



Botala Energy Ltd



Botala Energy Ltd

Botala Energy Ltd (ACN 626 751 620)

PROSPECTUS

For an initial public offering of up to 35,000,000 Shares to be issued at a price of \$0.20 per Share to raise up to \$7,000,000 (before costs).

This Prospectus has been issued to provide information on the public offer of a minimum of 25,000,000 Shares at an issue price of \$0.20 per Share to raise a minimum of \$5,000,000 and a maximum of 35,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$7,000,000 (before costs) (**General Offer**).

The General Offer comprises:

- (a) a priority offer to Eligible PH2 Shareholders registered on the Priority Offer Record Date (**Priority Offer**); and
- (b) an offer to the general public (**Public Offer**).

This Prospectus also includes the Secondary Offers, as detailed in Section 2.2.

The Offers are subject to a number of conditions precedent as outlined in Section 2.5.

It is proposed that the Priority Offer will close at 5:00pm (AWST) on 8 June 2022 and the Public Offer and Secondary Offers will close at 5:00pm (AWST) on 14 June 2022. The Company reserves the right to close the Offers earlier or to extend this date without notice. Applications must be received before that time.

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this Prospectus.

Investment in the Securities offered pursuant to this Prospectus should be regarded as **highly speculative** in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Securities.

Corporate Directory

Directors

Wolf Gerhard Martinick – Executive Chairman
Craig Basson – Executive Director
Peter Desmond Grant – Non-Executive Director

Key Management Personnel

Kris Francis Martinick – Chief Executive Officer
Craig Basson – Chief Financial Officer & Company Secretary
Timothy Hoops – General Manager Operations
Modisana Botsile – Botswana Country Manager

Registered and Principal Office

C/- Carbon Accountants & Business Consultants
24 Hasler Road, Osborne Park WA 6017
Phone: +61 8 6444 6645
Email: secretary@botalaenergy.com.au
Website: www.botalaenergy.com

Australian Legal Advisors

Hamilton Locke Pty Ltd
Level 27, 152-158 St George Terrace
Perth WA 6000

Botswana Legal Advisors

Otlaadisa Law
Plot 75783, Setlhoa Office Park
Unit 2 – Building 3
Gaborone, Botswana

Lead Manager

GTT Ventures Pty Ltd
22 Townshend Road
Subiaco WA 6008

Proposed Stock Exchange Listing

Australian Securities Exchange (ASX)
Proposed ASX Code: BTE

Share Registry ¹

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, WA, Australia
Offer Information Line:
1800 954 648 (within Australia)
+61 3 9938 4364 (outside Australia)

Auditor ^{1,2}

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Investigating Accountant

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Independent Technical Expert

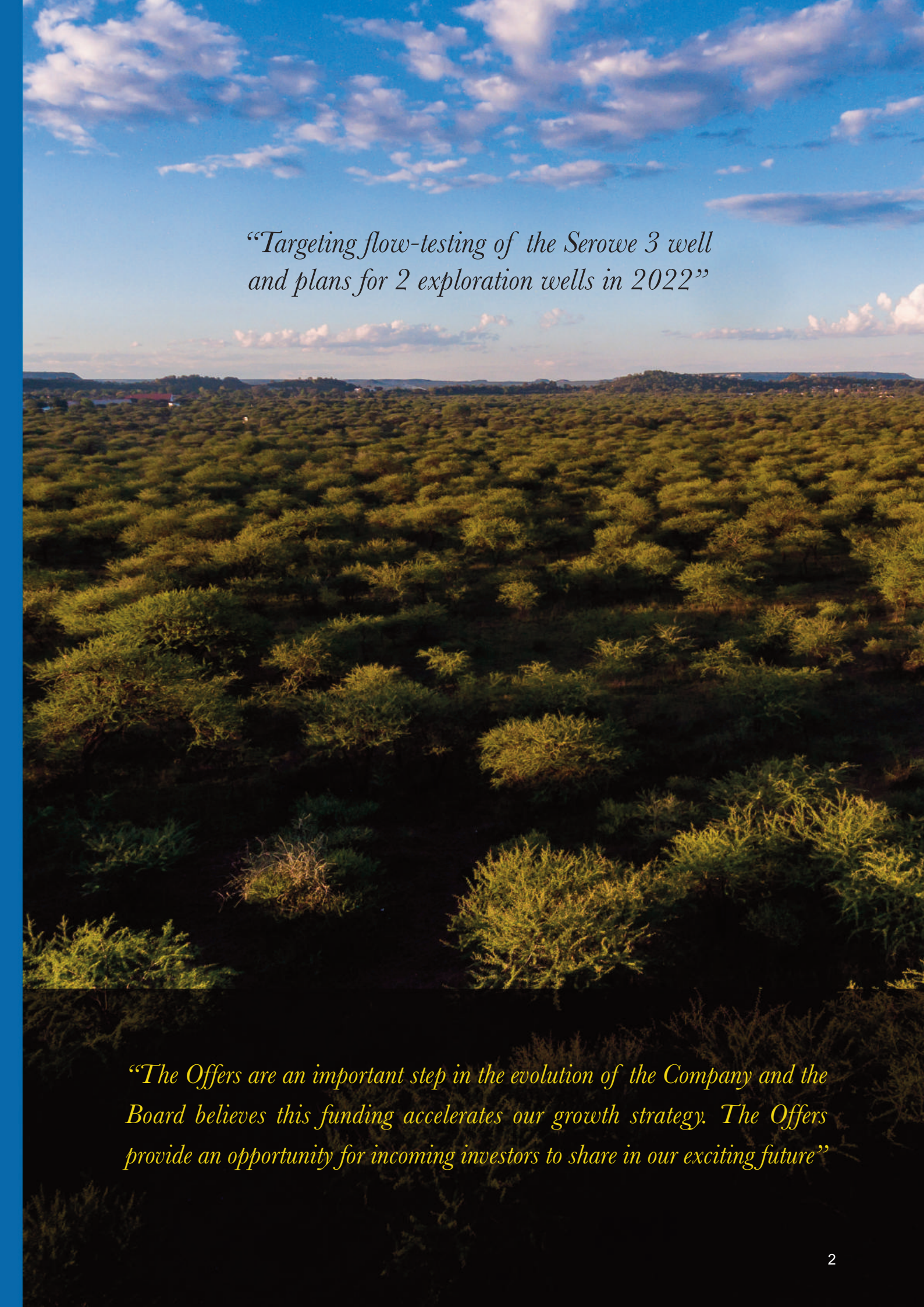
Sproule Incorporated
Suite 1000, 1700 Broadway
Denver, CO 80290, USA



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1. These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.
2. The Audit and Investigating Accountant function were performed by different partners of HLB Mann Judd.



*“Targeting flow-testing of the Serowe 3 well
and plans for 2 exploration wells in 2022”*

“The Offers are an important step in the evolution of the Company and the Board believes this funding accelerates our growth strategy. The Offers provide an opportunity for incoming investors to share in our exciting future”

Important Information

The Offers

This Prospectus is issued by Botala Energy Ltd (ACN 626 751 620) (**Company**) for the purpose of Chapter 6D of the Corporations Act. The General Offer contained in this Prospectus is an initial public offering to acquire Shares. This Prospectus also includes secondary offers, being the PH2 Consideration Offer and the Lead Manager Offer.

Prospectus

This Prospectus is dated, and was lodged with ASIC on, 16 May 2022 (**Prospectus Date**). Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Application will be made to ASX within 7 days of the Prospectus Date for Official Quotation of the Shares the subject of the Offers.

Expiry date

This Prospectus expires at 5.00pm (AWST) on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Securities will be issued on the basis of this Prospectus after the Expiry Date.

Note to Applicants

The information contained in this Prospectus is not investment or financial product advice and has been prepared as general information only, without consideration for your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company, the repayment of capital by the Company or any return on investment in Securities made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company, the Directors, the Lead Manager or any other person in connection with the Offers.

GTT Ventures Pty Ltd has acted as Lead Manager to the General Offer. To the maximum extent permitted by law, the Lead Manager and its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the 7 day period after the Prospectus Date (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further 7 days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

No cooling-off rights

Cooling-off rights do not apply to an investment in Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Conditional Offers

The Offers contained in this Prospectus are conditional on certain events occurring. If these events do not occur, the Offers will not proceed and Applicants will be

refunded their Application Monies (without interest). Please refer to Section 2.5 for further details on the conditions attaching to the Offers.

Electronic Prospectus and Application Forms

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at www.botalaenergy.com to only persons in Australia. Application Forms will not be made available until after the Exposure Period has expired.

The Offers constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia.

The Prospectus is not available to persons in other jurisdictions in which it may not be lawful to make such an invitation or offer to apply for Securities. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office during the offer period by contacting the Company as detailed in the Corporate Directory. Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Prospective investors wishing to subscribe for Securities under the Offers should complete the relevant Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

Notice to foreign investors

No action has been taken to register or qualify the Securities the subject of this Prospectus or the Offers, or otherwise to permit the offering of the Securities, in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside of Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

Speculative Investment

The Securities offered pursuant to this Prospectus should be considered **highly speculative**. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Securities or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 4 for details relating to the key risks applicable to an investment in the Securities.

Independent Technical Expert's Statement

The information in this Prospectus that relates to the technical assessment of contingent and prospective petroleum resources is based on, and fairly represents, information and supporting documentation prepared by Mr Timothy Hoops, a qualified petroleum reserves and resources evaluator who is a member of the American Association of Petroleum Geologists and a Registered Professional Geologist. Mr Hoops is a consultant to the Company.

Mr Hoops has a relevant interest in 650,000 Shares and 1,000,000 Options.

Mr Hoops consents to the form and context in which the contingent and prospective petroleum resources and the supporting information are presented in this Prospectus.

Important Information cont

Using this Prospectus

Persons wishing to subscribe for Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus. If persons considering subscribing for Securities offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'estimates', 'expects', 'targets', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on several assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place.

The Company does not undertake to, and do not intend to, update or revise any forward-looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward-looking statements are subject to various risks that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 4. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company, the Directors, the Company's management and the Lead Manager cannot and do not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Disclaimer

Except as required by law, and only to the extent so required, none of the Company, the Directors, the Company's management, the Lead Manager or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Company website

Any references to documents included on the Company's website at www.botalaenergy.com are for convenience only, and none of the documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Miscellaneous

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to '\$' or 'AUD' are references to Australian dollars and all references to 'US\$' are references to US dollars.

All references to time in this Prospectus are references to AWST, being the time in Perth, Western Australia, unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in the definitions in Section 10.

Consents to Statements Instrument

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Prospectus may include or be accompanied by certain statements fairly representing statements by an official person or form a public official document or published book, journal or comparable publication, including but not limited to where the statement was not made, or published, in connection with the Offers. Pursuant to ASIC Corporations (Consents to Statements) Instrument 2016/72 the consent of persons to which such statements are attributable is not required for the inclusion of those statements in this Prospectus.



“Since the beginning of Botala’s involvement in Botswana, we have assembled an experienced team, with vision, enthusiasm, and a diversity of skills”

Photographs Team in Botswana

Letter from the Chairman

Dear Investor,

On behalf of the Board of Botala Energy Ltd (**Botala** or the **Company**), I am pleased to present this Prospectus and to invite you to become a Shareholder in the Company.

Botala is a coal bed methane (**CBM**) exploration and development company focused on developing production from the Serowe CBM Project located in Botswana (and related early-stage renewable energy opportunities). On Admission, the Company will hold a 70% interest in the Serowe CBM Project, which is located in a high-grade CBM region of Botswana.

The central location of the Serowe CBM Project in Southern Africa means it is traversed by highways, rail and electricity networks linking South Africa's industrial regions, mines, and ports to the huge mining industry of the Copperbelt of Zambia and Democratic Republic of Congo and the important ports of Walvisbay in Namibia and Durban in South Africa (further details in respect of the location of the Serowe CBM Project are set out in Annexure B). Since the beginning of Botala's involvement in Botswana, we have assembled an experienced team, with vision, enthusiasm, and a diversity of skills. The team has extensive country knowledge, previous gas exploration and development experience, an excellent understanding of electricity generation and distribution in Southern Africa, and knowledge of local and regional politics.

In the 16 months that Botala has been the Operator of the Serowe CBM Project, in the face of Covid-19 related constraints, the Company has successfully raised approximately \$3.3 million, expended approximately \$2.3 million on exploration and project development on the Serowe CBM Project and confirmed the quality of the Serowe CBM Project by drilling four wells (further details in respect of which are set out in Section 3.1 and Annexure B).

The purpose of this Prospectus is to raise between \$5,000,000 (before costs) and up to \$7,000,000 (before costs) to be primarily used towards exploration and development of the Serowe CBM Project (in a 5-well pilot programme to test commercial flowrate potential), early-stage research and development of related renewable energy opportunities (refer to Section 3.7 for further details), working capital and to pay the expenses of the Offers. Subject to the allocation policy set out in Section 2.14, I personally intend to participate in the Public Offer for up to a maximum of 2,500,000 Shares (being an aggregate subscription price of up to \$500,000).

Please read in full the details on how to submit your Application Form, which are set out in Section 2 of this Prospectus.

This Prospectus also contains detailed information about the Offers, current and proposed operations of the Company and the risks pertaining to investing in Botala. Potential investors should carefully consider these risks (detailed in Section 4). Please read this Prospectus carefully and consult your accountant, financial adviser, stockbroker, lawyer, or other professional adviser.

I look forward to welcoming you as a Shareholder.



Wolf Gerhard Martinick, Executive Chairman

Photograph Executive Chairman Wolf Gerhard Martinick at Serowe



Key details of the Offers

Key details of the Offers ¹	Shares		Options	Performance Rights
	Minimum Subscription	Maximum Subscription		
Existing Securities on issue as at the Prospectus Date	79,637,247	79,637,247	18,757,000 ²	6,000,000 ³
Total number of Shares to be issued under the General Offer	25,000,000	35,000,000	Nil	Nil
Total number of Securities to be issued under the PH2 Consideration Offer	27,407,599	29,907,442	4,688,957 ⁴	Nil
Total number of Shares to be issued to the Lead Manager ⁵	2,000,000	2,000,000	Nil	Nil
Conversion of Performance Rights on Admission	3,000,000	3,000,000	Nil	(3,000,000)
Total Securities on issue on completion of the Offers⁶	137,044,846	149,544,689	23,445,957	3,000,000

Notes:

1. Please refer to Section 2.7 for further details relating to the current and proposed capital structure of the Company.
2. See Section 8.2 for the terms and conditions of the existing Options.
3. See Section 8.4 for the terms and conditions of the Performance Rights. Of these Performance Rights 3,000,000 will convert into Shares prior to Admission.
4. See Section 8.3 for the terms and conditions of the PH2 Consideration Options.
5. See Section 7.5 for further details of the fees payable to the Lead Manager.
6. Assumes that, other than the 3,000,000 Performance Rights that will convert into Shares prior to Admission, no further Shares are issued and none of the Options or Performance Rights are exercised.

Photograph Serowe well head number 3

“Early-stage research and development in respect of potential downstream hybrid solar and gas energy”



Indicative Timetable

Timetable Event	Date
Lodgement of Prospectus with ASIC	16 May 2022
Priority Offer Record Date	20 May 2022
Opening Date for the Offers	24 May 2022
Closing Date for the Priority Offer	8 June 2022
Closing Date for the Offers (other than the Priority Offer)	14 June 2022
Issue Date under the Offers	24 June 2022
Excepted dispatch of holding statements	27 June 2022
Expected date for Official Quotation on ASX	14 July 2022

Note:

The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. The Company, in consultation with the Lead Manager, reserves the right to vary the dates and times of the Offers (including, to vary the Opening Date and Closing Date, to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offers before Completion) in each case without notifying any recipient of this Prospectus or any Applicants, which may have a consequential effect on other dates. If the Offers are cancelled or withdrawn before the allotment of Securities, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Applicants are therefore encouraged to lodge their Application Form and deposit the Application Monies as soon as possible after the Opening Date if they wish to invest in the Company. The admission of the Company to the Official List of the ASX and the commencement of quotation of the Shares are subject to confirmation from the ASX.

