

Botala Energy (ASX: BTE) is advancing its 100%-owned Serowe coal bed methane (CBM) Project in Botswana, positioned to deliver new domestic gas supply into a region facing a looming energy shortfall as South Africa's industrial gas supply contracts. The project's phased development strategy targets first gas in 2026 and positions Botala as an early mover in Southern Africa's transition toward locally produced, cleaner-burning energy.

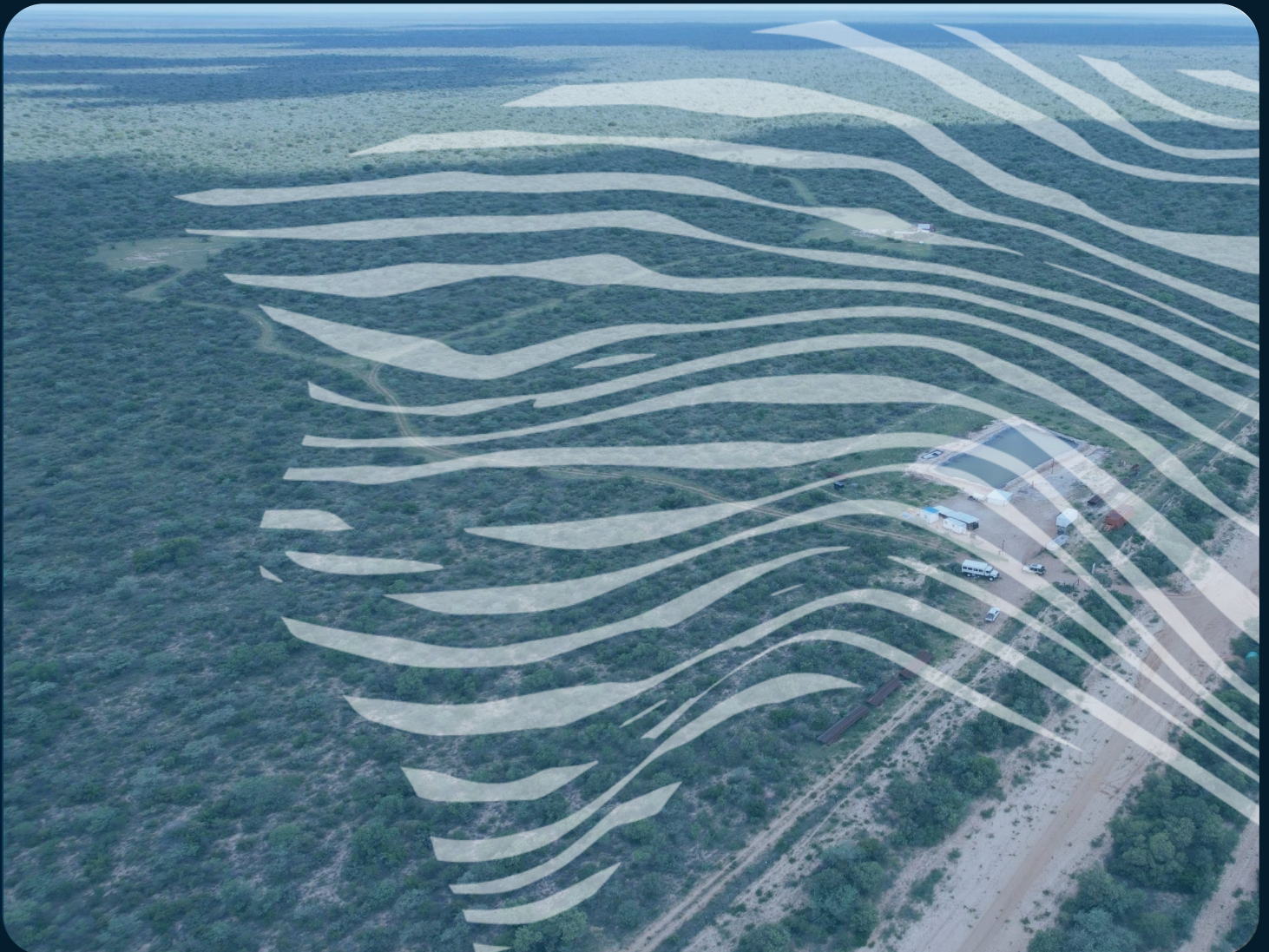
botalaenergy.com
ASX: BTE

Highlights

- Second Pitse well, Serowe-3.4A, successfully dewatered, marking further progress in proving sustained gas flow capability across the five-well pilot.
- Project realignment to include Serowe-3.5B, designed to replicate MAS-13's high-flow performance (~120,000 scfd) and strengthen data for reserve certification and BFS inputs.
- Strong shareholder and board support, with directors and the CEO subscribing in a \$1.5 million placement to fund ongoing drilling, stimulation, and feasibility work.

POST QUARTER

- The Mineral Development Company of Botswana (MDCB) confirmed its intention to acquire a 15% interest in the Serowe CBM Project, providing government validation and a foundation for the next phase of development funding.



Letter from the CEO

The September quarter represented another quarter of significant progress for Botala Energy as it delivers on its vision of answering Southern Africa's increasing call for gas.

The ongoing developments with the Mineral Development Company Botswana (MDCB) continue to demonstrate strong reinforcement for our project and provide a clear signal of government support at the highest levels. This partnership is shaping up to be transformational, and we remain on track to have the MDCB agreements concluded by the end of this year.

To advance these discussions, several members of our team have mobilised to Botswana to work closely on finalising the detailed agreements with MDCB.



The commitment shown from all sides gives us great confidence in achieving this milestone, which will strengthen the long-term foundations of our business.

Meanwhile, our field activities remain active and aligned with our growth plans. We are working diligently to bring a further 1–2 wells online before year-end, providing important operational momentum alongside these corporate developments. The target is for commercial flow-rates early in the new year.

