



4 April 2024

***BOTALA INCREASES OWNERSHIP IN SEROWE CBM PROJECT TO 100%
AND MOU WITH PURE HYDROGEN***

Highlights:

- **Strategic acquisition of remaining 30% interest in Sharpay, the owner of the Serowe CBM Project (“Project”) from Pure Hydrogen (“ASX:PH2”), making Botala the sole owner.**
 - **Consolidates Botala’s asset base in Botswana, enhancing its operational control and potential revenue from the Project.**
 - **Sole ownership of the Project important for engagement with prospective strategic partners as Botala advances towards development.**
- **Botala to issue 14.5 million shares to Pure Hydrogen in two tranches, alongside a milestone payment of A\$750,000 contingent on agreed reserves certifications.**
- **Botala to expand strong relationship with Pure Hydrogen.**
 - **MOU signed with Pure Hydrogen to jointly investigate hydrogen projects in Southern Africa.**
 - **Pure Hydrogen to employ their hydrogen technology on hydrogen projects.**

Botala Energy Ltd (ACN 626 751 620) (**Botala**) is pleased to announce a series of strategic developments that mark significant milestones for Botala’s journey towards becoming a leader in renewable energy within Botswana and Southern Africa. Botala has agreed to acquire the remaining 30% of the Serowe Coal Bed Methane (CBM) Project from its joint venture partner Pure Hydrogen Corporation Limited (ACN 649 085 656) (ASX:PH2) (**Pure Hydrogen**). Additionally, the two companies have renewed their Memorandum of Understanding (**MOU**) (refer Section 7.3 of the Company’s initial public offering Prospectus dated 16 May 2022) to progress early-stage assessment and development of potential hydrogen projects within Southern Africa.

Key Points Overview:

- **Strategic acquisition of Pure Hydrogen’s 30% Interest in Serowe CBM Project:** Botala has executed an unconditional share sale agreement, making Botala the sole owner of this high-potential project.
- **Strategic MOU with Pure Hydrogen:** MOU with Pure Hydrogen solidifies the collaborative efforts to investigate and develop hydrogen projects, leveraging the Serowe Project for hydrogen production and refuelling business expansions.
- **Share Issuance and Milestone Payment:** As consideration for the acquisition, Botala will issue 14.5 million shares to Pure Hydrogen across two tranches, along with a milestone payment contingent on agreed reserve certifications.
- **Joint Venture and Hydrogen Highway Development:** Botala’s joint efforts with Pure Hydrogen in the Botswana H2 venture aim to establish a hydrogen and renewables joint venture to manufacture, store, market and distribute hydrogen and renewable energy in Southern Africa, based in Botswana.
- **Conditions Precedent and Key Considerations:** All agreements and ventures (other than the share sale agreement, which is unconditional) are subject to regulatory approvals, shareholder consent and other conditions as outlined in the respective agreements. The MOU remains subject to proving the Serowe CBM Project can deliver gas at an agreed price.

About Botala Energy Ltd and Pure Hydrogen Corporation Limited:

Botala is dedicated to advancing the Serowe CBM Project, located in the Karoo-Kalahari basin of central Botswana. This project, now fully owned by Botala, stands at the core of Botala's strategy to integrate gas resources with renewable energy solutions, which is intended to reduce the carbon footprint compared with the current Botswana coal power generation and supports Botswana's renewable energy ambitions.

Pure Hydrogen is a leader in developing hydrogen and renewable energy projects. With its expertise in hydrogen technology, Pure Hydrogen is a pivotal partner in the journey towards potentially establishing a hydrogen economy in Southern Africa using Botala gas.

Overview of the Strategic Engagements:

- **Serowe Acquisition:** Botala's proposed acquisition of the remaining 30% of the Serowe CBM Project from Pure Hydrogen, will increase the exposure of Botala shareholders to its main undertaking of the Serowe CBM Project and strengthens Botala's collaboration with a key player in the hydrogen sector.
- **Joint Venture for Hydrogen Development:** MOU and the Botswana H2 venture between Botala and Pure Hydrogen underscores a mutual commitment to renewable energy, focusing on hydrogen production and infrastructure development.

Complete Acquisition of Serowe CBM Project Interest:

Botala has executed the agreement to acquire the remaining 30% interest in the Serowe CBM project from Pure Hydrogen, making Botala the sole owner. This strategic move consolidates Botala's asset base in Botswana, enhancing its operational control and potential revenue from the project.

The purchase agreement involves Botala issuing 14.5 million shares to Pure Hydrogen, comprising 6 million shares (**Consideration Shares**) to be issued on completion (utilising the Company's available placement capacity pursuant to ASX Listing Rule 7.1) and an additional 8.5 million shares (**Deferred Consideration Shares**) to be issued subject to Botala shareholder approval pursuant to ASX Listing Rule 7.1, alongside a milestone payment of A\$750,000 contingent on Sharpay achieving gas reserves certification of 50PJ or 50bcf of 2P reserves on the Serowe CBM Project or more. This structured consideration aligns the interests of both companies towards maximising the project's value.

Renewal of Strategic MoU with Pure Hydrogen:

Pursuant to the MOU with Pure Hydrogen, the parties have agreed to modify certain project milestones to enable the parties to further investigate and develop hydrogen projects in Southern Africa, leveraging the expertise and technology of both companies. The revised steps are as follows:

- Phase 1 – design, finance and build an electrolyser Micro Hub as a commercial demonstration of a standalone H2 manufacturing and filling station.
- Phase 2 – to design, finance and build the core of a hydrogen highway for the region.
- Supply Commencement – first production of commercial production of Hydrogen.