Photograph Serowe well head number 3



“Commercial pilot programme and further exploration planned post admission”

1. Investment overview

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

Topic	Summary	More information
Introduction		
Who is the Company and what does it do?	<p>Botala Energy Ltd (Botala or the Company) is a coal bed methane (CBM) exploration and development company focused on developing production from the Serowe CBM Project located in Botswana (and related early-stage renewable energy opportunities). On Admission, the Company will hold a 70% interest in the Serowe CBM Project, which is located in a high-grade CBM region of Botswana.</p> <p>The Company is focussed on developing the Serowe CBM Project and the Board believes that there is a considerable opportunity for it to commercialise the contingent and prospective CBM resources thereon due to the demand for stable power supply in Botswana.</p>	Section 3.1 and 3.4
What is the Serowe CBM Project?	<p>The Serowe CBM Project covers approximately 4,100 square kilometres of CBM prospecting licenses in the Karoo-Kalahari Basin in Central Botswana.</p> <p>The Independent Technical Expert has provided a best estimate relating to the Serowe CBM Project of contingent CBM resources of approximately 317 (bcf) and prospective CBM resources of approximately 3,924 (bcf).</p> <p>In respect of the prospective resources, the following cautionary statement applies: the estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.</p> <p>The contingent resources stated above are prevented from being reserves until sufficient production tests are carried out. The total costs associated with establishing the commerciality of this project are unknown at this time given the early stage of the Serowe CBM Project's development.</p> <p>The estimates of contingent resources and prospective resources in this Prospectus have been prepared in accordance with the Petroleum Resources Management System (SPE-PRMS) and in accordance with the ASX Listing Rules.</p>	Section 3.6(b) and Annexure B

Topic	Summary	More information
	<p>Note: Refer to the Independent Technical Expert's Report at Annexure B for further information in respect of the prospective and contingent resources.</p> <p>The Company believes that the chance of discovery is considered high due to the nature of the CBM system and the proximity of the prospective resources to the contingent resources already found at the Serowe CBM Project. The Company believes that it is likely that further exploration will result in the discovery of additional resources, potentially of sufficient quantity and quality to support a commercial development at the Serowe CBM Project.</p>	
<p>What are the Company's interests in the Serowe CBM Project?</p>	<p>On Admission, Botala will hold a 70% interest in the Serowe CBM Project (through its shareholding in Sharpay), comprising:</p> <ul style="list-style-type: none"> (i) a non-revocable 21% legal and beneficial interest in the issued capital of Sharpay (Sale Interest), which Botala will acquire from PH2 prior to Admission, pursuant to a joint venture interest sale agreement with PH2 dated 5 July 2021 (PH2 Sale Agreement), a summary of which is set out in Section 7.2; and (ii) a 49% interest in the issued capital of Sharpay (Farm-in Interest), which Botala previously acquired from PH2 on 4 March 2020 pursuant to an earn-in agreement with PH2 dated 4 March 2020 (as amended) and which includes: <ul style="list-style-type: none"> (A) ownership of a non-revocable 18% of the issued capital in Sharpay (Non-Revocable Interest). (B) ownership of a revocable 31% of the issued capital of Sharpay (Revocable Interest), which may be revoked by PH2 if Botala does not spend a total of \$6.1 million (Minimum Commitment) (of which approximately \$3.8 million is currently outstanding (Outstanding Amount)) on exploration and development on the Serowe CBM Project on or before 8 December 2023 (Minimum Commitment Deadline). <p>To date, Botala has spent approximately \$2.3 million on exploration and development of the Serowe CBM Project. If Botala does not satisfy the Minimum Commitment, the Farm-in Interest will be subject to dilution to reflect the difference between the Minimum Commitment and the expenditure costs contributed by Botala such that, if Botala does not incur the Outstanding Amount, the Revocable Interest will be diluted such that Botala's aggregate legal and beneficial interest in the Serowe CBM Project (through its shareholding in Sharpay) would be reduced to approximately 39% (comprising the Sale Interest and the Non-Revocable Interest). However, the Company confirms that it</p>	<p>Sections 3.4(c), 7.1 and 7.2</p>

Topic	Summary	More information
	currently intends (subject to it not receiving adverse exploration results) to fully satisfy the Minimum Commitment before the Minimum Commitment Deadline.	
What research and development does the Company intend to undertake?	<p>While Botala's main undertaking is CBM exploration and development, the Company is cognisant of the global transition to renewable energy and, accordingly, is actively undertaking early-stage research and development activities to assess the viability of developing the following additional projects as an adjunct to its main undertaking (which in any event are subject to and conditional upon the successful commercialisation of the Serowe CBM Project):</p> <p>(a) (Serowe Energy Hub): proposal for an approximate 20MW solar/ gas hybrid electricity plant which is envisaged to be fed into a nearby substation in Serowe, Botswana; and</p> <p>(b) (Lupani Energy and Industrial Park): proposal for:</p> <p>(i) a 700MW solar/ gas hybrid electricity plant which is envisaged to be fed into domestic and SADC networks in Lupani, Botswana (Lupani Energy Hub); and</p> <p>(ii) a site powered by the Lupani Energy Hub which is envisaged to provide a space and services for local Botswana businesses to develop renewable energy projects (Lupani Industrial Park).</p> <p>Investors are cautioned not to make an investment decision in respect of the Company based on the proposals for the Serowe Energy Hub or Lupani Energy and Industrial Park given they are not the Company's main undertaking and are very early-stage in nature (such that minimal funds in Section 2.6 have been attributed to them sufficient only to undertake initial research and development rather than completing construction of these projects), are uncertain to proceed and are dependent upon various contingencies including the ability of the Company to secure site(s) and the success of the Serowe CBM Project. Further, the results and findings of the research and development work on the Serowe Energy Hub and Lupani Energy and Industrial Park may not warrant any further expenditure by the Company on Lupani Energy and Industrial Park. Additional details of the risks associated with the proposed Serowe Energy Hub and Lupani Energy and Industrial Park are set out in Section 4.1(q).</p>	Section 3.7
What is the Company's financial position?	The Company was incorporated on 18 June 2018 and is a gas exploration and development company. Therefore, it has not earned any revenue from its activities and is currently generating a loss.	Section 5 and Annexure A

Topic	Summary	More information
	<p>Section 5 of the Prospectus contains financial information about the Company.</p> <p>An Independent Limited Assurance Report is included in Annexure A.</p>	
What is the proposed capital structure of the Company?	Following completion of the Offers under this Prospectus, the proposed capital structure of the Company will be as set out in Section 2.7.	Section 2.7
What is the proposed use of funds raised under the General Offer?	The Company proposes to primarily use the funds raised from the General Offer towards exploration and development activities on the Serowe CBM Project, early-stage research and development of related renewable energy opportunities (refer to Section 3.7 for further details), working capital and to pay the expenses of the Offers. The Company's proposed use of funds is set out in Section 2.6.	Sections 2.6 and 3.7
What is the Company's strategy?	Following Admission, the Company intends to undertake exploration and development activities on the Serowe CBM Project (and related early-stage renewable energy research and development). Although the Company's immediate focus will be on the Serowe CBM Project, as with most exploration entities, it will pursue and assess other new business opportunities in the resources sector over time which complement its business (although the Company confirms that it is not currently considering other acquisitions and that future acquisitions are likely to be in the resources and renewable energy sectors).	Section 3.5
Summary of key risks		
Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks. The risk factors set out in Section 4, and other general risks applicable to all investments in listed securities, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. This Section summarises the key risks which apply to an investment in the Company and investors should refer to Section 4 for a more detailed summary of the risks.		
Failure to satisfy Minimum Commitment	<p>In the event that the Company does not satisfy the Minimum Commitment, the Farm-in Interest will be subject to dilution to reflect the difference between the Minimum Commitment and the expenditure costs actually contributed by the Company such that, if the Company does not incur the Outstanding Amount, the Revocable Interest will be diluted such that the Company's aggregate legal and beneficial interest in the Serowe CBM Project would be reduced to 39% (comprising the Sale Interest and the Non-Revocable Interest).</p> <p>However, the Company confirms that it currently intends (subject to it not receiving adverse exploration results) to fully satisfy the Minimum Commitment before the Minimum Commitment Deadline (ie by expending the full \$6.1 million on exploration expenditure and development) and has budgeted to fully satisfy</p>	Section 4.1(h)

Topic	Summary	More information
	<p>the Outstanding Amount in its use of funds in Section 2.6 in order to finally secure the Revocable Interest.</p> <p>The Company acknowledges that there may be a scenario where the results of its exploration and development on the relevant Licence(s) are not sufficient to warrant any further expenditure of capital to continue to progress the Serowe CBM Project before the expiry of the Minimum Commitment Deadline, such that it may not retain the Revocable Interest. Should this occur, Botala's interest in the Serowe CBM Project will be 39% (comprising the Sale Interest and the Non-Revocable Interest). Whilst this is a risk, exploration results obtained to date, have further enhanced Botala's confidence to remain fully committed to meet the Minimum Commitment by the Minimum Commitment Deadline and from Admission Botala will have the necessary funds to achieve this.</p>	
Contractual risk	<p>As at the date of this Prospectus, the Company, through its shareholding in Sharpay, has a 49% interest in the Serowe CBM Project and a contractual right (rather than legal title) to acquire an additional 21% interest in the Serowe JOA (including a corresponding number of shares in the issued capital of Sharpay) pursuant to the PH2 Sale Agreement (further details in respect of which are set out in Section 7.1.</p> <p>As at the date of this Prospectus, completion of the PH2 Sale Agreement has not yet occurred and is subject to (among other things) PH2 complying with its obligations pursuant to the PH2 Sale Agreement. If completion of the PH2 Sale Agreement does not occur, the Company will not receive an additional 21% in the Serowe JOA and Sharpay and, accordingly, its interest in the Serowe CBM Project will remain limited to a 49% interest. However, the Company considers this risk to be low.</p> <p>The proposed site for the Lupani Energy and Industrial Park has not been finally secured. In addition, the Option to Sub-Lease in respect of the Serowe Energy Hub is subject to several conditions precedent which may or may not be satisfied (refer to Section 7.4 for further details). Accordingly, there is no guarantee that a site for the Serowe Energy Hub or the Lupani Energy and Industrial Park will be obtained and the Company may not obtain ownership of, or access to, these sites.</p>	Section 4.1(dd)
Serowe JOA risk	<p>On 8 December 2020, the Company entered into the Serowe JOA with PH2 whereby the Company became the operator of the Serowe CBM Project on 1 January 2021, and committed to spend \$6.1 million on exploration, appraisal and commercialising developments on the Serowe CBM Project. Refer to Section 7.1 below for further details regarding the Serowe JOA.</p> <p>There is a risk that the financial failure or default of the Company in its obligations under the Serowe JOA may adversely affect the operations and performance of the Company or its interest in the Serowe CBM Project. As is the case in all joint venture</p>	Section 4.1(g)

Topic	Summary	More information
	<p>arrangements, there is a risk that joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture, which in either case would likely have an adverse effect on the interests and prospects of the Company.</p> <p>Under the Serowe JOA, certain significant decisions affecting the joint venture (Reserved Decisions) require a unanimous decision, and certain other decisions require approval by 70%, and at least two of, the participants (Passmark). The Company and PH2 are as at the Prospectus Date in discussions to amend the Serowe JOA, however, there is no guarantee that any such amendments will be agreed. Accordingly, irrespective of Botala's proportional interest in the joint venture, Botala will not be able to control all decisions of the joint venture. While there is a risk that joint venture participants will not agree on Reserved Decisions, the Company considers the risk of this materially adversely affecting it to be low given that Botala is the Operator, the initial work programme and budget for the 12 month period following Admission has been agreed with PH2 and the Serowe JOA provides that Botala can undertake sole risk operations to the extent future programme and budgets are unable to be agreed between the parties (subject to the right of PH2 to buy-back in to the sole risk operation at a substantial premium to the costs incurred for the sole risk operation) (please refer to Section 7.1 for further details).</p>	
Future capital requirements	<p>The Company has no operating revenue and is unlikely to generate any operating revenue unless and until production commences. The future capital requirements of the Company will depend on many factors including its abilities to produce and market its products. The Company believes its available cash and the net proceeds of the General Offer should be adequate to fund its business objectives in the short term as stated in this Prospectus.</p> <p>The Company's existing funds following Admission will be sufficient to secure the Revocable Interest, however, it will not be sufficient to complete the development of the Serowe Energy Hub or the Lupani Energy and Industrial Park such that the Company will be required to raise further funds if it is to complete these additional undertakings.</p>	Section 4.1(v)
Major shareholders	<p>On Completion of the Offers:</p> <p>(i) Dr Wolf-Gerhard Martinick and his two sons, Mr Kris Francis Martinick and Mr Dirk Martinick and each of their relevant associates, will collectively have a relevant interest in up to 48,475,002 Shares (comprising 35.37% of the issued share capital of the Company, based on the Minimum Subscription); and</p> <p>(ii) PH2 will have an interest in 27,407,599 Shares (on a Minimum Subscription basis) and up to 29,907,442</p>	Section 4.1(b)

Topic	Summary	More information
	<p>Shares (on a Maximum Subscription basis) (in either case, comprising 19.99% of the issue share capital of the Company).</p> <p>Accordingly, each of these persons or entities could have a significant influence on the Company and their respective interests may not align with other Shareholders' interests. The Company confirms that each of Messrs Kris Martinick and Dirk Martinick are related parties of their father, Dr Wolf-Gerhard Martinick. Mr Dirk Martinick is not employed by the Company in any capacity. Please refer to Section 4.1(b) for further details.</p>	
Drilling risk	<p>Drilling operations are high-risk and subject to hazards often encountered in exploration, development and production drilling programmes. These include unexpected geological formations, infrastructure failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact production throughput. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Company's operations and its financial results should any of these hazards be encountered.</p>	Section 4.1(f)
Exploration risk	<p>Gas exploration and development is speculative and involves elements of significant risk with no guarantee of success. There is no assurance that expenditure on activities will result in gas discoveries that can be commercially or economically exploited.</p> <p>Key to the Company's financial performance is to demonstrate success in exploring for and locating commercially exploitable hydrocarbons. Exploration is subject to technical risks and uncertainty of outcome. The Company may not find any or may find insufficient hydrocarbon reserves and resources to commercialise, which would adversely impact the financial performance of the Company.</p> <p>Wells may not be commercially productive, or they may not provide sufficient revenues to return a profit after accounting for associated costs. The cost of drilling, completing, equipping and operating wells is subject to uncertainties.</p>	Section 4.1(c)
Operational risk	<p>Gas development activities include numerous operational risks, including but not limited to, adverse weather conditions, environmental hazards, and unforeseen increases in establishment costs, accidents (including, for example, fires, explosions, uncontrolled releases, spills and blowouts), equipment failure, industrial disputes, technical issues, supply chain failure, labour issues, deliberate destruction, adverse production results, uncertainty in resource and reserve estimation, uncertainty in deliverability estimation, IT system failure, cyber security breaches, political opposition and other unexpected events.</p> <p>The occurrence of an operational risk event could also result in damage to, or destruction of, production facilities, personal injury,</p>	Section 4.1(d)

Topic	Summary	More information
	environmental damage, increase operational costs and significantly disrupt the Company's operations, possibly restricting the Company's ability to advance its development and operational programs. This, in turn, may adversely impact the Company's financial performance.	
Licence risk	The Company is required to comply with a range of laws to retain its Licences and periodically renew them. The Company is also required to comply with a range of laws and report milestones to obtain new licences related to the development and commercialisation of the Serowe CBM Project. The Company's Licences also have their own specific requirements that the Company must satisfy. Even if specific requirements are met, there is no certainty that an application for grant or renewal of the permit will be approved at all, or on satisfactory terms or within expected timeframes.	Section 4.1(l)
Environmental risk	<p>Despite efforts to conduct activities in an environmentally responsible manner and in accordance with applicable laws, there is a risk that gas activities may cause harm to the environment which could impact production or delay future development timetables.</p> <p>The Company is also subject to laws and regulations to minimise the environmental impact of its operations and rehabilitation of any areas affected by its operations. Changes to environmental laws may result in the cessation or reduction of the Company's activities, materially increase development or production costs or otherwise adversely impact the Company's operations, financial performance or prospects. Penalties for failure to adhere to requirements and, in the event of environmental damage, remediation costs can be substantive and may not, in its entirety, be insurable. Compliance with these laws requires significant expenditure and non-compliance may potentially result in fines or requests for improvement action from the regulator.</p>	Section 4.1(ff)
Climate change risk	There has been increasing concern by the public and regulators globally on climate change issues. As a gas development company, the Company is exposed to both transition risks and physical risks associated with climate change. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes and, if demand for gas declines, the Company will find it difficult to commercialise any resources it discovers.	Section 4.1(gg)
PH2 Shareholding risk	As referred to in Section 2.6, the Company currently has a shareholding in PH2 of 4,000,000 PH2 shares. The trading price of PH2 shares on ASX as at close of trading on 13 May 2022 (being the latest practicable date before lodgement of the Prospectus) was approximately \$0.335, such that the Company values the PH2 shareholding at approximately \$1,340,000 (before taxes).	Section 4.1(u)

Topic	Summary	More information
	<p>There is a risk that the value of the PH2 Shareholding will fall over the short or long term. The Company's ability to dispose of its PH2 Shareholding is heavily dependent on the performance of PH2 and the securities market generally (both of which are outside of the Company's control). The Company may also be restricted in its ability to dispose of the PH2 Shareholding in circumstances where the Company would have a conflict of interest or is in possession of inside information. Market prices of publicly-traded securities tend to be volatile and subject to significant fluctuations. If the market price of the PH2 Shareholding declines significantly the Company may be unable to sell its PH2 Shareholding at a favourable price, if at all, and may lose all or a portion of its investment amount.</p> <p>Investors are cautioned not to place any reliance on the Company receiving proceeds from the disposal of any of its PH2 shareholding as there is no certainty that the Company will receive a return on its investment.</p>	
Renewable energy opportunities	<p>There is a risk that the evaluation of renewable energy solutions including the Lupani Energy and Industrial Park does not identify a viable development using renewable energy. Even if the Lupani Energy and Industrial Park would be commercially viable, there is also the risk that the Company does not have the sufficient expertise, knowhow and resourcing to identify commercial partners or technical solutions to enable the Lupani Energy and Industrial Park to be constructed and commence commercial operation. Selection of the incorrect technical solution or partner could result in adverse impact on effect on the economic viability of the projects. The Company intends to conduct thorough due diligence on all material third parties which will become involved in the development of its renewable energy solutions.</p> <p>The preliminary and historical work undertaken by the Company in respect of its proposed renewable energy research and development and other activities set out in Section 3.7 and elsewhere in this Prospectus relate to incomplete proposals which are subject to multiple contingencies (many of which are beyond the Company's control). Accordingly, investors are cautioned to place no reliance on these incomplete and conditional proposals in making an investment decision in respect of the Company.</p> <p>Even if the Lupani Energy and Industrial Park and Serowe Energy Hub are successfully constructed, the ability of the Company to successfully commission and commercialise these facilities is dependent on the ability of the Company to produce a commercial supply of CBM from the Serowe CBM Project in order to power the CBM powered components of the Serowe Energy Hub and Lupani Energy Hub (which it is envisaged would in turn power the Serowe Energy Hub and Lupani Energy and Industrial Park). To the extent that commercial quantities of CBM cannot be extracted from the Serowe CBM Project, the Lupani Energy and Industrial Park and Serowe Energy Hub will</p>	Section 4.1(q)