While we approach these milestones with modesty, we are encouraged by the strong government support, the progress on our partnership with MDCB, and the active expansion of our field program. Together, these developments position Botala Energy to move into 2026 with growing confidence and a stronger platform for long-term success.

We thank you for your continued support and look forward to sharing further updates as we progress through this exciting stage.

Yours sincerely

Kris Martinick
Chief Executive Officer
Botala Energy Ltd

Serowe CBM Project

Botswana, Africa
100% ownership

The Southern African region, particularly South Africa, is facing an impending gas shortage, commonly referred to as the "gas cliff," which is expected to take effect from mid-2028. 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.

Botala is in the process of transforming its Serowe CBM Project from an exploration asset into a commercially viable gas production project. We are maturing our substantial 2C resource to support a small-scale liquefied natural gas (LNG) plant capable of producing at least 3.5 petajoules (PJ) per year for 20 years. Our current resource is drawn from less than 5% of our exploration acreage. 95% remains undrilled.



Figure 1. Serowe project location

Project Status

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).



Figure 2. Botala Energy has a phased, risk managed approach to grow gas production at its Serowe CBM Project in Botswana to serve Southern Africa's emerging industrial gas supply crisis¹.

In March 2025 Botala advised it had secured final regulatory approval to transition to commercial production with the successful granting of Mining Licence 0052/2025 (ML0052/2025) for its Serowe CBM Project, in accordance with Section 40 of the Mines and Minerals Act of Botswana.

The granting of the Mining Licence was a transformational milestone for Botala, providing the final regulatory approval required for project development and unlocking the pathway to commercial production.

ML 0052/2025 provides Botala exclusive rights and security of tenure to develop and produce CBM gas for 10 years, with the right to renew for a further 25 years.

ML 0052/2025 Overview and Key Terms

- **Surface area:** It incorporates most of the region previously designated under Prospecting Licences PL356/2018 and PL400/2018.
- **Duration:** Granted for a period of 10 years with the option to renew for a further 25 years, thereby providing long-term security for project development.

¹ 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.