The MOU is aimed at establishing a hydrogen and renewables joint venture to manufacture, store, market and distribute hydrogen and renewable energy in Southern Africa, based in Botswana.

The renewal emphasises the continuation of the Botswana H2 joint venture, aimed at assessing and developing a potential hydrogen highway and infrastructure that includes hydrogen production via solar electrolysis and the establishment of micro hubs.

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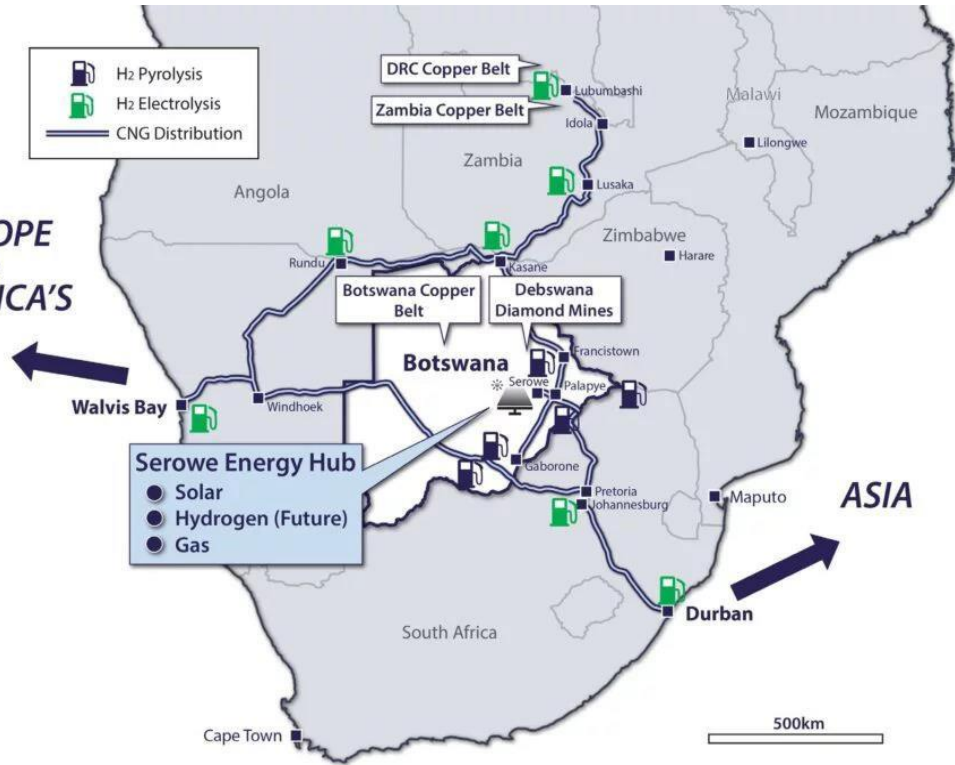


Figure 1 – Hydrogen Project Location Map

This MOU positions Botala at the forefront of the hydrogen economy in the region. The joint venture (subject to a finalised joint venture agreement) will pursue renewable energy solutions focused on Hydrogen.

Share Issuance and Milestone Payments:

The share issuance to Pure Hydrogen as part of the Serowe Acquisition consideration will (subject to Botala shareholder approval in respect of the Deferred Consideration Shares) increase Pure Hydrogen’s shareholding in Botala, further aligning the strategic interests of both companies.

The issuance of shares as part consideration for the Serowe Acquisition is designed to preserve cash reserves while effectively leveraging equity to fund a strategic acquisition. The milestone payment further incentivises the achievement of significant project milestones, potentially enhancing the project’s value for Botala’s shareholders.

Voluntary Escrow:

The Consideration Shares and Deferred Consideration Shares will be subject to a voluntary escrow period until 31 December 2024.

The purchase agreement contains terms and conditions standard for an agreement of this nature.

Expected Impact and Future Prospects:

Through these strategic engagements, Botala seeks to significantly enhance its market presence in the renewables energy sector, particularly in hydrogen energy, which Botala believes is poised for rapid growth.

These developments are expected to appeal to investors by demonstrating Botala’s proactive approach in securing high-potential energy assets, engaging in innovative renewable energy ventures, and strategically aligning with key partners for technology and infrastructure development.

Botala’s strategic acquisitions and partnerships are poised to create significant value for shareholders by consolidating assets, leveraging synergies with Pure Hydrogen and pioneering the development of renewable energy infrastructure in Southern Africa. These moves signify Botala’s commitment to sustainable energy development.

Kris Martinick, CEO of Botala said: *“This acquisition comes at an ideal time as we continue to advance the pilot project with the aim to convert to a commercial development upon success. PH2 have been an amazing partner from providing support in our IPO through to technical support and reviews of the exploration and appraisal programmes. However, we have now come to a rational separation point for PH2 allowing both companies to focus on their core strengths and objectives. Owning the project outright allows us to negotiate with potential partners for the next growth step in the project’s development.”*

Scott Brown, CEO of Pure Hydrogen said: *“Converting our 30% interest in Serowe into an increased shareholding in Botala strengthens our equity interest in what is an excellent company and allows us to simplify our activities and focus our efforts and funding commitments to our hydrogen business including Hdrive. We have effectively minimised and limited our funding for this project but still maintained an upside exposure to the Serowe Project through our shareholding in Botala.*

We are excited by the rapid development of Botswana H2. We can very readily bring the best technologies to the Joint Venture in terms of hydrogen fuel production and all the associated transport infrastructure to develop the full value chain from fuel, refuelling infrastructure and commercial vehicles. Botswana is strategically located in Africa and it is a great market to commence our operations here, underpinned by a government committed to developing clean energy projects. We will update shareholders on the JV’s progress as key events materialise.”

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.

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.

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