Topic	Summary	More information
	be unable to proceed. Investors are cautioned not to place any reliance on the potential construction and operation of the Lupani Energy and Industrial Park or the Lupani Energy Hub in making an investment decision in respect of the Company.	
COVID-19 risk	<p>The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and is likely to continue to have, a significant impact on global capital markets, the gas price and foreign exchange rates. There is also continued uncertainty as to the ongoing and future responses of governments and authorities globally, and a further Australian economic shut down is possible. The Western Australian borders have recently opened allowing international travel to Botswana. There is a risk the Australian or Western Australian borders may again be closed. Given the economic uncertainty that remains during the COVID-19 pandemic, the Company's financial performance may be adversely impacted.</p> <p>Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations, financial position and prospects. The majority of drilling and production equipment are procured from South Africa requiring transportation across the border to Botswana, such that there is the risk that border closure or border delays may have a material adverse impact on the Company's planned operations.</p>	Section 4.1(ii)
Directors, related party interest and substantial holders		
Who are the Directors?	<p>The Board of the Company comprises:</p> <ul style="list-style-type: none"> (a) Wolf-Gerhard Martinick – Chairman; (b) Craig Basson – Executive Director; and (c) Peter Desmond Grant – Non-Executive Director. 	Section 6.1
What benefits are being paid to the Directors?	<p>The Company has entered into an executive services agreement and letter of appointment with Wolf-Gerhard Martinick, pursuant to which the Company has agreed to pay Dr Martinick \$120,000 (plus GST) per annum for services provided to the Company as Executive Chairman.</p> <p>The Company has entered into an executive services agreement with Craig Basson, pursuant to which the Company has agreed to pay Mr Basson \$180,000 (plus GST) for services provided to the Company as Executive Director, Chief Financial Officer and Company Secretary.</p> <p>The Company has entered into a non-executive director letter of appointment with Peter Grant pursuant to which the Company has agreed to pay Mr Grant \$40,000 per annum (inclusive of GST) for services provided to the Company as Non-Executive Director.</p>	Section 7.6

Topic	Summary	More information																																												
Who are the key management personnel?	<p>The key management personnel comprise:</p> <ul style="list-style-type: none"> (a) Kris Francis Martinick – Chief Executive Officer; (b) Craig Basson – Chief Financial Officer and Company Secretary; (c) Timothy Hoops – General Manager Operations; and (d) Modisana Botsile – Botswana Country Manager. 	Section 6.3																																												
What interests do the Directors and key management personnel have in the Securities of the Company at the Prospectus Date and at Admission?	<p>The Directors, key management personnel and their related entities and associates hold the following relevant interests in Securities as at the date of this Prospectus:</p> <table border="1" data-bbox="440 667 1123 1245"> <thead> <tr> <th data-bbox="440 667 628 808">Director and key management personnel</th> <th data-bbox="628 667 799 808">Shares</th> <th data-bbox="799 667 970 808">Options</th> <th data-bbox="970 667 1123 808">Performance Rights</th> </tr> </thead> <tbody> <tr> <td data-bbox="440 808 628 949">Wolf-Gerhard Martinick and Kris Francis Martinick</td> <td data-bbox="628 808 799 949">43,875,002</td> <td data-bbox="799 808 970 949">11,250,000</td> <td data-bbox="970 808 1123 949">4,000,000</td> </tr> <tr> <td data-bbox="440 949 628 1012">Craig Basson</td> <td data-bbox="628 949 799 1012">4,847,000</td> <td data-bbox="799 949 970 1012">1,675,000</td> <td data-bbox="970 949 1123 1012">2,000,000</td> </tr> <tr> <td data-bbox="440 1012 628 1075">Peter Grant</td> <td data-bbox="628 1012 799 1075">1,977,778</td> <td data-bbox="799 1012 970 1075">1,000,000</td> <td data-bbox="970 1012 1123 1075">-</td> </tr> <tr> <td data-bbox="440 1075 628 1160">Timothy Hoops</td> <td data-bbox="628 1075 799 1160">650,000</td> <td data-bbox="799 1075 970 1160">1,000,000</td> <td data-bbox="970 1075 1123 1160">-</td> </tr> <tr> <td data-bbox="440 1160 628 1245">Modisana Botsile</td> <td data-bbox="628 1160 799 1245">445,000</td> <td data-bbox="799 1160 970 1245">50,000</td> <td data-bbox="970 1160 1123 1245">-</td> </tr> </tbody> </table> <p>Based on the intentions of the Directors and key management personnel at the Prospectus Date in relation to the Offers, it is expected that the Directors and key management personnel and their related entities and associates will have the following relevant interests in Securities on Admission:</p> <table border="1" data-bbox="440 1435 1123 2040"> <thead> <tr> <th data-bbox="440 1435 592 1603">Director and key management personnel</th> <th data-bbox="592 1435 762 1603">Shares</th> <th data-bbox="762 1435 933 1603">Options</th> <th data-bbox="933 1435 1123 1603">Performance Rights</th> </tr> </thead> <tbody> <tr> <td data-bbox="440 1603 592 1794">Wolf-Gerhard Martinick and Kris Francis Martinick</td> <td data-bbox="592 1603 762 1794">48,475,002</td> <td data-bbox="762 1603 933 1794">11,250,000</td> <td data-bbox="933 1603 1123 1794">2,000,000</td> </tr> <tr> <td data-bbox="440 1794 592 1879">Craig Basson</td> <td data-bbox="592 1794 762 1879">5,847,000</td> <td data-bbox="762 1794 933 1879">1,675,000</td> <td data-bbox="933 1794 1123 1879">1,000,000</td> </tr> <tr> <td data-bbox="440 1879 592 1964">Peter Grant</td> <td data-bbox="592 1879 762 1964">1,977,778</td> <td data-bbox="762 1879 933 1964">1,000,000</td> <td data-bbox="933 1879 1123 1964">-</td> </tr> <tr> <td data-bbox="440 1964 592 2040">Timothy Hoops</td> <td data-bbox="592 1964 762 2040">650,000</td> <td data-bbox="762 1964 933 2040">1,000,000</td> <td data-bbox="933 1964 1123 2040">-</td> </tr> </tbody> </table>	Director and key management personnel	Shares	Options	Performance Rights	Wolf-Gerhard Martinick and Kris Francis Martinick	43,875,002	11,250,000	4,000,000	Craig Basson	4,847,000	1,675,000	2,000,000	Peter Grant	1,977,778	1,000,000	-	Timothy Hoops	650,000	1,000,000	-	Modisana Botsile	445,000	50,000	-	Director and key management personnel	Shares	Options	Performance Rights	Wolf-Gerhard Martinick and Kris Francis Martinick	48,475,002	11,250,000	2,000,000	Craig Basson	5,847,000	1,675,000	1,000,000	Peter Grant	1,977,778	1,000,000	-	Timothy Hoops	650,000	1,000,000	-	Section 6.5
Director and key management personnel	Shares	Options	Performance Rights																																											
Wolf-Gerhard Martinick and Kris Francis Martinick	43,875,002	11,250,000	4,000,000																																											
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Topic	Summary				More information																												
	Modisana Botsile	445,000	50,000	-																													
What important contracts with related parties is the Company a party to?	<p>See Section 6.5 for further details of the current and anticipated Security holdings of the Directors and key management personnel.</p> <p>The Company has entered into the following related party transactions on arms' length terms:</p> <ul style="list-style-type: none"> (a) executive services agreement with Wolf-Gerhard Martinick and Craig Basson on standard terms (refer Section 7.6 for details); (b) letter of appointment with Peter Grant on standard terms (refer Section 7.6 for details); (c) an executive services agreement with Kris Martinick (a former director of the Company and the son of Dr Wolf-Gerhard Martinick) on standard terms (refer to Section 7.6 for details) and (d) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 7.7) for details). 				Section 6.8																												
Who will be the substantial holders of the Company?	<p>Those Shareholders and their related entities and associates holding a relevant interest in 5% or more of the Shares on issue as at the Prospectus Date are as follows:</p> <table border="1" data-bbox="448 1207 1114 1476"> <thead> <tr> <th data-bbox="448 1207 772 1296">Name</th> <th data-bbox="772 1207 963 1296">Number of Shares</th> <th data-bbox="963 1207 1114 1296">% of Shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="448 1296 772 1417">Wolf-Gerhard Martinick, Kris Francis Martinick and Dirk Martinick</td> <td data-bbox="772 1296 963 1417">43,875,002</td> <td data-bbox="963 1296 1114 1417">55.09</td> </tr> <tr> <td data-bbox="448 1417 772 1476">Corpserv Pty Ltd</td> <td data-bbox="772 1417 963 1476">4,847,000</td> <td data-bbox="963 1417 1114 1476">6.09</td> </tr> </tbody> </table> <p>Based on the information known as at the Prospectus Date, on Admission the following persons (and their related entities and associates) will have a relevant interest in 5% or more of the Shares on issue:</p> <table border="1" data-bbox="429 1624 1131 2045"> <thead> <tr> <th data-bbox="429 1624 600 1765" rowspan="2">Name</th> <th colspan="2" data-bbox="600 1624 772 1709">Minimum Subscription</th> <th colspan="2" data-bbox="772 1624 1131 1709">Maximum Subscription</th> </tr> <tr> <th data-bbox="600 1709 772 1765">Shares</th> <th data-bbox="772 1709 866 1765">%</th> <th data-bbox="772 1709 866 1765">Shares</th> <th data-bbox="866 1709 1131 1765">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="429 1765 600 1984">Wolf-Gerhard Martinick, Kris Francis Martinick and Dirk Martinick</td> <td data-bbox="600 1765 772 1984">48,475,002</td> <td data-bbox="772 1765 866 1984">35.37</td> <td data-bbox="772 1765 866 1984">48,475,002</td> <td data-bbox="866 1765 1131 1984">32.42</td> </tr> <tr> <td data-bbox="429 1984 600 2045">Pure Hydrogen</td> <td data-bbox="600 1984 772 2045">27,407,599</td> <td data-bbox="772 1984 866 2045">19.99</td> <td data-bbox="772 1984 866 2045">29,907,442</td> <td data-bbox="866 1984 1131 2045">19.99</td> </tr> </tbody> </table>				Name	Number of Shares	% of Shares	Wolf-Gerhard Martinick, Kris Francis Martinick and Dirk Martinick	43,875,002	55.09	Corpserv Pty Ltd	4,847,000	6.09	Name	Minimum Subscription		Maximum Subscription		Shares	%	Shares	%	Wolf-Gerhard Martinick, Kris Francis Martinick and Dirk Martinick	48,475,002	35.37	48,475,002	32.42	Pure Hydrogen	27,407,599	19.99	29,907,442	19.99	Section 8.6
Name	Number of Shares	% of Shares																															
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Topic	Summary						More information
	Corporation Ltd						
What fees are payable to the Lead Manager?	<p>The Company will pay to the Lead Manager the following fees in connection with the General Offer:</p> <ul style="list-style-type: none"> (i) a lead broker fee of 2% of the proceeds from the General Offer (excluding GST); (ii) a commission fee of 4% of the proceeds from the General Offer (excluding GST); (iii) \$70,000 cash on Admission (plus GST); and (iv) 2,000,000 Shares (being the “Lead Manager Shares” offered under the Lead Manager Offer). 						Section 2.8(a) and 7.5
What is the Lead Manager’s interests in the Securities of the Company at the Prospectus Date and at Admission?	<p>As at the Prospectus Date, the Lead Manager and its associates do not have a relevant interest in any Securities in the Company.</p> <p>Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Lead Manager and its associates in relation to the General Offer and assuming:</p> <ul style="list-style-type: none"> (i) the Minimum Subscription is achieved under the General Offer; and (ii) neither the Lead Manager nor its associates take up any Shares under the Public Offer, <p>the Lead Manager and its associates will have a relevant interest in 2,000,000 Shares (being a percentage shareholding of 1.46%, assuming the Minimum Subscription is raised) on Admission.</p>						Section 2.8(b)
Summary of the Offers							
What is the General Offer?	<p>The General Offer comprises:</p> <ul style="list-style-type: none"> (i) a priority offer of up to 15,000,000 Shares to Eligible PH2 Shareholders registered on the Priority Offer Record Date (Priority Offer) to raise up to \$3,000,000 (before costs); and (ii) an offer to the general public (Public Offer). <p>Of the Shares being offered under the General Offer, up to 15,000,000 Shares will be offered in priority to Eligible PH2 Shareholders. If no Shares are subscribed for and issued under the Priority Offer by the Priority Offer Closing Date, then up to 35,000,000 Shares will be available under the Public Offer. If the Priority Offer is fully subscribed, Applicants under the Public Offer will be issued up to a maximum of 20,000,000 Shares.</p>						Sections 2.1(a) and 2.1(b)

Topic	Summary	More information
What are the Secondary Offers?	<p>This Prospectus includes an offer of up to 29,907,442 Shares (PH2 Consideration Shares) (on a Maximum Subscription basis) and 4,688,957 Options (PH2 Consideration Options) (together, the PH2 Consideration Securities) to be issued to PH2 (or its nominee) in consideration for the acquisition of the Sale Interest (PH2 Consideration Offer). No funds will be raised from the PH2 Consideration Offer.</p> <p>The PH2 Consideration Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale, exercise or transfer of any PH2 Consideration Securities.</p> <p>This Prospectus includes an offer of 2,000,000 Shares (Lead Manager Shares) to be issued to the Lead Manager (or its nominees) as part consideration for the provision of joint lead manager and bookrunner services provided to the Company (Lead Manager Offer). No funds will be raised from the Lead Manager Offer.</p> <p>The Lead Manager Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale or transfer of any Lead Manager Shares.</p>	Sections 2.2(a) and 2.2(b)
What is the Offer Price?	\$0.20 per Share.	Section 2.1
What is the minimum subscription amount under the General Offer?	<p>The minimum subscription under the General Offer is \$5,000,000 (before costs) (being 25,000,000 Shares) (Minimum Subscription).</p> <p>None of the Securities offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within 4 months from the Prospectus Date, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).</p>	Section 2.4
Will the Shares be quoted?	The Company will apply to the ASX for its admission to the Official List and quotation of Shares on the ASX (expected to be under the code "BTE") within seven days of the date of this Prospectus.	Section 2.12
What are the conditions of the Offers?	<p>The Offers under this Prospectus are conditional upon the following events occurring:</p> <ul style="list-style-type: none"> (a) the Company raising the Minimum Subscription; (b) to the extent required by ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restrictions on trading on the Company's Securities as mandated by the Listing Rules; and 	Section 2.5

Topic	Summary	More information
	<p>(c) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List.</p> <p>If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers to the Applicants (without interest) in accordance with the Corporations Act.</p>	
<p>Are there any escrow arrangements?</p>	<p>Yes, there are compulsory escrow arrangements under the Listing Rules.</p> <p>None of the Shares issued pursuant to the General Offer are expected to be restricted securities.</p> <p>The Company expects that:</p> <p>(a) all of the Securities issued under the PH2 Offer; and</p> <p>(b) all of the Shares issued under the Lead Manager Offer,</p> <p>will be classified as restricted securities by ASX for up to 24 months.</p> <p>The Company anticipates that upon Admission approximately 90,353,022 Shares will be classified as restricted securities by ASX, which based on the Minimum Subscription, comprises approximately 65.93% of the issued share capital on an undiluted basis, and approximately 55.26% on a fully diluted basis (assuming all Options and Performance Rights are issued and exercised and that no other Shares are issued).</p>	<p>Section 2.18</p>
<p>What is the offer period?</p>	<p>An indicative timetable for the Offers is set out on page 7 of this Prospectus.</p>	<p>"Indicative timetable"</p>
<p>Are the Offers underwritten?</p>	<p>The Offers are not underwritten.</p>	<p>Section 2.19</p>
<p>Additional information</p>		
<p>Will the Company be adequately funded after completion of the General Offer?</p>	<p>The funds raised from the General Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.</p>	<p>Section 2.6</p>
<p>What rights and liabilities attach to the Securities on issue?</p>	<p>All Shares issued under the Offers will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 8.1.</p> <p>The terms and conditions of the Options are set out in Sections 8.2 and 8.3.</p> <p>The terms and conditions of the Performance Rights are set out in Section 8.4.</p>	<p>Sections 8.1, 8.2, 8.3 and 8.4.</p>

Topic	Summary	More information
Who is eligible to participate in the Offers?	<p>The General Offer (save for the PH2 Priority Offer which is only open to Eligible PH2 Shareholders) is open to the general public in Australia.</p> <p>The PH2 Consideration Offer is only open to PH2 (or its nominees) and the Lead Manager Offer is only open to the Lead Manager (or its nominees).</p> <p>No funds will be raised from the PH2 Consideration Offer and the Lead Manager Offer as it is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale, exercise or transfer of any PH2 Consideration Securities or Lead Manager Shares.</p> <p>No action has been taken to register or qualify the Securities the subject of the Prospectus, or the Offers, or otherwise to permit the public offering of the Securities in any jurisdiction outside Australia.</p>	Sections 2.1, 2.2 and 2.17
How do I apply for Shares under the General Offer?	<p>Applications for Shares under the General Offer must be made using the relevant Application Form attached to or accompanying this Prospectus in accordance with the instructions set out on the Applications Form. For further information on how to complete the Application Form, Applicants should refer to the instructions set out on the form.</p> <p>Only PH2 (or its nominees) may accept the PH2 Consideration Offer. A personalised Application Form in relation to the PH2 Consideration Offer will be issued to PH2 (or its nominees) together with a copy of this Prospectus. No monies are payable for the issue of the PH2 Consideration Securities.</p> <p>Only the Lead Manager (or its nominees) may accept the Lead Manager Offer. A personalised Application Form in relation to the Joint Lead Manager Offer will be issued to the Lead Manager (or its nominees) together with a copy of this Prospectus. No monies are payable for the issue of the Lead Manager Shares under the Lead Manager Offer.</p>	Sections 2.10(a), 2.10(b) and 2.10(c)
What is the allocation policy?	<p>Other than the intended minimum allocation of 10,000 Shares (\$2,000) reserved for each Eligible PH2 Shareholder who validly applies for Shares under the Priority Offer and the priority for Eligible PH2 Shareholders for the remainder of the Priority Offer (if any), the Directors will determine the recipient of Shares issued under the General Offer in their sole discretion. The Directors, in conjunction with the Lead Manager will allocate Shares in the General Offer at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.</p>	Section 2.14
When will I receive confirmation that my Application has	<p>It is expected that holding statements will be sent to successful Applicants on or about 27 June 2022.</p>	"Indicative Timetable"

Topic	Summary	More information
been successful?		
What is the Company's dividend policy?	The Company does not expect to pay dividends soon as its focus will primarily be on growing the existing business.	Section 3.8
How can I find out more about the Prospectus or the Offers?	<p>All enquiries in relation to this Prospectus should be directed to our Offer Information Line on 1800 954 648 (within Australia) or +61 3 9938 4364 (outside Australia) from 8:30am to 5:00pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Securities are a suitable investment for you, you should seek professional guidance from your stockbroker, accountant or independent financial adviser before deciding whether to invest.</p>	Section 2.24

2. Details of the Offers

2.1 The General Offer

The General Offer is an initial public offering of Shares, at an offer price of \$0.20 per Share (**Offer Price**), for the issue of up to 35,000,000 Shares to raise up to \$7,000,000 (before costs).