- **Full Coverage:** Covers the full area applied for, enabling Botala to proceed with its staged Development Plan.
- **Government Participation:** In October, the Botswana Government confirmed its intention to acquire a 15% equity stake in the project under Section 40 of the Mines and Minerals Act. If the Botswana Government exercises this option, it should result in a receipt of around A\$2.7 million to Botala.
- **Royalties:** A royalty of 3% of the gross market value is payable to the Government of Botswana, calculated at the mine gate (wellhead) on an arm's length sale basis.
- **Licence Fees:** An annual licence fee of BWP100 per km² is payable to the Director of Minerals and Energy.
- **No Minimum Spend Requirement:** Botala has full flexibility to commence project development at its own pace, without a stipulated minimum capital investment requirement.

Project Pitse

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 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.

On 7 July 2025, Botala provided an update detailing the successful completion of drilling at the Serowe-3.4A well, the second well in its Project Pitse pilot cluster. The Company advised of a strategic realignment of Project Pitse to include a new well, Serowe-3.5B to replicate MAS-13's (located in adjacent acreage) sustained flowrate of ~120,000scfd.



Figure 3. Project Pitse showing commercial well pilot locations.

Current status of the Project Pitse wells are as follows:

- Serowe-3.4A now online and currently dewatering.
- Serowe-3.1 acid-wash significantly increased productivity, with well-pressure tripling.
- Serowe-3.1 and 3.4A will operate as dewatering support wells; five-well dewatering strategy now underway.
- Serowe-3.5B to be delivered for ~A\$200k using Botala's in-house capabilities, well below the current A\$370k forecast for stimulated wells.

Mineral Development Company of Botswana (MDCB)

Subsequent to the end of the quarter, Botala announced that the MDCB had confirmed its intention to acquire 15% equity in the Serowe CBM Project. The transaction is subject to approval by the MDCB Board and shareholder. The decision followed positive due diligence, granting of Mining Licence 0052/2025 and receipt of environmental approvals.

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 stage². 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.

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.

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.

² 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.

Corporate

Cash Position

As at 30 September 2025, Botata held \$784,000 cash at bank.

A\$1.5 million Placement to advance Serowe CBM Project

On 18 August 2025, Botata received firm commitments from sophisticated and professional investors for a placement of approximately 25.4 million new fully paid ordinary shares at an issue price of A\$0.059 per share to raise gross proceeds of A\$1.5 million (before costs).

The Placement comprised two tranches as follows:

- a) Tranche 1 consisted of the issue of approximately 18 million New Shares under the Company's existing placement capacity under Listing Rule 7.1; and
- b) Tranche 2 consists of the issue of approximately 7,372,881 shares to be issued to the Company's directors and CEO, subject to shareholder approval under Listing Rule 10.11 at the upcoming annual general meeting to be held on the 26 November 2025.

Proceeds from the Placement will be directed towards drilling and stimulation of the Serowe-3.5B well, advancing the exploration program with the drilling of the JSH-1 well located 4km from the MAS-13 well (which produced 120,000 scfd), progressing the Bankable Feasibility Study to support LNG development, and providing general working capital as well as covering costs associated with the offer.

Tenement Directory at 30 September 2025

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

Prospecting Licence Number	Expiry Date	Area (KM ²)	Comments
016/2018	31/03/2027	648.12	Current
018/2018	31/03/2027	694.35	Current
019/2018	31/03/2027	511.39	Current
356/2018	30/09/2025	918.97	Mining Licence
357/2018	30/09/2025	892.23	Renewal Application
400/2018	30/09/2025	192.79	Mining Licence
055/2021	31/03/2026	267.14	Current

(Total KM² as at 30 September 2025)

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

Gas Production

There was no gas production for the September 2025 Quarter.

Additional ASX Listing Rule Disclosure

Pursuant to ASX Listing Rule 5.4.5, Botala includes 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	42
6.2 Aggregate amount of payments to related parties and their associates included in item 2	71

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 September 2025 Quarter was A\$42k in Director and CEO consulting fees for Botala administration.

