wells, such as:

- a. **Full operational independence** from third-party contractors.
- b. **Significant cost reductions** in undertaking work utilising the equipment.
- c. **Scalability** across exploration and production programmes.
- d. **A skilled, local workforce** on flexible contracts.



Figure 3 - Stimulation and pumping unit. (Botala internal photo)



Figure 4 - Drilling rig (Botala internal photo)



Figure 5 - Service workover rig (Botala internal photo)



Figure 6 - Cement unit and 4x6 truck (Botala internal photo)



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 Energy Ltd

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 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.



Botala Certified Gas Resource

Volumes in BCF (Billions of Cubic Feet)	Gross (100% Ownership) Net of <u>Royalties</u>		
	Low Estimate	Best Estimate	High Estimate
Contingent Resources	363	454	544
Prospective Resources	5,334	7,112	8,890

¹ Unrisked Contingent and Prospective Resources; independently certified by Sproule Inc. This was announced to the ASX on the 8 July 2024.

South African gas supply gap estimated at >50 PJ pa (approx. 50 BCF pa) by 2026 (IGUA-SA Annual Report 2023).

Competent Person Statement

This estimate of Contingent Resources for the Serowe CBM Project (Botswana) is based on and fairly represents information and supporting documentation determined by and under the supervision of Mr Timothy L. Hower of Sproule Incorporated (Sproule) in accordance with SPE-PRMS 2018 guidelines. Mr Hower has prepared CBM and conventional oil and gas reports for other companies listed on the Australian Securities Exchange.

Mr Hower is a full-time employee of Sproule and is a qualified person as defined under the ASX Listing Rule 5.42. Mr Hower is a Licensed Professional Engineer in the States of Colorado and Wyoming as well as being a member of The Society of Petroleum Engineers. Mr Hower has consented to the publication of the Prospective and Contingent Resource estimates for the Serowe CBM Project in the form and context in which they appear in this announcement.

Sproule is a leading independent petroleum engineering and certification firm based in Calgary, Canada with offices in Denver, Colorado which has experience working in most of the significant petroleum provinces throughout the world. Sproule has completed Reserve and Resource assessments for a number of clients in Australia and internationally including Adelaide Energy, Arrow Energy, Bow Energy, ConocoPhillips, CS Energy, Eastern Star Gas, Metgasco, Molopo Energy Australia, Pure Energy, Santos, Senex, Sunbird Energy and Sunshine Gas.