The Offers are made with disclosure under this Prospectus and are made on the terms, and is subject to the conditions, set out in this Prospectus.

(a) **Structure of the General Offer**

The General Offer comprises:

- (i) a priority offer of up to 15,000,000 Shares to Eligible PH2 Shareholders registered on the Priority Offer Record Date (**Priority Offer**) to raise up to \$3,000,000 (before costs); and
- (ii) an offer to the general public (**Public Offer**).

The Shares to be issued by the Company pursuant to the General Offer, are of the same class and will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 8.1.

Applications for Shares under the General Offer must be made on the Application Form accompanying this Prospectus. Persons wishing to apply for Shares under the Offer should refer to Section 2.10 for further details and instructions.

(b) **Priority Offer**

Of the Shares being offered under the General Offer, up to 15,000,000 Shares will be offered in priority to Eligible PH2 Shareholders. If no Shares are subscribed for and issued under the Priority Offer by the Priority Offer Closing Date, then up to 35,000,000 Shares will be available under the Public Offer. If the Priority Offer is fully subscribed, Applicants under the Public Offer will be issued up to a maximum of 20,000,000 Shares.

To be eligible to participate in the Priority Offer an applicant must be recorded:

- (i) on the PH2 share register as having a registered address in Australia on the Priority Offer Record Date; and
- (ii) as holding a minimum of 1 PH2 Share as at the Priority Offer Record Date.

Further to the purposes set out in Section 2.3, a further purpose of the Priority Offer is to allow Eligible PH2 Shareholders to maintain an equity interest in the Serowe CBM Project.

The Eligible PH2 Shareholders who validly apply for Shares under the Priority Offer will receive at least a minimum allocation of 10,000 Shares (\$2,000) under the Priority Offer (subject to the Company not receiving in excess of 1,500 Applications under the Priority Offer) and thereafter will be allocated Shares under the Priority Offer in accordance with the allocation policy set out in Section 2.14 below.

Applications for Shares under the Priority Offer must be made using the Priority Offer Application Form. Eligible PH2 Shareholders are encouraged to submit their Priority

Offer Application Forms as soon as possible after the Opening Date and in any event prior to the Priority Offer Closing Date. Eligible PH2 Shareholders intending to participate in the Priority Offer will need to submit the Priority Offer Application Form prior to the Priority Offer Closing Date. As at the Prospectus Date, the Board intends to close the Priority Offer before the Public Offer Closing Date, as per the Indicative Timetable.

Persons wishing to apply for Shares under the Offers should refer to Section 2.10 for further details and instructions.

(c) **Public Offer**

The Public Offer is open to members of the general public with a registered address in Australia. Applications may only be made on an Application Form attached to or accompanying this Prospectus or by submitting an online Application.

2.2 Secondary Offers

(a) **PH2 Consideration Offer**

This Prospectus includes an offer of up to 29,907,442 Shares (**PH2 Consideration Shares**) (on a Maximum Subscription basis) and 4,688,957 Options (**PH2 Consideration Options**) (together, the **PH2 Consideration Securities**) to be issued to PH2 (or its nominees) in consideration for the acquisition of the Sale Interest (**PH2 Consideration Offer**). No funds will be raised from the PH2 Consideration Offer.

The PH2 Consideration Shares offered will rank equally with the existing Shares on issue other than in respect of any escrow imposed by ASX. A summary of the material rights and liabilities attaching to Shares is set out in Section 8.1. Application for quotation of the PH2 Consideration Shares will be made to ASX no later than 7 days after the Prospectus Date.

The PH2 Consideration Options will be issued on the terms and conditions set out in Section 8.3.

The PH2 Consideration Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale, exercise or transfer of any PH2 Consideration Securities.

A summary of the anticipated application of escrow to the Company's Securities is set out in Section 2.18.

Only PH2 (or its nominees) may accept the PH2 Consideration Offer. A personalised Application Form in relation to the PH2 Consideration Offer will be issued to PH2 (or its nominees) together with a copy of this Prospectus.

(b) **Lead Manager Offer**

This Prospectus includes an offer of 2,000,000 Shares (**Lead Manager Shares**) to be issued to the Lead Manager (or its nominees) as part consideration for the provision of joint lead manager and bookrunner services provided to the Company (**Lead Manager Offer**). No funds will be raised from the Lead Manager Offer.

Only the Lead Manager (or its nominees) may accept the Lead Manager Offer.

The Lead Manager Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale or transfer of any Lead Manager Shares.

An Application Form in relation to the Lead Manager Offer will be issued to the Lead Manager (or its nominees) together with a copy of this Prospectus.

Refer to Section 7.5 for a summary of the Lead Manager Mandate.

2.3 Purpose of the Offers

The primary purpose of this Prospectus is to:

- (a) raise up to \$7,000,000 (before costs) under the General Offer;
- (b) provide funding for the purposes outlined in Section 2.6;
- (c) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission;
- (d) position the Company to seek to achieve the objectives detailed in Section 3;
- (e) provide the Company with access to capital markets to improve financial flexibility;
and
- (f) provide the Company with the benefits of an increased profile that arises from being a listed entity.

2.4 Minimum Subscription

The minimum subscription under the General Offer is \$5,000,000 (before costs) (being 25,000,000 Shares) (**Minimum Subscription**).

None of the Securities offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within 4 months from the Prospectus Date, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

2.5 Conditional Offers

The Offers under this Prospectus are conditional upon the following events occurring:

- (a) the Company raising the Minimum Subscription;
- (b) to the extent required by ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restrictions on trading on the Company's Securities as mandated by the Listing Rules; and
- (c) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List.

If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers to the Applicants (without interest) in accordance with the Corporations Act.

2.6 Proposed use of funds

Following the Offers, it is anticipated that the following funds will be available to the Company:

Source of funds	Minimum Subscription (\$)	Maximum Subscription (\$)
Existing cash as at the Prospectus Date	1,550,000	1,550,000
Proceeds from the issue of Shares under the General Offer	5,000,000	7,000,000
Total funds available	6,550,000	8,550,000

Notes:

1. For completeness, the Company currently has a shareholding in PH2 of 4,000,000 PH2 shares. The trading price of PH2 shares on ASX as at close of trading on 13 May 2022 (being the latest practicable date before lodgement of the Prospectus) was approximately \$0.335, such that the Company values the PH2 shareholding at approximately \$1,340,000 (before taxes).
2. The Company has not included the value of the PH2 shareholding in its use of funds, however, the Company will assess on an ongoing basis whether to dispose of some or all of its PH2 shareholding. In the event that the Company disposes of some or all of its PH2 shareholding, the Company intends to allocate the balance of any funds received (after deducting associated taxes and related costs) towards exploration expenditure on its projects and towards general working capital.
3. Investors are cautioned not to place any reliance on the Company receiving proceeds from the disposal of any of its PH2 shareholding as there is no certainty that the Company will receive a return on its investment (refer to Section 4.1(u) for further details).

The following table shows the intended use of funds in the 24 month period following Admission:

	Minimum Subscription		Maximum Subscription	
	\$'000	%	\$'000	%
Use of funds – Year 1				
Drilling and flow testing ¹	2,200	33.59	2,200	25.73
Operations ¹	600	9.16	850	9.94
Licence retention and expansion	75	1.15	75	0.88
Research and development for proposed renewable projects ²	250	3.82	750	8.77
Local and international office costs	75	1.15	75	0.88
Corporate costs and working capital ³	336	5.13	388	4.54
Estimated expenses of the Offers ⁴	644	9.83	767	8.97
Total Funds allocated – Year 1	4,180	63.82	5,105	59.71
Use of funds – Year 2				

	Minimum Subscription		Maximum Subscription	
	\$'000	%	\$'000	%
Drilling and flow testing ¹	1,400	21.37	1,400	16.40
Operations ¹	400	6.11	1,000	11.70
Licence retention and expansion	75	1.15	75	0.88
Research and Development for proposed renewable projects ²	225	3.44	650	7.6
Local and international office costs	75	1.15	75	0.88
Corporate costs and working capital ³	195	2.98	245	2.87
Total Funds allocated – Year 2	2,370	36.18	3,445	40.29
TOTAL FUNDS ALLOCATED	6,550	100	8,550	100

Notes:

1. The funds applied to these items will satisfy the outstanding amount of the exploration and development expenditure on the Serowe CBM Project in order to secure the Revocable Interest.
2. Research and development includes: (i) Hydrogen and renewables research and concept development; (ii) Lupani and Serowe Energy Hubs development research and development costs – Gas power generation and integration with solar; and (iii) Solar farm evaluation and Lupani Industrial Park research and development. Please see Section 3.7 for further details.
3. Working capital includes: (i) the value of \$150,000 (plus GST) of short term incentive bonuses payable to each of Dr Wolf-Gerhard Martinick, Corpserve Pty Ltd (being an entity controlled by Mr Craig Basson) and Grey Wolf Pty Ltd (being an entity controlled by Mr Kris Martinick) in equal proportions of \$50,000 (plus GST) each, subject to Admission occurring on or before 31 December 2023 (further details in respect of which are set out in Sections 7.6(a) to 7.6(c) (inclusive)); (ii) general costs associated with the management and operation of the business including administration expenses, rent and other associated costs; and (iii) Systems implementation. Working capital also includes surplus funds. The Directors will allocate surplus funds at their discretion. See Section 6.7 for further details of the Directors' remuneration.
4. Expenses paid or payable by the Company in relation to the Offers is set out in Section 8.9.
5. Percentages involve rounding up to 2 decimal places.

The above table is a statement of current intentions as at the Prospectus Date. Prospective investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including market conditions, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 4), and actual expenditure levels, may differ significantly from the above estimates.

The Company's available cash and the net proceeds of the General Offer will provide the Company with sufficient working capital to fund its near-term capital commitments and to achieve its stated objectives as detailed in this Prospectus, however, the Company will require further financing in the future, including to complete the development of the Serowe Energy Hub and the Lupani Energy and Industrial Park.

The Company's renewable energy activities are not the Company's main undertaking, are very early-stage in nature and are subject to various risks (refer to Section 4.1(q)). For these reasons, the Company has attributed limited funds to these activities in its use of funds above and is based on research and development activities only. As such, the funds attributed to renewable energy activities will not be sufficient to complete the development of the Serowe Energy Hub and the Lupani Energy and Industrial Park and it is uncertain as to whether these facilities will progress past research and development to construction or commercial operation. Further, the results and findings of the research and development work on Lupani Energy and Industrial Park may not warrant any further expenditure by the Company on Lupani Energy and Industrial Park. As such, investors are cautioned not to place reliance on the research and development activities in Lupani Energy and Industrial Park in making an investment decision in the Company (given it is not the Company's main undertaking). See Section 4.1(v)) for further details about the risks associated with the Company's future capital requirements.

The use of further equity funding may be considered by the Company where it is appropriate to accelerate a specific project or strategy.

Based on the intended use of funds detailed above, the amounts raised pursuant to the General Offer will provide the Company with sufficient funding for approximately the 24 month period following Admission. The future capital requirements of the Company will depend on many factors including the outcomes of the commercial pilot programme, commercial negotiations with potential off-takers and development planning.

2.7 Capital Structure on Admission

On the basis that the Company completes the Offers on the terms in this Prospectus, the Company's capital structure will be as follows:

Capital Structure	Shares		Options	Performance Rights
	Minimum Subscription	Maximum Subscription		
Existing Securities on issue as at the Prospectus Date	79,637,247	79,637,247	18,757,000 ¹	6,000,000 ²
Total number of Shares to be issued under the General Offer	25,000,000	35,000,000	Nil	Nil
Total number of Securities to be issued under the PH2 Consideration Offer	27,407,599	29,907,442	4,688,957 ³	Nil

Capital Structure	Shares		Options	Performance Rights
	Minimum Subscription	Maximum Subscription		
Total number of Shares to be issued to the Lead Manager ⁴	2,000,000	2,000,000	Nil	Nil
Conversion of Performance Rights on Admission	3,000,000	3,000,000	Nil	(3,000,000)
Total Securities on issue on completion of the Offers⁵	137,044,846	149,544,689	23,445,957	3,000,000

Notes:

1. See Section 8.2 for the terms and conditions of the existing Options.
2. See Section 8.4 for the terms and conditions of the Performance Rights. Of these Performance Rights 3,000,000 will convert into Shares prior to Admission.
3. See Section 8.3 for the terms and conditions of the PH2 Consideration Options.
4. See Section 7.5 for further details of the fees payable to the Lead Manager.
5. Assumes that, other than the 3,000,000 Performance Rights that will convert into Shares prior to Admission, no further Shares are issued and none of the Options or Performance Rights are exercised.

The Company's free float at the time of Admission will be not less than 20%.

2.8 Lead Manager's interests in the Offers

GTT Ventures Pty Ltd (**Lead Manager**) has been appointed as exclusive Lead Manager to the General Offer. The Company and the Lead Manager have entered into the Lead Manager Mandate that is summarised in Section 7.5.

(a) **Fees payable to the Lead Manager**

The Company will pay to the Lead Manager the following fees in connection with the General Offer:

- (i) a lead broker fee of 2% of the proceeds from the General Offer (excluding GST);
- (ii) a commission fee of 4% of the proceeds from the General Offer (excluding GST);
- (iii) \$70,000 cash on Admission (plus GST); and

- (iv) 2,000,000 Shares (being the “Lead Manager Shares” offered under the Lead Manager Offer),

in accordance with the Lead Manager Mandate summarised in Section 7.5.

(b) **Lead Manager’s interests in Securities**

As at the Prospectus Date, the Lead Manager and its associates do not have a relevant interest in any Securities in the Company.

Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Lead Manager and its associates in relation to the General Offer and assuming:

- (i) the Minimum Subscription is achieved under the General Offer; and
- (ii) neither the Lead Manager nor its associates take up any Shares under the Public Offer,

the Lead Manager and its associates will have a relevant interest in 2,000,000 Shares (being a percentage shareholding of 1.46%, assuming the Minimum Subscription is raised) on Admission.

(c) **Lead Manager’s participation in previous placements**

Other than as set out above, the Lead Manager has not participated in any other placement of Securities by the Company in the two years preceding lodgement of this Prospectus.

2.9 Forecasts

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Section 3 for further information in respect to the Company’s proposed activities.

2.10 Applications

Applications for Shares under the Offers must be made on the relevant Application Form accompanying this Prospectus and received by the Company on or before the relevant Closing Date.

(a) **General Offer**

Applications for Shares under the General Offer must be made using the relevant Application Form attached to or accompanying this Prospectus in accordance with the instructions set out on the Applications Form. Applicants should note that there are two separate Application Forms:

- (i) a Priority Offer Application Form for Eligible PH2 Shareholders; and
- (ii) a Public Offer Application Form.

Applications under the General Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 5,000 Shares (\$1,000).

No brokerage, stamp duty or other costs are payable by Applicants. All Application Monies will be paid into a trust account.

For online applications, investors can apply online with payment made electronically via BPAY®. Investors applying online will be directed to use an online Application Form and make payment by BPAY®. Applicants will be given a BPAY® biller code and a customer reference number (**CRN**) unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian institution. Using the BPAY® details, Applicants must:

- (i) access their participating BPAY® Australian financial institution either via telephone or internet banking;
- (ii) select to use BPAY® and follow the prompts; enter the biller code and unique CRN that corresponds to the online Application;
- (iii) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;
- (iv) select which account payment is to be made from;
- (v) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- (vi) record and retain the BPAY® receipt number and date paid.

Investors should confirm with their Australian financial institution whether there are any limits on the Investor's account that may limit the amount of any BPAY® payment and the cut off time for the BPAY® payment.

Investors can apply online by following the instructions at <https://botalaenergyipo.thereachagency.com> and completing a BPAY® payment. If payment is not made via BPAY®, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

Applicants should confirm with their Australian financial institution whether there are any limits on the Applicant's account that may limit the amount of any payment and the cut off time for the funds transfer.

An original, completed and lodged Application Form together with confirmation of BPAY® payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final; however an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the BPAY® for the Application Monies.

It is the responsibility of Applicants outside of Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form with the requisite Application Monies (if applicable) will be taken by the

Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (i) agrees to become a member of the Company and to be bound by the terms of the Constitution;
- (ii) agrees to be bound by the terms and conditions of the relevant Offer(s);
- (iii) acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- (iv) declares that all details and statements in the Application Form are complete and accurate;
- (v) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (vi) acknowledges that, once the Company receives an Application Form, it may not be withdrawn;
- (vii) applies for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- (viii) agrees to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- (ix) acknowledges that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- (x) declared that the Applicant(s) is/are a resident of Australia;
- (xi) authorises the Company, the Lead Manager and their respective officers or agents, to do anything on their behalf necessary for the Shares to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (xii) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for them given their investment objectives, financial situation or particular needs;
- (xiii) acknowledges that the Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia, and accordingly, the Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws;
- (xiv) acknowledges and agreed that the Offers may be withdrawn by the Company, or may otherwise not proceed in the circumstances described in this Prospectus; and
- (xv) acknowledges and agrees that if Admission does not occur for any reason, the Offers will not proceed.