Item 6.2: The aggregate amount of payments to related parties and their associates during the September 2025 Quarter was A\$71k in Director and CEO consulting fees for exploration and evaluation activities.

Environmental regulation, sustainability and governance

Botala's environmental and occupational health and safety ("OHS") obligations are regulated under both State and Federal Law or in the case of Botala's overseas interests, by the governing laws of that country. All environmental and OHS performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. Botala has a policy of complying, and in most cases exceeding its performance obligations. Botala ensures that it complies with all necessary conditions while exploring its permits, which is governed by the terms of respective joint operating agreements. Botala has established environmental and OHS Board policies under which all exploration is carried out. Both policies ensure all employees, contractors and other service providers are fully acquainted with the Botala environment and OHS programmes. Botala's primary goal in the environmental management of exploration activities is to prevent unnecessary environmental impact and reinstate sites where disturbance cannot be avoided, whilst its goal in OHS is to provide and foster a culture of carrying out exploration activities in a safe working environment at best exploration practice. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007, which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2025 to 30 September 2025 the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

The Group's ESG responsibilities are a key consideration when planning and conducting its activities, whether in the corporate office or as part of its exploration activity. Our core responsibilities are outlined in our Corporate Governance Statement and Company Policies. The areas of particular focus are:

- **People:** We aim to foster a working environment that is collaborative, enjoyable, and stimulating and where our employees can fully utilise and develop new skills to the benefit of the Company and their ongoing careers. Our people drive our ESG efforts, so we value and place high value on new initiatives in this regard.
- **Safety:** The health safety and wellbeing of our people including employees and contractors is of the utmost importance. We have well developed safety procedures and recognised that a safe work environment comes when a culture of safety is fostered amongst our people such that it becomes an inherent part of all we do. We are pleased to advise that there were no injuries incurred by our workforce during the year.
- **Stakeholders:** We value and respect all stakeholders in the regions where we work and recognise the unique long-term relationship local Stakeholders have with the land. We endeavour to build long-term mutually beneficial relationships with our local stakeholders.
- **Environment:** We have a dual focus when it comes to our environmental impact. Firstly, we strive to minimise the impact that our activities have on the areas in which we work. Secondly, we place high importance on our land rehabilitation obligations and aim to leave no long-term adverse environmental impacts.

Approved by the Board of Botala Energy Ltd.**For further information:**

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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.

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.

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 SEPTEMBER 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(127)	(127)
(e) administration and corporate costs	(159)	(159)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
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	(284)	(284)

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	(877)	(877)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(877)	(877)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,065	1,065
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	(27)	(27)
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 & CEO	435	435
3.10	Net cash from / (used in) financing activities	1,473	1,473

4.	Net increase / (decrease) in cash and cash equivalents for the period	312	312
4.1	Cash and cash equivalents at beginning of period	472	472
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(284)	(284)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(877)	(877)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,473	1,473

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	784	784

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	784	472
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)	784	472

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	42
6.2	Aggregate amount of payments to related parties and their associates included in item 2	71

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.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	500	-
7.2	Credit standby arrangements	50	2
7.3	Other (please specify)	80	-
7.4	Total financing facilities	630	2
7.5	Unused financing facilities available at quarter end		628
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.		
7.1	Available Converting Loan facility for A\$500,000 from Martinick Investments (Pty) Ltd at an interest rate of around 8.5% per annum, secured with a maturity date of 30 June 2027.		
7.2	Credit standby facilities are for a credit card facility of A\$50,000 from the NAB at commercial interest rates, which is secured.		
7.3	Bond deposit secured refund of A\$80,000 from Botswana Power Corporation anticipated to be received in December 2025.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(284)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(877)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,161)
8.4 Cash and cash equivalents at quarter end (item 4.6)	784
8.5 Unused finance facilities available at quarter end (item 7.5)	628
8.6 Total available funding (item 8.4 + item 8.5)	1,412
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.2
<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 programme at 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: 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 October 2025

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.