

ASX Release | 6 October 2025

## MDCB confirms intention to acquire 15% of Serowe CBM Project

### Highlights

- The Mineral Development Company of Botswana (MDCB) confirms its intention to acquire 15% equity in the Serowe Coal Bed Methane (CBM) Project. The transaction is subject to approval by the MDCB Board and shareholder.
- Botala has received an initial Term Sheet confirming the investment will be at the project/asset level.
- Decision follows positive due diligence, granting of Mining Licence 0052/2025 and receipt of environmental approvals.
- Execution of detailed operating agreements is expected in November/December 2025.

Botala Energy Ltd's (ASX and BSE: BTE) (Botala) plans to develop liquefied natural gas (LNG) in Botswana have received a vote of confidence from the Botswana Government after its mining investment arm, the MDCB, confirmed its intention to exercise its option under Section 40 of the Mines and Minerals Act to acquire a 15% equity interest in the Serowe CBM Project.

The MDCB's plans to invest at the project/asset level follow a comprehensive economic and technical review by the agency which demonstrated the project's commercial viability. Botala has received an initial Term Sheet which remains confidential at this stage<sup>1</sup>. Completion of the transaction is subject to execution of detailed operating agreements expected in November/December 2025, and approval by the MDCB Board and shareholder.

**Botala Energy Chief Executive Officer, Mr Kris Martinick, stated:** "We welcome MDCB's decision to pursue a partnership role in the Serowe CBM Project. Their planned participation reflects confidence in the project's potential and alignment with the Government of Botswana's energy security objectives. This investment will support our immediate work programme and provide a foundation for the next stage of project development."

Botala is currently advancing a Bankable Feasibility Study (BFS) to develop a modular LNG production facility to commercialise gas from its Serowe CBM Project. Detailed engineering, financial modelling, and commercial delivery planning is being completed for a four-phase plan to reach a production benchmark of 3.5 petajoules (PJ) served by 108 wells (see Figure 2).

<sup>1</sup> ASX Listing Rule 3.1 requires immediate disclosure of all information a reasonable person would expect to have a material effect on the price or value of the company's securities. ASX Guidance Note 8 makes it clear you can withhold specific terms if they remain confidential under Listing Rule 3.1A. Botala believes disclosure would prejudice negotiations. This announcement serves as an update to investors based on a deadline previously disclosed to the market on the 31st of July 2025.

### MDCB investment to fund Phase-1 five-well pilot

The first phase of development at the Serowe CBM Project involves establishing Pilot Pitse, a five-well “proof of concept” station designed to test commercial deliverability. All five wells have been drilled with flow outcomes modelled under low (40 gigajoules (GJ)), medium (80GJ), and high (100GJ) scenarios. Results are expected by late 2025/early 2026 and if successful will provide confidence to design and build a Phase-2 nine-well cluster targeting an annual production of 0.25 PJ (250,000 GJ). Phase-2 gas will serve a plug and play, in-situ Cryobox® LNG Production Station made by Galileo Technologies.

The MDCB investment will support ongoing flow testing and data collection at Project Pitse, expansion drilling of additional wells as well as the ongoing progression of BFS work programs.