The Offers may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as

possible. However, the Company reserves the right to extend the Offers or accept late Applications.

(b) **PH2 Consideration Offer**

Only PH2 (or its nominees) may accept the PH2 Consideration Offer. A personalised Application Form in relation to the PH2 Consideration Offer will be issued to PH2 (or its nominees) together with a copy of this Prospectus. No monies are payable for the issue of the PH2 Consideration Securities under the PH2 Consideration Offer.

(c) **Lead Manager Offer**

Only the Lead Manager (or its nominees) may accept the Lead Manager Offer. A personalised Application Form in relation to the Joint Lead Manager Offer will be issued to the Lead Manager (or its nominees) together with a copy of this Prospectus. No monies are payable for the issue of the Lead Manager Shares under the Lead Manager Offer.

2.11 CHESS and issuer sponsorship

The Company will apply to participate in CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Shares allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

2.12 ASX Listing and Official Quotation

Within 7 days after the Prospectus Date, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within 3 months after the Prospectus Date (or within such longer period as may be permitted by ASIC) none of the Securities offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Securities offered pursuant to this Prospectus.

2.13 Application Monies to be held in trust

Application Monies will be held in trust for Applicants until the allotment of the Securities. Any interest that accrues will be retained by the Company.

2.14 Allocation and issue of Shares

Other than the intended minimum allocation of 10,000 Shares (\$2,000) reserved for each Eligible PH2 Shareholder who validly applies for Shares under the Priority Offer and the priority for Eligible PH2 Shareholders for the remainder of the Priority Offer (if any), the Directors will determine the allocations of Shares issued under the General Offer in their sole discretion. The Directors, in conjunction with the Lead Manager will allocate Shares in the General Offer at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.

The allocation policy will be influenced, but not constrained by the following factors:

- (a) number of Shares bid for by particular Applicants;
- (b) timeliness of the bid by particular Applicants;
- (c) the Company's desire for an informed and active trading market following Completion;
- (d) the Company's desire to establish a wide spread of institutional Shareholders;
- (e) overall level of demand under the Public Offer;
- (f) size and type of funds under management of particular Applicants;
- (g) likelihood that particular Applicants will be long-term Shareholders; and
- (h) other factors that the Company and the Lead Manager consider appropriate.

Any shortfall in the Priority Offer will be made available to subscribers in the Public Offer.

There is no assurance that any Applicant will be allocated any Shares under the General Offer (unless otherwise provided in this Section 2.14), or the number of Shares for which it has applied. The Company reserves the right to reject any Application or to issue a lesser number of Shares than those applied for under the General Offer. Where the number of Shares issued is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

The Company and the Lead Manager reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person or reject or scale back any Applications in the General Offer. The Company and the Lead Manager may determine a person to be eligible to participate in the General Offer, and may amend or waive the offer application procedures or requirements, in their absolute discretion in compliance with applicable laws.

Subject to the matters in Section 2.12, Shares under the Offers are expected to be allotted on the Issue Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Offers. Applicants who sell Shares before they receive their holding statements do so at their own risk.

2.15 Trading and selling Shares on market

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement.

2.16 Risks

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves several risks inherent in the various business segments of the Company. Section 4 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

2.17 Overseas Applicants

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Securities or otherwise permit an offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia, should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia, it is your responsibility to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

2.18 Escrow arrangements

ASX will classify certain existing Securities on issue in the Company (as opposed to those to be issued under this Prospectus) as being subject to the restricted securities provisions of the Listing Rules. Classified Securities would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

None of the Shares issued pursuant to the General Offer are expected to be restricted securities.

The Company expects that:

- (a) all of the Securities issued under the PH2 Offer; and
- (b) all of the Shares issued under the Lead Manager Offer,

will be classified as restricted securities by ASX for up to 24 months.

The Company anticipates that upon Admission approximately 90,353,022 Shares will be classified as restricted securities by ASX, which based on the Minimum Subscription, comprises approximately 65.93% of the issued share capital on an undiluted basis, and approximately 55.26% on a fully diluted basis (assuming all Options and Performance Rights are issued and exercised and that no other Shares are issued).

Prior to the Company's Shares being admitted to Official Quotation on the ASX, the Company will enter into escrow agreements with certain recipients of the restricted Securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

As at the Prospectus Date, the Company expects approximately 90,353,022 Shares, 23,445,956 Options and 3,000,000 Performance Rights will be subject to up to 24 months escrow.

2.19 Underwriting

The Offers are not underwritten.

2.20 Withdrawal

The Company, in consultation with the Lead Manager, may at any time decide to withdraw this Prospectus and the Offers in which case the Company will return all Application Monies (without interest) to the Applicants within 28 days of giving notice of their withdrawal.

2.21 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities under the Offers. The Company, the Lead Manager and their respective advisers and officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under the Offers.

2.22 Privacy disclosure

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess Applications for Securities, to provide facilities and services to security holders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information required on the relevant Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

2.23 Paper copies of Prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the Application Form to investors upon request and free of charge. You may, before the Offer Period expires, obtain a paper copy of this Prospectus by telephoning our Offer Information Line on 1800 954 648 (within Australia) or +61 3 9938 4364 (outside Australia) from 8:30am to 5:00pm (Sydney time), Monday to Friday (excluding public holidays).

2.24 Enquiries

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offers and the completion of an Application Form can be directed to our Offer Information Line on 1800 954 648 (within Australia) or +61 3 9938 4364 (outside Australia) from 8:30am to 5:00pm (Sydney time), Monday to Friday (excluding public holidays).

3. Company and business overview

3.1 Background to the Company

The Company was incorporated as a proprietary company on 18 June 2018 in the State of Western Australia as ZimGas Pty Ltd. The Company subsequently changed its name to BotsGas Pty Ltd. On 3 September 2021, the Company converted to a public unlisted company and changed its name to Botala Energy Ltd.

On 1 January 2021, Botala became the operator of the Serowe CBM Project, in which it currently holds a 49% interest. On Admission, Botala will hold a 70% interest in the Serowe CBM Project.

Botala's interest (in its own capacity and in its capacity as operator) in the Serowe CBM Project is and will be subject to a joint operating agreement with ASX-listed Pure Hydrogen Corporation Ltd (ASX: PH2) dated 8 December 2020 (**Serowe JOA**), a summary of which is set out in Section 7.1.

The Serowe JOA governs the activities of the Serowe Joint Venture, including the participants' nominee entity for holding the Serowe CBM Project, Sharpay Enterprises (Pty) Ltd (**Sharpay**), which in turn owns the Serowe CBM Project.

3.2 Board and senior management

Botala's Board comprises:

- (a) Wolf-Gerhard Martinick (Executive Chairman);
- (b) Craig Basson (Executive Director, Chief Financial Officer and Company Secretary);
and
- (c) Peter Grant (Non-Executive Director).

Botala's senior management comprises:

- (a) Kris Martinick (Chief Executive Officer);
- (b) Timothy Hoops (General Manager – Operations);
- (c) Modisana Botsile (Botswana Country Manager).

Further information on the Board and senior management is set out in Section 6.

3.3 Company structure

(a) **Capital structure and current Shareholders**

As at the Prospectus Date, the capital structure of Botala, and particulars of its current Shareholders (and their related entities and associates), are as follows:

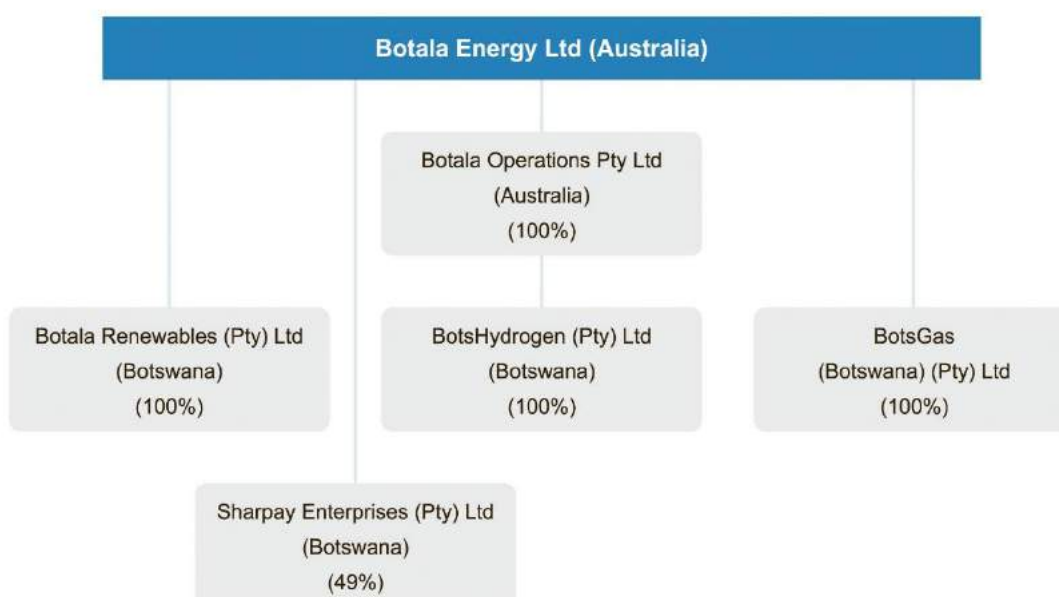
Shareholder	Shares	%
Wolf-Gerhard Martinick (Executive Chairman) and his sons, Kris Martinick (CEO) and Dirk Martinick	43,875,002	55.09
Craig Basson (Executive Director, CFO and Company Secretary)	4,847,000	6.09
Peter Grant (Non-Executive Director)	1,977,778	2.48
Timothy Hoops (General Manager Operations & Chief Geologist)	650,000	0.82
Modisana Botsile (Botswana Country Manager)	445,000	0.56
Non-related party Shareholders	27,842,467	34.96
Shares on issue as at the date of this Prospectus	79,637,247	100

Notes:

- The Company confirms that each of Messrs Kris Martinick and Dirk Martinick are related parties of their father, Dr Wolf-Gerhard Martinick and are deemed associates. Please refer to Section 4.1(b) for further details.

(b) **Corporate structure**

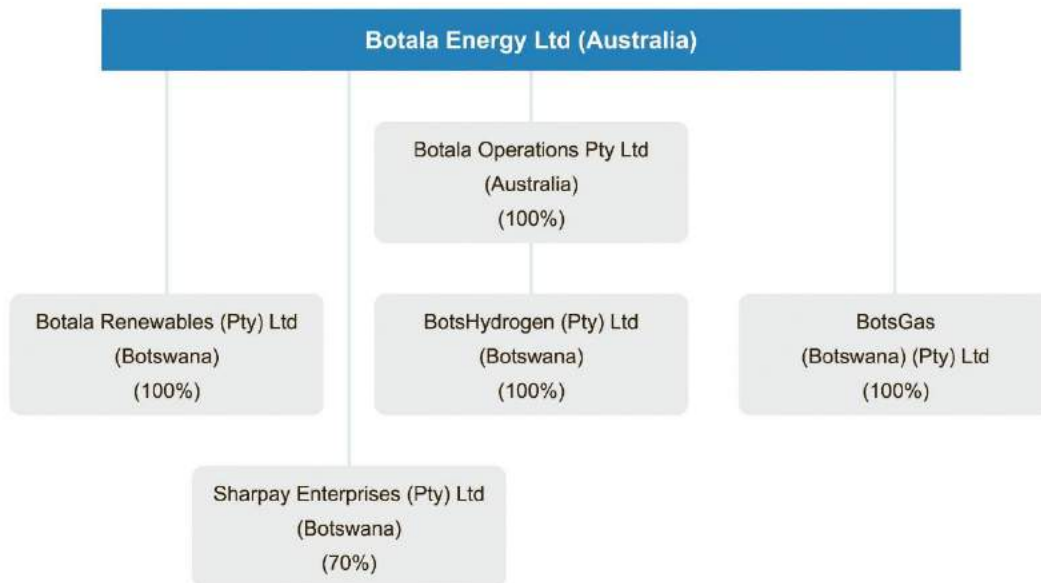
The Company's corporate structure as at the date of this Prospectus is as set out in the following diagram.



The Company provides the following overview of the entities within its corporate structure:

- (i) **Sharpay Enterprises (Pty) Ltd (Botswana)** – an entity through which the Company and PH2 hold their interests in the Serowe CBM Project (refer to Section 7.1 for further details).
- (ii) **Botsgas Botswana (Pty) Ltd (Botswana)** – established by the Company to hold its property interests in Botswana and currently holds the Company’s interests in the Option to Sub-Lease (refer to Section 7.4 for further details).
- (iii) **Botala Renewables (Pty) Ltd (Botswana)** – established to undertake the research and development activities the subject of Section 3.7.
- (iv) **Botala Operations Pty Ltd (Australia)** – currently a dormant entity (save for having a bank account in its name) previously established for Australian operations and business.
- (v) **BotsHydrogen (Pty) Ltd (Botswana)** – currently a dormant special purpose vehicle incorporated by the Company for potential hydrogen opportunities.

At Admission, the corporate structure of Botala will be as set out in the following diagram.



3.4 Business model of Botala

(a) Main Undertaking – Gas Exploration and Development

Botala is a gas exploration and development company aiming to explore and appraise the Serowe CBM Project in Botswana. The Company intends to prove up the gas field to eventually produce gas (and explore related early-stage renewable energy opportunities). Botala’s immediate focus and main undertaking at Admission is on developing the CBM potential of the Serowe CBM Project near Serowe (~300 km north

of Gaborone, Botswana's capital), a regionally important town adjacent to important highways, rail, and electricity generating and distribution infrastructure.

Accordingly, the Company's objectives are to explore, appraise and develop the Serowe CBM Project with a view to supplying commercial quantities of CBM. Please see Sections 3.4(c) and 3.4(d) for further details.

(b) **What is CBM?**

Coal Bed methane (**CBM**) is a form of natural gas extracted from coal seams.

Most coal has some methane (the main component of natural gas) trapped inside it. This methane is produced during the coal formation process and gets trapped on the surface of the coal in tiny pores and fractures. Many coalbeds also contain large amounts of water; the pressure from this water keeps the methane in place. Coalbed methane is extracted by pumping out the water, which lowers the pressure, allowing the gas to detach from the coal surface and flow out into the well.

Unlike much natural gas from conventional reservoirs, coalbed methane contains very little heavier hydrocarbons such as propane or butane, and no natural-gas condensate. It often contains up to a few percent carbon dioxide. Coalbed methane is generally formed due to thermal maturation of kerogen and organic matter. However, coal seams with regular groundwater recharge see methane generated by microbial communities living in situ.

To extract the gas, a well is drilled into the coal seam. As the pressure within the coal seam declines due to natural production or the pumping of water from the coalbed, both methane gas and produced water come to the surface through tubing as they de-bond from the coals.

(c) **Serowe CBM Project**

Serowe is near one of Africa's heaviest haulage trucking routes, with access to the Copperbelt of Zambia and Democratic Republic of Congo to its north and to the ports of South Africa to the south and east via the greater-Johannesburg region, the industrial heartland of South Africa, ~550km) with its vast mining and mineral processing industry. It also has highway access to the west coast port of Walvis Bay in Namibia.

On Admission, Botala will hold a 70% interest in the Serowe CBM Project, comprising:

- (i) a non-revocable 21% legal and beneficial interest in the issued capital of Sharpay (**Sale Interest**), which Botala will acquire from PH2 simultaneous with Botala's Admission, pursuant to a joint venture interest sale agreement with PH2 dated 5 July 2021 (**PH2 Sale Agreement**), a summary of which is set out in Section 7.2; and
- (ii) a 49% interest in the issued capital of Sharpay (**Farm-in Interest**), which Botala previously acquired from PH2 on 4 March 2020 pursuant to an earn-in agreement with PH2 dated 4 March 2020 (as amended) and which comprises:
 - (A) ownership of a non-revocable 18% of the issued capital of Sharpay (**Non-Revocable Interest**).
 - (B) ownership of a revocable 31% of the issued capital of Sharpay (**Revocable Interest**), which may be revoked by PH2 if Botala does

not spend a total of \$6.1 million (**Minimum Commitment**) (of which approximately \$3.8 million is currently outstanding (**Outstanding Amount**)) on exploration and development on the Serowe CBM Project on or before 8 December 2023 (**Minimum Commitment Deadline**).

To date, Botala has spent approximately \$2.3 million on exploration and development of the Serowe CBM Project. Following Admission, Botala's immediate focus will be to develop the CBM potential of the Serowe CBM Project. Botala intends to use funds raised from the General Offer to satisfy the Outstanding Amount as outlined in use of funds (as set out in Section 2.6) to secure the Revocable Interest.

If Botala does not satisfy the Minimum Commitment, the Farm-in Interest will be subject to dilution to reflect the difference between the Minimum Commitment and the expenditure costs contributed by Botala such that, if Botala does not incur the Outstanding Amount, the Revocable Interest will be diluted such that Botala's aggregate legal and beneficial interest in the Serowe CBM Project (through its shareholding in Sharpay) would be reduced to approximately 39% (comprising the Sale Interest and the Non-Revocable Interest). However, the Company confirms that it currently intends (subject to it not receiving adverse exploration results) to fully satisfy the Minimum Commitment before the Minimum Commitment Deadline.

The immediate aim is to test, measure and demonstrate commercial flow rates, increase reserves by further exploration drilling, and determine the CBM "sweet spots".

Developing CBM production requires continuously bringing wells into production until a target volume is attained, and from then onwards, the steady replacement of older wells as production declines in the initial wells. CBM will be collected in the field in a network of collector pipes to a central processing facility. The gas would then be exported from the field to a downstream location.