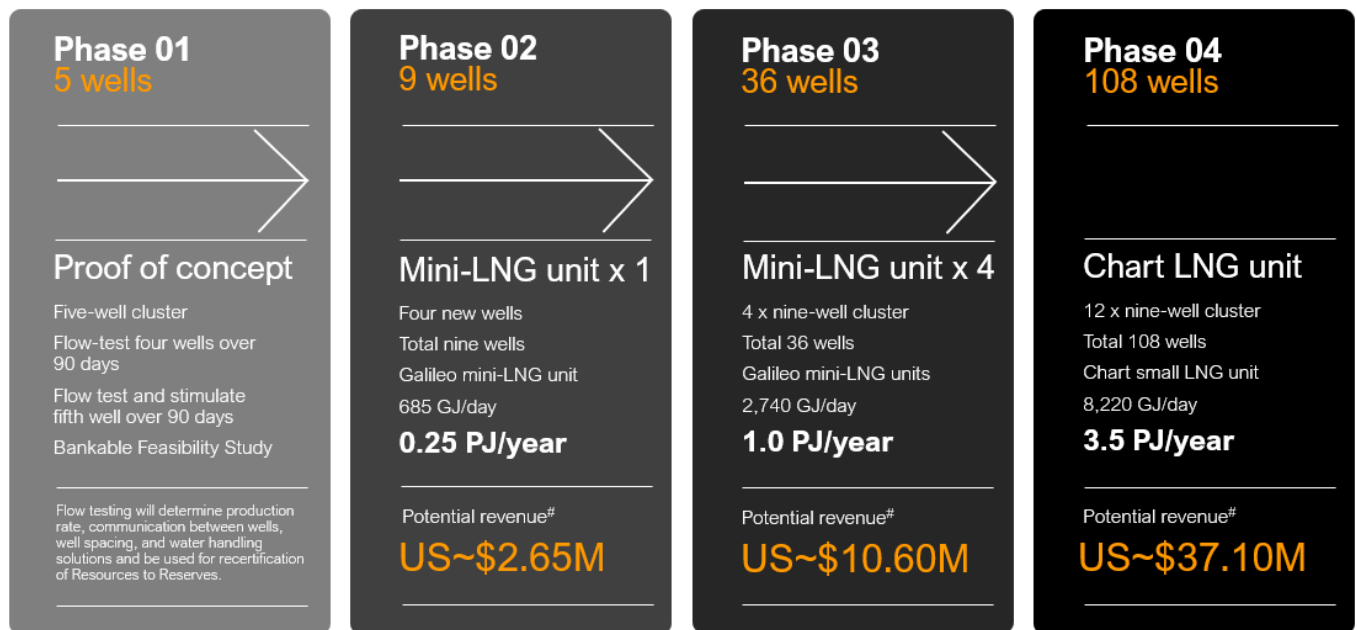
**Figure 1.** Project Pitse is a five-well pilot cluster which represents the first phase of development at the Serowe CBM Project.

### Funding Pathway

The MDCB transaction forms the first step in a broader funding pathway for the Serowe CBM Project. Botala continues engagement with additional potential investors into the Serowe CBM Project. Additional funding initiatives would complement the MDCB’s participation and underpin the capital requirements for continuous drilling, well tie-ins, and LNG infrastructure development.

### On the path to LNG production

The MDCB deal represents the Botala’s second significant commercial milestone this year. A binding Letter of Intent was signed in March 2025 with Scaw South Africa Proprietary Limited, granting the Johannesburg-based industrial major exclusive right to purchase up to 3.5 PJ per year of LNG with an option to increase to 4.7 PJ/year as production scales. The initial term of the agreement is 10 years with an option to extend up to 20 years.



**Figure 2.** Botala Energy has a phased, risk managed approach to grow gas production at its Serowe CM Project in Botswana to serve Southern Africa’s emerging industrial gas supply crisis<sup>2</sup>.

The deal also involves Scaw's participation in the BFS and integration into the infrastructure development for the project. The commitment assists to de-risk the Serowe Project, establishing a contracted customer and supporting commercial viability as Botala advances towards development.

Scaw needs gas supply security since SASOL, the monopoly supplier of large-scale natural gas to industrial users in South Africa, announced it will shut off gas supply in June 2028.

### Background previously announced

The details of the Mining Licence were announced to the ASX on the 5 March 2025. Subsequently, on 31 July 2025, Botala advised it had agreed to an additional two-month extension of the Botswana Government’s 90-day option period from 31 July 2025 to 30 September 2025.

The MDCB is a minerals and mining investment holding company owned by the Government of Botswana. Its primary role is to manage and develop the Government of Botswana’s mining interests to optimise returns while ensuring socially and environmentally responsible management. The MDCB's vision is to become a globally competitive investment company, contributing to Botswana's financial security through its mining and mineral investment portfolio.

<sup>2</sup> Sale price per gigajoule = US\$10.60. Calculation is based on multiplying the potential sales agreement with the current gas price in South Africa as per the following: SASOL Announcement 5-August-2022 “SASOL Position on gas prices”, piped gas price R133,34/GJ (1 Rand = 0.086 A\$ 24/2/2025). NOTE: This is for pipeline gas and not LNG prices which are anticipated by NERSA to be higher.

**Approved by the Board of Botala Energy Ltd.**

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## **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.

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## **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.