Botala acknowledges that there may be a scenario where the results of its exploration and development on the relevant permit(s) are not sufficient to warrant any further expenditure of capital to continue to progress the Serowe CBM Project before the expiry of the Minimum Commitment Deadline, such that it may not retain the Revocable Interest. Should this occur, Botala's interest in the Serowe CBM Project will be approximately 39% (comprising the Sale Interest and the Non-Revocable Interest). Whilst this is a risk, exploration results obtained to date, have further enhanced Botala's confidence to remain fully committed to meet the Minimum Commitment by the Minimum Commitment Deadline and from Admission Botala will have the necessary funds to achieve this.

(d) **Exploration and Appraisal Programme**

The objective of an appraisal programme is to understand the geology and deliverability of a field and cost-effective methods to unlock the gas resource. Exploration and appraisal data provide a knowledge of the geological extent, continuity, degree of heterogeneity, gas content/saturations, depths and thicknesses, volumes in place and flow dynamics. The quantity and quality of this data are key in assessing the commerciality of the field.

Serowe #3 well, which was drilled in August 2021, will be under-reamed, completed and flow tested for this purpose. A completion design and costing has been approved for execution following Admission. The data and results obtained from this testing will be employed in the planning of the commercial testing phase.

The next appraisal phase is a five-well commercial pilot programme. The five well appraisal programme will confirm geologic and reservoir variability over a larger area.

Four new wells will be drilled with a 500m spacing in a square pattern plus the existing Serowe #3 well (which are anticipated to occur during 2022).

All the wells will be logged to determine coal depths, thicknesses, correlations, and coal continuity. Gas content will be determined from nuclear magnetic resonance (NMR) logging. Gas samples will be taken from produced gas in Serowe #3 for compositional testing. This process will be repeated for the pilot wells during production testing.

The proposed layout helps to define reservoir boundaries and pressure communications between wells. Pressure communication and radial extent can be determined from Interference tests performed at timed intervals during production. The results will be used to estimate optimal spacing and well density in a development scenario.

A further 4 exploration wells are intended to be drilled following Admission (two of which are anticipated to occur during 2022) to meet the objectives of:

- (i) Increasing Botswana's certified gas reserve/resource base in Botswana.
- (ii) Exploring the Licences which have yet to be drilled.
- (iii) Expand the existing high potential areas.
- (iv) Determine the location for a future pilot programme.
- (v) Satisfy licence commitments.

(e) **Significant dependencies**

The funds raised under the General Offer will be applied as set out in Section 1.5 for the 24 month period post Admission. This includes funding of a commercial pilot programme and additional exploration drilling, environmental activities and permitting and baseline studies.

The Company's long term objectives depend on:

- (i) success of the commercial pilot programme
- (ii) in respect of Prospecting Licences:
 - (A) extension being granted by the Department of Mines; and
 - (B) granting of Mining Licence to enable production by the Department of Mines;
- (iii) successful exploration drilling with expected gas flows;
- (iv) development of facility and pipeline infrastructure to process and transport gas to a downstream sale point;
- (v) completion of commercial arrangements relating to gas and / or electricity sales;
- (vi) ability to source equipment and personnel in Botswana to carry out activities; and
- (vii) community and landowner consent to access (to the extent not already obtained for future activities. Refer Sections 3.6(c) and 4.1(cc) for further details of the Company's existing access rights.

3.5 Strategy, plans and objectives

The Company aims to explore and develop energy projects, specifically its Serowe CBM Project located in the Central Kalahari Basin in Botswana in order to sell electricity and compressed natural gas (and, subject to the positive outcome of research and development (as set out in Section 3.7), hydrogen and related products).

Exploration results obtained since the Company became the operator of the Serowe CBM Project have provided the confidence to commission environmental and social studies and documentation to secure statutory approvals to develop the Serowe CBM Project. This is intended to result in the Company securing a Mining Licence and then becoming a CBM producer and distributor.

The Company believes that it is, subject to successfully commencing commercial operations, well placed to supply CBM to the Orapa Power Station (located in Orapa in northeastern Botswana in the Central District)) which in the absence of available CBM is run intermittently on diesel.

The Company provides the following overview of the work to be undertaken in respect of its gas exploration and development activities:

- (a) Exploration and development of the Serowe CBM Project in accordance with the Company's two-year exploration program and budget (as set out in Section 2.6).
- (b) The Company intends to liaise with local landowners to re-purpose water abstracted during CBM production potentially for agricultural use within the Serowe CBM Project.
- (c) The Company intends to formally adopt strict Environmental, Social and Governance (**ESG**) policies and procedures.

3.6 Geological overview of the Serowe CBM Project

Exploration for CBM has been undertaken in Botswana for nearly 20 years.

Botala has assembled a data set of all available open file wells including 5 wells drilled directly by Botala and PH2. Botala has mapped three separate coal sequences in the area, the Serowe, Upper Morupule and the Lower Morupule. The coals are at a depth between 245 and 545 meters with the average depth to the top of the coals at 360 meters. The total thickness of the coaly interval is approximately 163 meters with up to 41 meters of net coal within this interval. The coals are generally thin in nature with the average thickness of individual beds being less than 3 meters in thickness. The coals are generally classified as high-volatile bituminous rank with a vitrinite reflectance of .5-+.7%³. The coals vary in gas saturation with some being undersaturated but many of the individual coals exhibit free gas indicating full saturation in those individual coals. Permeability in a government researched well, ML-1, was measured to be between 0.6 to 3.1 mD.

Botala has been utilizing technology developed by NMR Services Australia Pty Ltd to log the coal intervals in all Botala's wells. The use of NMR when applied to coals provides a measurement of both the adsorbed and free gas independent of lithology. Use of this proprietary system allows Botala to measure gas content in the coals without using the expensive and time-consuming method of coring and desorbing the coals. Research has shown a strong correlation of the results achieved from the NMR logging and traditional coring

³ *Advanced Resources International, Inc. (ARI) 2003. Results of the Central Kalahari Karoo Basin Coalbed Methane Feasibility Study. Prepared for the Department of Geological Survey, Botswana.*

methods. Consideration for coring and desorption has been allowed for in the exploration and appraisal programmes.

Although gas content seen so far is variable the initial drilling and logging is encouraging with several seams exhibiting free gas on the NMR logs and bubbling to surface. The individual seams are relatively thin but the cumulative coal thickness is sufficient for commercial development.

(a) **Licence Status**

Sharpay holds the following Prospecting Licences (**Licences**), which comprise the Serowe CBM Project:

Project Area	Prospecting Licence Number	Concession Type	Area (KM2)	Commencement / Renewal Date	Termination Date	Botala Energy Interest (as at Prospectus Date)	Sharpay Interest
Central District	PL016/2018	Coal and Coal Bed Methane	648.4	1/01/2021	31/12/2022	49%	100%
Central District	PL018/2018	Coal and Coal Bed Methane	694	1/01/2021	31/12/2022	49%	100%
Central District	PL019/2018	Coal and Coal Bed Methane	510.4	1/01/2021	31/12/2022	49%	100%
Central District	PL356/2018	Coal and Coal Bed Methane	926	1/10/2021	30/09/2023	49%	100%
Central District	PL357/2018	Coal and Coal Bed Methane	892	1/10/2021	30/09/2023	49%	100%
Central District	PL400/2018	Coal and Coal Bed Methane	192	1/10/2021	30/09/2023	49%	100%
Central District	PL055/2021	Coal and Coal Bed Methane	268	1/04/2021	31/03/2024	49%	100%

Table 1 – Licence Table

Notes:

1. Subject to completion occurring pursuant to the PH2 Sale Agreement, Botala's interest in the above Licences will increase to 70%. Refer to Section 7.2 for further details in respect of the PH2 Sale Agreement.

Sharpay was granted the Licences by the Botswana Government in a competitive filing process in accordance with the Botswana Mines and Minerals Act.

All of the Licences are active and in good standing with all work commitments and rentals for all Licences satisfied and up to date. Please see the Solicitors Report in Annexure C for further details.

The Licences are located in the Central Kalahari Karoo Basin in Botswana. The areas shown in yellow in Figure 1 are the licences held by Sharpay.

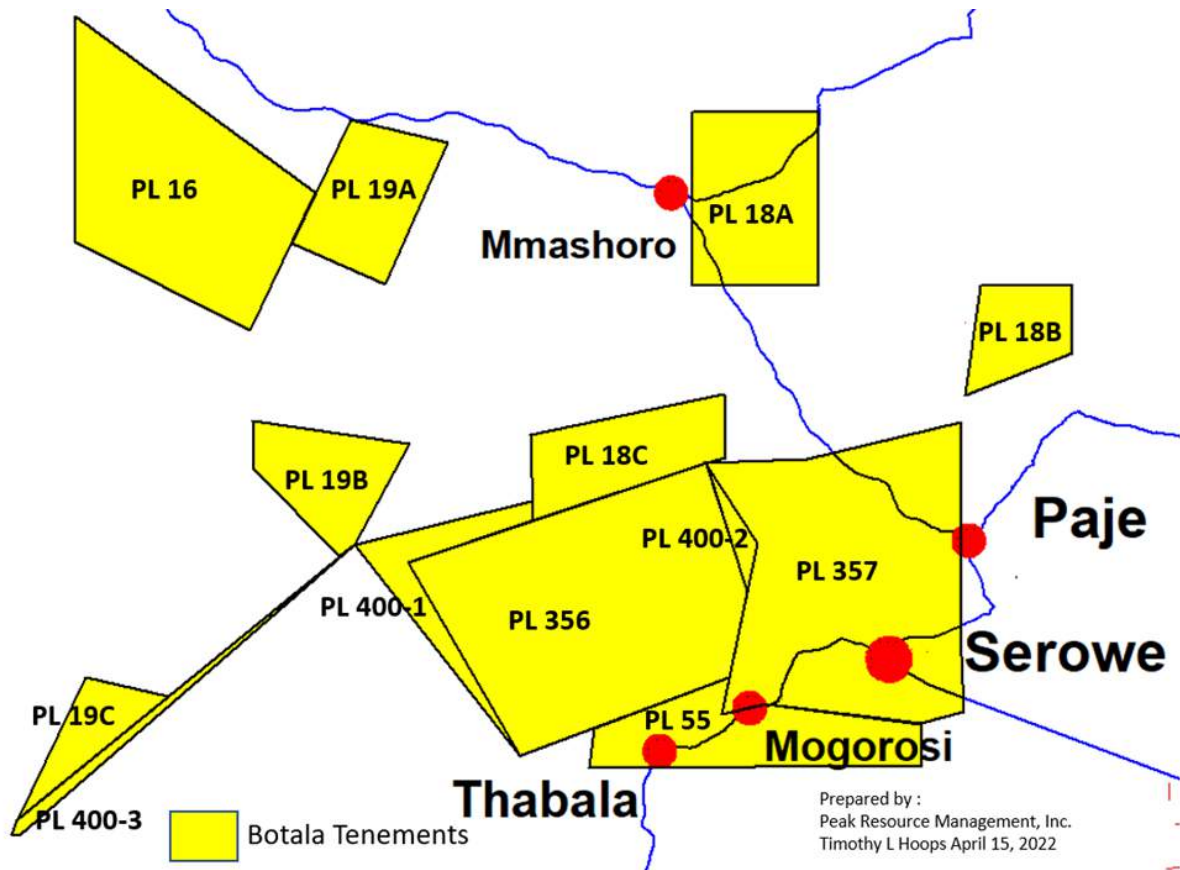


Figure 1 – Licence Map

(b) **Contingent and Prospective Resources**

The Independent Technical Expert has provided a best estimate relating to the Serowe CBM Project of contingent CBM resources of approximately 317 (bcf) and prospective CBM resources of approximately 3,924 (bcf).

In respect of the prospective resources, the following cautionary statement applies: the estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

The current resources estimate for Botala’s Botswana CBM Project effective 1st April 2022 is provided below in Table 1:

Volumes in BCF (Billions of cubic feet)	Gross (100% Ownership) Net of Royalties			Net to Botala's 49% Working Interest Net of Royalties		
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
Contingent Resources	238	317	396	116	155	194
Prospective Resources	6,006	8,008	10,010	2,943	3,924	4,905

Table 1. Contingent (2C) and Prospective Resources; Sproule Incorporated 1 April 2022

The contingent resources stated are prevented from being reserves until sufficient production tests are carried out. The total costs associated with establishing the commerciality of this project are unknown at this time given the early stage of the Serowe CBM Project's development.

There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that these volumes will be commercially viable to produce any portion of the resources.

Refer to Annexure B for further details in respect of the Company's contingent and prospective petroleum resources.

(c) **Exploration and Appraisal Programmes**

The Company proposes to fund its intended activities as outlined in the table below from the proceeds of the General Offer (on both a Minimum Subscription and Maximum Subscription basis). It should be noted that the exploration and appraisal programmes will be subject to modification on an ongoing basis depending on the results obtained from exploration undertaken. This will involve an ongoing assessment of the Serowe CBM Project and may lead to increased or decreased levels of expenditure on certain Licences, reflecting a change in emphasis dependent on results. Subject to the above, the following budget takes into account the proposed expenses over the next two years to complete initial exploration of the Licences. As budgeted below, the Company's exploration and appraisal programmes will meet the expenditure requirements for each of the Licences.

Item	Minimum Subscription		Maximum Subscription	
	Year 1 (A\$)	Year 2 (A\$)	Year 1 (A\$)	Year 2 (A\$)
PL016/2018				
Desktop mapping; geophysical survey and site selection	100,000	100,000	100,000	100,000
Total	100,000	100,000	100,000	100,000
2 Year Total	200,000		200,000	
PL018/2018				
Exploration Well	250,000	-	250,000	300,000
Geophysical Survey	-	50,000	-	50,000
Total	250,000	50,000	250,000	350,000
2 Year Total	300,000		600,000	
PL019/2018				
Exploration Well – Flow testing completion	250,000	-	500,000	250,000

Geophysical survey	-	100,000	-	100,000
Water Flow Testing Programme	-	100,000	-	150,000
Total	250,000	200,000	500,000	500,000
2 Year Total	450,000		1,000,000	
PL356/2018				
Exploration Well	250,000	-	250,000	-
Geophysical Survey	-	50,000	-	50,000
Total	250,000	50,000	250,000	50,000
2 Year Total	300,000		300,000	
PL357/2018				
Desktop mapping; geophysical survey and site selection	30,000	-	30,000	-
Exploration Well	-	250,000	-	250,000
Total	30,000	250,000	30,000	250,000
2 Year Total	280,000		280,000	
PL400/2018				
Water Flow Testing Programme	70,000	-	70,000	-
Drilling	970,000	500,000	970,000	500,000
Pilot Testing	770,000	550,000	770,000	550,000
Geophysical Survey	10,000	-	10,000	-
Total	1,820,000	1,050,000	1,820,000	1,050,000
2 Year Total	2,870,000		2,870,000	
PL055/2021				
Desktop mapping; geophysical survey and site selection	100,000	100,000	100,000	100,000
Total	100,000	100,000	100,000	100,000
2 Year Total	200,000		200,000	
Total				

2 Year Total	2,800,000	1,800,000	3,050,000	2,400,000
2 Year total for all Licences	4,600,000		5,450,000	

The Company confirms that it has sufficient access to the Licences to carry out exploration activities such that it will be able to spend its cash in accordance with its commitments for the purposes of Listing Rule 1.3.2(b).

(d) **Brief History of Coal and CBM Exploration in Botswana**

Systematic coal exploration did not commence until 1948 when the Geological Survey conducted reconnaissance operations. Exploration by private companies initiated in the 1960s by Anglo-American Corporation resulting in the discovery of significant resources in the Morupule Coalfield and the subsequent establishment in 1973 of a coal mine. During the 1970s and 1980s, a number of other companies, notably Shell and Total, conducted widespread coal exploration.

Exploration for CBM is a relatively new activity in Botswana, commencing only in the late 1990s. CBM work to date has been pioneered by a small number of companies such as Tlou Energy Limited (**Tlou**) (formerly Saber), Kalahari Energy Pty Ltd (**KE**) formerly BGC), Zulu Energy and Anglo Coal Botswana, Sasol in a joint venture with Origin Energy known as the Kubu Joint Venture and more recently PH2 through its Botswana subsidiary Sharpay, now subject to a joint venture with a wholly-owned subsidiary of PH2.

Between 2003 and 2008, the government owned Botswana Development Corporation, with funding support from the U.S. Trade and Development Agency, commissioned Advanced Resources International, Inc. (**ARI**) of USA to conduct a feasibility study to establish the technical and economic viability of developing a commercial CBM project located in the eastern portion of the Kalahari Karoo Basin of Botswana.

The ARI work comprised the first detailed CBM exploration program in Botswana with four coreholes being drilled and data collected. Based on this work ARI estimated the coal resources of Botswana to total about 17 Bt⁴. A CBM gas in place resource of 200 Tcf is estimated for the 1.3 million acre study area⁵.

Currently the only active companies working in the CBM sector include Tlou, KE and Sharpay (ie Botala Energy and PH2).

(e) **Botala Dataset**

Numerous operators have drilled and logged wells in the area and Botala has assembled a database of all open file and published wells which have been used to map the coal trends in the area (Figure 2). In addition, the Botswana government drilled and cored 4 wells in the early 2000's that provide much of the basic research for the prospectively of CBM in Botswana. The assembled database has been loaded into a geological workstation to aid in the technical interpretation and mapping of the project area.

⁴ Advanced Resources International (ARI) 2008. Study for Coalbed Methane Development in Eastern Botswana, Unpublished Report.

⁵ Advanced Resources International, Inc. (ARI) 2003. Results of the Central Kalahari Karoo Basin Coalbed Methane Feasibility Study. Prepared for the Department of Geological Survey, Botswana.

The interpretation of the data has developed the regional stratigraphic framework of the Serowe and Morupule Formations. Three distinct coal intervals have been mapped, the Serowe, Upper and Lower Morupule, each with distinctive coal characteristics.

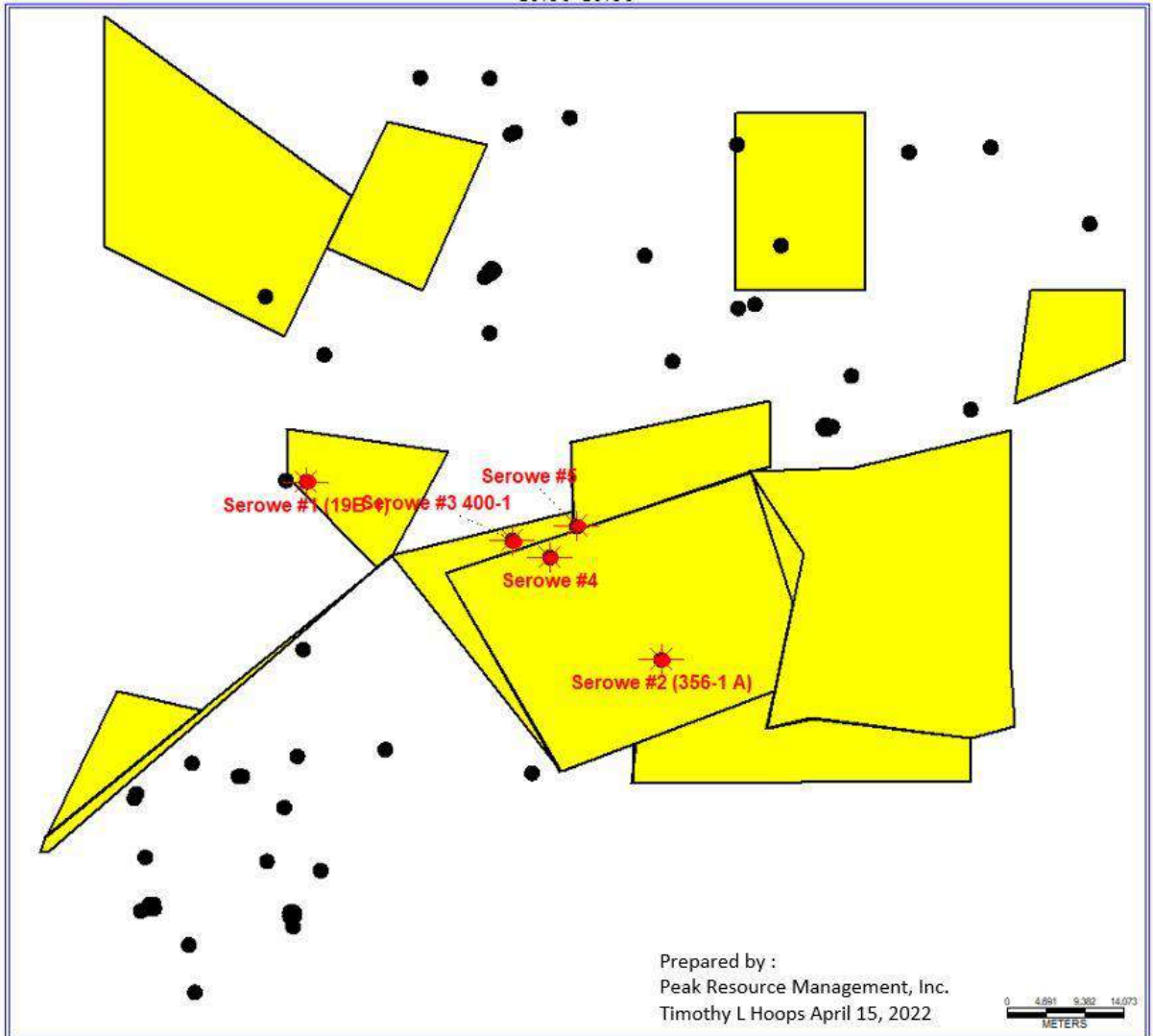


Figure 2 – Wells Completed in Serowe CBM Area

(f) **Reservoir Description**

The primary CBM reservoirs in the Serowe CBM Project are the Serowe, Upper Morupule and the Lower Morupule. A type log and section is shown in Figure 3. The coal-bearing intervals are comprised of organic rich mudstones and shales in addition to the coals. One regional siltstone occurs at the base of the Serowe formation. Numerous west-northwest trending dolerite dikes and sills have intruded the section in places and in some cases replace part of the coal seams. These dolerite intrusions may have increased the rank of the coals in some places, refer to section 3.6(h) below.

The sediments within the Kalahari Karoo Basin are referred to as the Karoo Supergroup and range in age from Upper Carboniferous to Jurassic. The coals within the section are Permian in age and belong to the Gondwanan system. They are similar to time equivalent coals found in Australia, some of which are known CBM producing fields

(e.g. Sydney-Gunnedah-Bowen Basin). Similar time-equivalent CBM producing basins are also found in India (the Raniganj and Jharia coalfields)).

The Lower Morupule Formation was formed as a fluviially-dominated, delta plain peat swamp, buried by channel migrations and basin subsidence. Coals are interspersed with carbonaceous shale, with the thickest coal seams towards the base. The overlying Serowe formation is composed of feldspathic sandstones, grading to mudstones and coals. Predominantly, the thicker, better-quality coals of the Serowe formation (Figure 3) are found near the eastern margin of the Karoo Basin with those towards the interior being relatively thin and mixed with silt and clay.

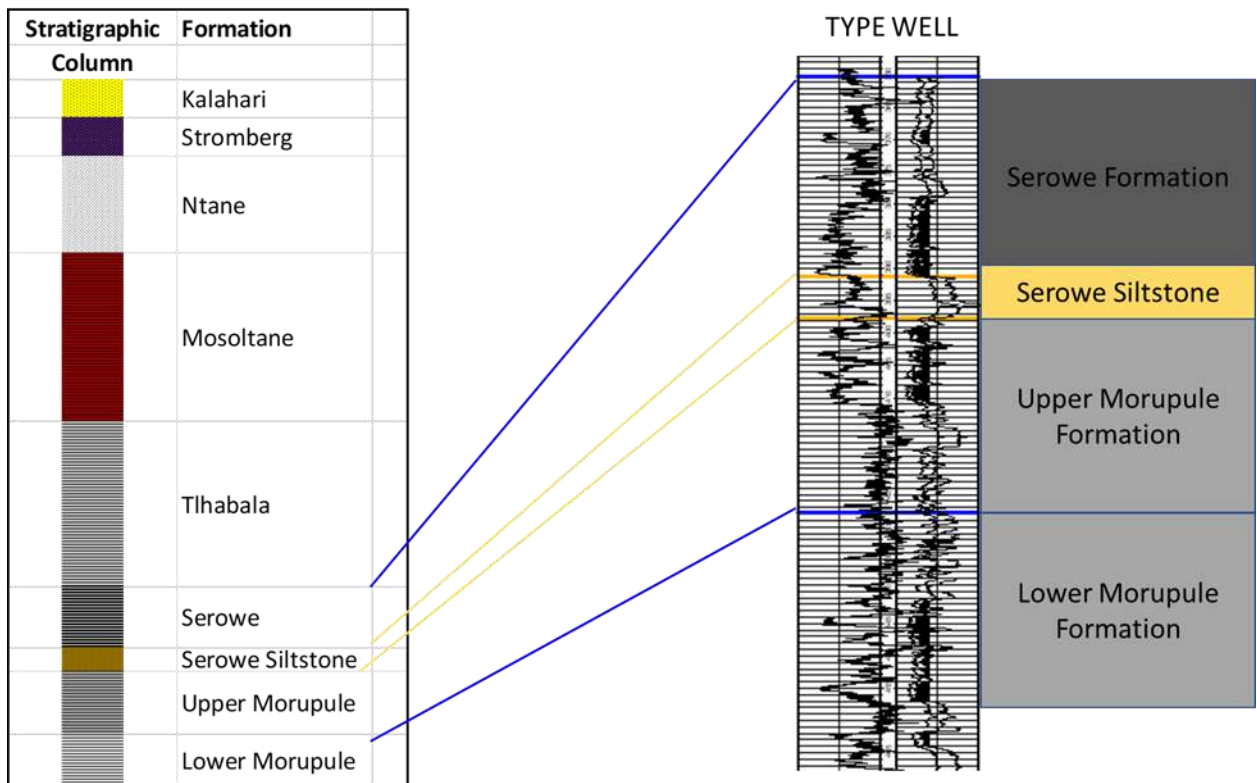


Figure 3 – Typical Serowe CBM Type Log & Section

A low physical depression known as the Mmashoro Low acted as a depocenter for the organic peats that eventually formed the coals in the project area. Figure 4 is a geophysical map prepared by the Botswana Geological Survey which shows the location of the Mmashoro Low and the Botata tenements. Most of Botata's licences lie within the Mmashoro Low and this is reflected in the thick coal intervals seen in the 5 project wells.

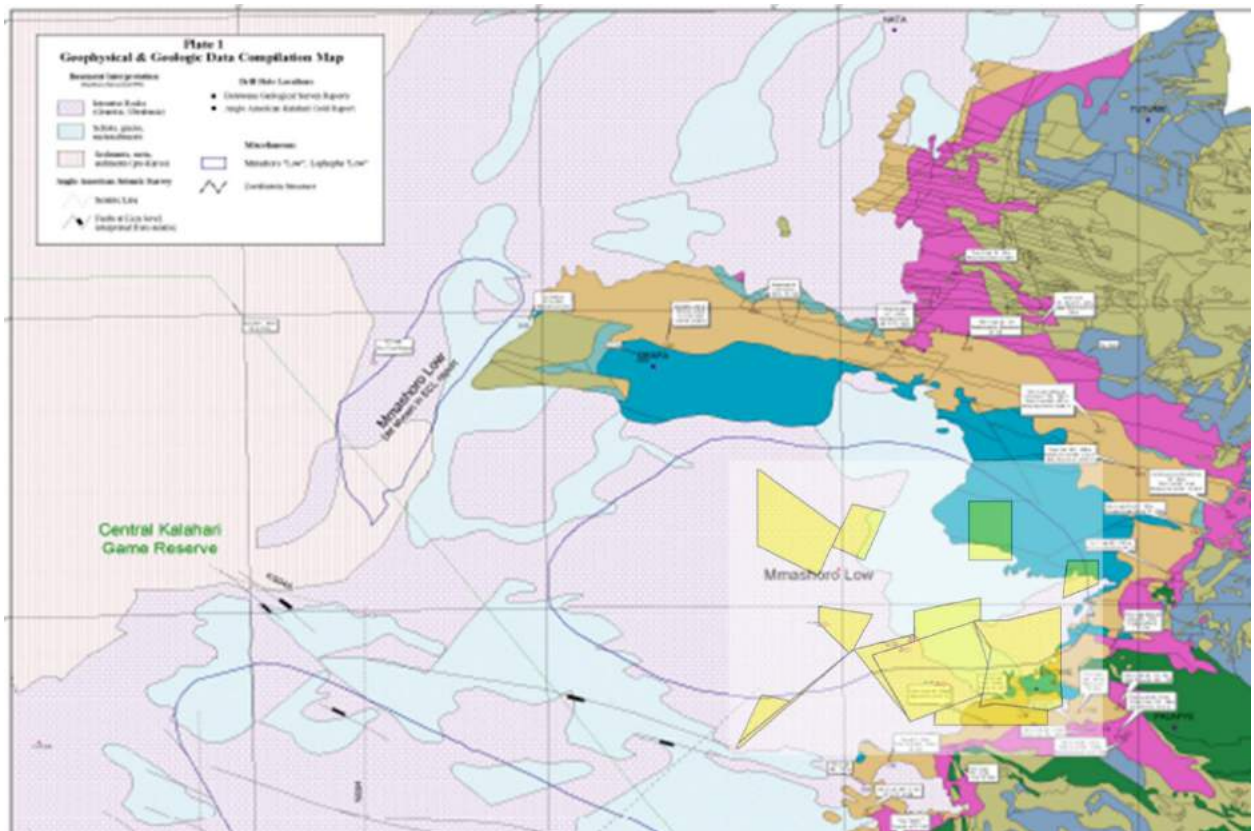


Figure 4 – November 2001 Botswana Kalahari Karoo Basin CBM Study, Botswana Geological Survey

(g) **Reservoir Depths**

Table 2 provides the average depth range to each of the prospective coal intervals as seen in the 5 project wells.

Table 2 – Average Coal Depth Across Wells Drilled

Formation	Seam Depth		
	Min	Ave	Max
Serowe	246	360	440
Upper Morupule	287	401	481
Lower Morupule	315	437	510

Localized normal faults contribute to the range in depths of the specific coals encountered.

(h) **Reservoir Continuity**

Figure 5 shows the lateral continuity of the three coal intervals across the project area. Individual coals tend to be limited laterally but the package of coals can be seen across the project area. The Serowe formation however tends to thin to the south and west.

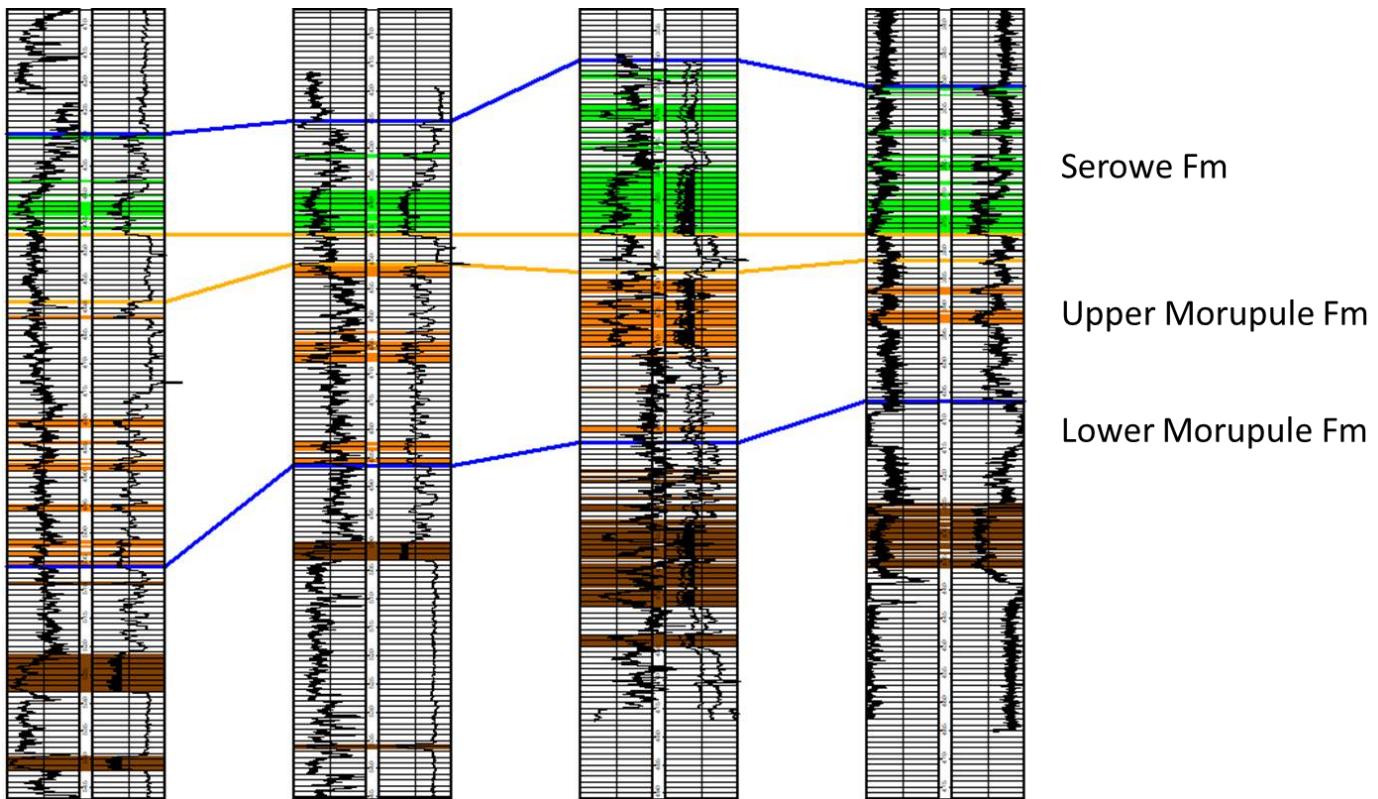


Figure 5 – Lateral Continuity of Coal Across Logs

(i) **Coal Seam Thickness**

Table 3 shows the values for the thickness of each coal package seen in the projects 5 wells.

Table 3 – Average Coal Package Thickness

Formation	Seam Thickness (meters)		
	Min	Ave	Max
Serowe	2	8.8	14
Upper Morupule	4	8.8	11
Lower Morupule	0	8.6	16

(j) **Nearby Coal Rank and Maturity**

The Botswana Government funded initial drilling, coring and testing of the ML1 well in an area proximate to the Licences by Advance Resources International, Inc. ARFI. The ML1 well encountered coal and carbonaceous shale over an interval between 330m to 381 meters. However, investors are cautioned that the proximity of the Serowe CBM Project to nearby exploration results is no guarantee that the Serowe CBM Project will be prospective for an economic reserve. Eleven samples were taken from the ML1 well for analysis as shown in Table 4.

Table 4 – Summary Gas Content Data of Samples M1-1 through M1-11 Recovered from Corehole ML-1 (ARI 2002).

Sample No.	Depth (m)	Lost Gas	Desorbed Gas	Residual Gas	Total Gas (as-received)	Total Gas (Ash-Free)	Ash %
M1-1	332.0	15	43	17	75	101	25.7
M1-2	334.9	20	63	15	98	130	24.8
M1-3	340.0	5	89	33	127	157	18.7
M1-4	343.1	10	38	12	60	109	45.1
M1-5	352.9	5	18	6	29	40	37.1
M1-6	355.5	17	63	11	91	125	35.2
M1-7	358.5	21	74	18	113	142	21.4
M1-8	362.1	13	52	8	73	124	42.6
M1-9	364.1	15	88	12	115	141	17.7
M1-10	365.2	8	66	23	97	128	26.0
M1-11	366.8	12	41	6	59	82	29.6

The average gas content seen in the ML1 well was 2.4 cubic meters per tonne. The results seen in the 5 project wells have seen results greater than the figures seen in the ML1 well in select intervals as delineated in the Table 4 on Gas Content.

Most coals in Botswana display high inertinite and a low vitrinite content, which is common in Gondwanan coals. They are also typically high in ash and inherent moisture. Vitrinite reflectance studies indicate the coals are relatively immature (0.5-0.7 RoMax), and are of sufficient rank to generate and retain significant thermogenic methane.

The coals in all three intervals are frequently interbedded with organically rich shales. These carbonaceous shales are also considered to be prospective for gas development, but no estimate of the quantity has been made at this time⁶. ARFI consider that the shales and siltstones might contribute gas volumes, but these have not been considered in this review.

No porous sandstone has been observed in any of the 5 wells that the company has drilled. A regional siltstone which sits at the base of the Serowe Formation is extensive across the project area but does not appear to have any meaningful

⁶ Advanced Resources International, Inc. (ARI) 2002. Study for Coalbed Methane Results, Unpublished Report.

reservoir properties. This Serowe Siltstone serves as a regional marker in the project area.

3.7 Research and Development

Overview

While Botala's main undertaking is CBM exploration and development, the Company is cognisant of the global transition to renewable energy and, accordingly, is actively undertaking early-stage research and development activities to assess the viability of developing the following additional projects as an adjunct to its main undertaking (which in any event are subject to and conditional upon the successful commercialisation of the Serowe CBM Project):

- (a) **(Serowe Energy Hub)**: proposal for an approximate 20MW solar/ gas hybrid electricity plant which is envisaged to be fed into a nearby substation in Serowe, Botswana; and
- (b) **(Lupani Energy and Industrial Park)**: proposal for:
 - (i) a 700MW solar/ gas hybrid electricity plant which is envisaged to be fed into domestic and SADC networks in Lupani, Botswana (**Lupani Energy Hub**); and
 - (ii) a site powered by the Lupani Energy Hub which is envisaged to provide a space and services for local Botswana businesses to develop renewable energy projects (**Lupani Industrial Park**).

The Lupani Energy Hub and Lupani Industrial Hub are proposed to be located proximally to nearby infrastructure and, if constructed, are envisaged to provide a space and services to develop the Company's renewable energy opportunities and would provide utilities such as power, gas and water as required with a view to attracting local Botswanan businesses with a focus on renewable energy.

Investors are cautioned not to make an investment decision in respect of the Company based on the proposals for the Serowe Energy Hub or Lupani Energy and Industrial Park given they are not the Company's main undertaking and are very early-stage in nature (such that minimal funds in Section 2.6 have been attributed to them sufficient only to undertake initial research and development rather than completing construction of these projects), are uncertain to proceed and are dependent upon various contingencies including the ability of the Company to secure site(s) and the success of the Serowe CBM Project. Further, the results and findings of the research and development work on the Serowe Energy Hub and Lupani Energy and Industrial Park may not warrant any further expenditure by the Company on Lupani Energy and Industrial Park. Additional details of the risks associated with the proposed Serowe Energy Hub and Lupani Energy and Industrial Park are set out in Section 4.1(q).

Proposed Research and Development

The Company intends to utilise the funds attributed to renewable energy research and development in its use of funds in Section 2.6 towards the following activities:

- (i) developing conceptual plans and site layouts;
- (ii) economic and emissions modelling;
- (iii) site surveys, progressing environmental approvals and baseline studies;
- (iv) initial site infrastructure including fencing and access roads;
- (v) engineering and project management of concept development work for gas processing and conditioning for different end users;

-
- (vi) engineering and project management of solar and gas hybrid energy power plant design; and
 - (vii) investigative studies exploring the use of batteries.

Historical Work Undertaken

The Company has previously undertaken several preliminary steps in furtherance of the Serowe Energy Hub and Lupani Energy and Industrial Park, including:

- (i) submitting environmental approval applications to construct the Lupani Energy Hub and Serowe Energy Hub (however, investors are cautioned that there is no guarantee that these approvals will be granted on terms satisfactory to the Company or at all);
- (ii) becoming part of a consortium (led by IK Holdings Ltd) of a shortlisted tender to supply gas to the Orapa Power Station located in Botswana (however, investors are cautioned that a contract to supply gas to the facility has not been awarded and there is no guarantee that such a contract will be entered into in the future);
- (iii) pursuing opportunities to purchase or lease land to be the site for the Lupani Energy Hub and Serowe Energy Hub, including entry into the Option to Sub-Lease Agreement in respect of the Serowe Energy Hub (further details in respect of which are set out in Section 7.4) (however, investors are cautioned to review the risks set out in Section 4.1(dd) in respect of these sites);
- (iv) entry into a non-binding Memorandum of Understanding with PH2 to jointly investigate and potentially develop hydrogen opportunities in southern and central Africa using PH2's expertise and commercial agreements (further details in respect of which are set out in Section 7.3); and
- (v) Botata has engaged a Botswana based consultancy Loci Environmental (Pty) Ltd (**Loci Environmental**), to prepare an Environmental and Social Impact Assessment to assist in obtaining approval from Botswana's Department of Environmental Affairs to develop the Serowe CBM Project and establish a pipeline to the Serowe Energy Hub. Approvals are anticipated to be granted in early 2023. The costs of engaging Loci Environmental and obtaining this approval is covered under operations in the use of funds in Section 2.6.

3.8 Dividend policy

The Company does not expect to pay dividends soon as its focus will primarily be on growing the existing business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

4. Risk Factors

As with any share investment, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the potential risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares.

Any investment in the Company under this Prospectus should be considered highly speculative.

4.1 Risks specific to the Company and the industry

(a) **Limited operating history**

The Company was incorporated on 18 June 2018 and therefore has limited operational and financial history on which to evaluate its business and prospects.

The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the gas exploration and development sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or development of its project. Until the Company is able to realise value from the Serowe CBM Project, it is likely to incur operational losses.

(b) **Major Shareholders**

On Completion of the Offers:

- (i) Dr Wolf-Gerhard Martinick and his two sons, Mr Kris Francis Martinick and Mr Dirk Martinick and each of their relevant related entities and associates, will collectively have a relevant interest in up to 48,475,002 Shares (comprising up to 35.37% of the issued share capital of the Company, based on the Minimum Subscription); and
- (ii) PH2 will have an interest in 27,407,599 Shares (on a Minimum Subscription basis) and up to 29,907,442 Shares (on a Maximum Subscription basis) (in either case, comprising 19.99% of the issue share capital of the Company).

Accordingly, each of these Shareholders could have a significant influence on the Company and their respective interests may not align with other Shareholders' interests. The Company confirms that each of Messrs Kris Martinick and Dirk Martinick are related parties of their father, Dr Wolf-Gerhard Martinick and are deemed associates. Mr Dirk Martinick is not employed by the Company in any capacity. Please refer to Section 4.1(b) for further details.

(c) **Exploration risk**

Gas exploration and development is speculative and involves elements of significant risk with no guarantee of success. There is no assurance that expenditure on activities will result in gas discoveries that can be commercially or economically exploited.

Key to the Company's financial performance is to demonstrate success in exploring for and locating commercially exploitable hydrocarbons. Exploration is subject to technical risks and uncertainty of outcome. The Company may not find any or may find

insufficient hydrocarbon reserves and resources to commercialise, which would adversely impact the financial performance of the Company.

Investors are cautioned that the proximity of the Licences to nearby positive drilling, coring and testing of the ML1 well (or any other exploration results) is no guarantee that the Licences will be prospective for an economic reserve.

Wells may not be commercially productive, or they may not provide sufficient revenues to return a profit after accounting for associated costs. The cost of drilling, completing, equipping and operating wells is subject to uncertainties.

To date, 5 wells have been drilled on the Serowe CBM Project. The previous operator and the Company's joint venture partner, PH2 drilled the first well, and the Company has drilled the following 4 wells. The use of funds outlined in Section 2.6 is aimed at testing commercial flow-rate potential and drilling of further exploration wells. The commercial pilot programme aims to produce commercial gas flowrate from the Serowe 3 well. The risk exists that this programme may fail to realise commercially viable flowrates.

(d) **Operational risk**

Gas development activities include numerous operational risks, including but not limited to, adverse weather conditions, environmental hazards, and unforeseen increases in establishment costs, accidents (including, for example, fires, explosions, uncontrolled releases, spills and blowouts), equipment failure, industrial disputes, technical issues, supply chain failure, labour issues, deliberate destruction, adverse production results, uncertainty in resource and reserve estimation, uncertainty in deliverability estimation, IT system failure, cyber security breaches, political opposition and other unexpected events.

The occurrence of an operational risk event could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, increase operational costs and significantly disrupt the Company's operations, possibly restricting the Company's ability to advance its development and operational programs. This, in turn, may adversely impact the Company's financial performance.

The Company has and will continue to conduct risk assessments and reviews to develop and action mitigation plans addressing the business and operational risks. Appropriate engineering safety and risk studies will be carried out in future developments to reduce the risk to As Low As Reasonably Practicable.

(e) **Development risk**

In the event that the Company is successful in locating commercial quantities of gas, then that development could be delayed or unsuccessful for a number of reasons including extreme weather, unanticipated operational occurrences, failure to obtain necessary approvals, insufficient funds, a drop in commodity price, supply chain failure, unavailability of appropriate labour, foreign exchange rate risk, failure to secure commercially viable off-take agreement(s), or an increase in costs. If one or more of these occurrences has a material impact, then the Company's operational and financial performance may be negatively affected.

(f) **Drilling risk**

Drilling operations are high-risk and subject to hazards often encountered in exploration, development and production drilling programmes. These include unexpected geological formations, infrastructure failure and other incidents or conditions which could result in damage to plant or equipment or the environment and

which could impact production throughput. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Company's operations and its financial results should any of these hazards be encountered.

(g) **Serowe JOA risk**

On 8 December 2020, the Company entered into the Serowe JOA with PH2 whereby the Company became the operator of the Serowe CBM Project on 1 January 2021, and committed to spend \$6.1 million on exploration, appraisal and commercialising developments on the Serowe CBM Project. Refer to Section 7.1 for further details regarding the Serowe JOA.

There is a risk that the financial failure or default of the Company in its obligations under the Serowe JOA may adversely affect the operations and performance of the Company or its interest in the Serowe CBM Project. As is the case in all joint venture arrangements, there is a risk that joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture, which in either case would likely have an adverse effect on the interests and prospects of the Company.

Under the Serowe JOA, certain significant decisions affecting the joint venture (**Reserved Decisions**) require a unanimous decision, and certain other decisions require approval by 70%, and at least two of, the participants (**Passmark**). The Company and PH2 are as at the Prospectus Date in discussions to amend the Serowe JOA in respect of, amongst other things, the relevant voting thresholds, however, there is no guarantee that any such amendments will be agreed. Accordingly, irrespective of Botala's proportional interest in the joint venture, Botala will not be able to control all decisions of the joint venture. While there is a risk that joint venture participants will not agree on Reserved Decisions, the Company considers the risk of this materially adversely affecting it to be low given that Botala is the Operator, the initial work programme and budget for the 12 month period following Admission has been agreed with PH2 and the Serowe JOA provides that Botala can undertake sole risk operations to the extent future programme and budgets are unable to be agreed between the parties (subject to the right of PH2 to buy-back in to the sole risk operation at a substantial premium to the costs incurred for the sole risk operation) (please refer to Section 7.1 for further details).

(h) **Failure to satisfy Minimum Commitment**

In the event that the Company does not satisfy the Minimum Commitment, the Farm-in Interest will be subject to dilution to reflect the difference between the Minimum Commitment and the expenditure costs actually contributed by the Company such that, if the Company does not incur the Outstanding Amount, the Revocable Interest will be diluted such that the Company's aggregate legal and beneficial interest in the Serowe CBM Project would be reduced to 39% (comprising the Sale Interest and the Non-Revocable Interest).

However, the Company confirms that it currently intends (subject to it not receiving adverse exploration results) to fully satisfy the Minimum Commitment before the Minimum Commitment Deadline (ie by expending the full \$6.1 million on exploration expenditure and development) and has budgeted to fully satisfy the Outstanding Amount in its use of funds as set out in Section 2.6 in order to finally secure the Revocable Interest.

The Company acknowledges that there may be a scenario where the results of its exploration and development on the relevant Licence(s) are not sufficient to warrant any further expenditure of capital to continue to progress the Serowe CBM Project

before the expiry of the Minimum Commitment Deadline, such that it may not retain the Revocable Interest. Should this occur, Botala's interest in the Serowe CBM Project will be 39% (comprising the Sale Interest and the Non-Revocable Interest). Whilst this is a risk, exploration results obtained to date, have further enhanced Botala's confidence to remain fully committed to meet the Minimum Commitment by the Minimum Commitment Deadline and from Admission Botala will have the necessary funds to achieve this.

(i) **Reserves and resources estimates**

Estimating hydrocarbon reserves and resources is subject to significant uncertainties associated with technical data and interpretation of that data, future commodity prices and development and operating costs. There can be no guarantee that the Company will successfully produce the volume of hydrocarbon that it estimates are reserves or that hydrocarbon resources will be successfully converted to reserves. Estimates may alter significantly or become more uncertain when new information becomes available due to, for example, additional drilling or production tests over the life of the field. As estimates change, development and production plans may also vary. Downward revision of reserves and resources estimates may adversely affect the Company's operational and financial performance.

Accumulations of hydrocarbons will be classified according to the system designed by the Society of Petroleum Engineers, through the Petroleum Resources Management System (**SPE-PRMS**) and in accordance with ASX Listing Rules.

The SPE-PRMS system classifies accumulations of hydrocarbons with respect to a matrix of uncertainty and chance of commerciality. Whilst there are a multitude of pathways through this matrix from prospective resources to contingent resources and then to reserves, the process is defined by three stages of exploration, appraisal and development.

Prospective resources are defined as those quantities of petroleum which are estimated on a given date to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development however, they are undiscovered and as such carry significant exploration risk.

There is a different process for the conversion of resources to reserves between conventional (high permeability) reservoirs and unconventional (low permeability) reservoirs.

For conventional reservoirs this is done via a relatively short term flow tests in the appraisal wells. For the unconventional reservoirs which often contain much larger accumulations covering larger areas, a number of longer term production pilots may be required to demonstrate commerciality and quantification of reserves.

(j) **Access to infrastructure risk, availability of drilling equipment**

The Company's gas exploration and development activities are dependent on the availability of drilling rigs and related equipment in the area of its Licences. Recent increases in oil and gas exploration activities worldwide have resulted in high demand and limited availability for some types of drilling rigs and equipment in certain areas which may result in delays to the Company's planned exploration and development activities and cost overruns. Botswana also does not have a well established gas industry and some parts and equipment need to be imported.

The Company may require access to infrastructure to sell the reserves it produces. There can be no guarantee that the Company will be able to gain access to appropriate

infrastructure on commercially viable terms. Failure to obtain access to infrastructure may adversely impact the Company's financial performance.

(k) **Foreign exchange rate risk**

The Company currently has interests in assets in Botswana. Expenditure in Botswana is required in the local currency, the Botswana pula. The Company may be exposed to fluctuations and volatility of the rate of exchange between the United States dollar the Australian dollar and the Botswana Pula, as determined by international markets.

In addition, at this stage, the Company has decided not to put in place any hedges in relation to foreign exchange. This may result in the Company being exposed to exchange risk, which may have an adverse impact on the profitability and/or financial position of the Company.

(l) **Licence risk**

The Company is required to comply with a range of laws to retain its Licences and periodically renew them. The Company is also required to comply with a range of laws and report milestones to obtain new licences related to the development and commercialisation of the Serowe CBM Project. The Company's Licences also have their own specific requirements that the Company must satisfy. Even if specific requirements are met, there is no certainty that an application for grant or renewal of the permit will be approved at all, or on satisfactory terms or within expected timeframes.

The laws relating to licences are complex and subject to changes in interpretation. Non-compliance with them could lead to the revocation of the Company's Licences and the Company cannot guarantee its licences will be renewed or future licences (including Mining Licences) will be granted.

(m) **Reliance on gas development and production activity**

The Company is an explorer and developer of hydrocarbons, with a focus on natural gas development in Botswana. The level of activity in the gas industry may vary and is principally affected by the prevailing or predicted future gas prices, market demand and other factors. These other factors, including economic growth, the cost and availability of other energy sources (including renewable energy) and changes in energy technology and regulation, affect the industry. The future growth of the Company is dependent on the continued economic importance of gas, development and production industry in Australia, Botswana and internationally.

Any substantive and prolonged changes to the current economic importance of the gas development and production industry in Botswana would be likely to have an adverse effect on the business, financial condition and profits of the Company.

(n) **Community opposition risk**

Given community opposition to certain gas projects from time to time, there is a risk of community opposition to the Company's operations. Disapproval of local communities or other interested parties may lead to direct action which impedes the Company's ability to carry out its lawful operations, resulting in project delay, reputational damage and increased costs and thus impact the financial performance of the Company. Such action by community opposition may include undertaking legal proceedings, media campaigns and protests.

The Company will actively engage the community to understand and address any concerns, provide information on the operations and future plans.

(o) **Sovereign and geopolitical risk**

The Serowe CBM Project is located in Botswana. Uncertainty exists as to the stability of the regulatory and political environment in Botswana and there is potential for sovereign events to have a material impact on the investment and security environment in the country. The Company cannot guarantee that the Government in Botswana will remain stable or supportive of the mining and resources sector and existing ownership structures. The Company manages sovereign risk through closely monitoring political developments and events.

Changes in government regulations and policies may also adversely affect the financial performance or the current and proposed operations generally of the Company. The ability to explore and develop CBM licences can be affected by changes in governments regulations, policies or legislation in different jurisdictions, that are beyond the control of the Company and these changes may also adversely affect the financial performance or the current and proposed operations of the Company. In order to be compliant, certain permits, approvals, and certificates must be obtained and maintained and the cost of these may increase from current levels.

Accordingly, the Company cannot guarantee ongoing access, surety of title and tenure of its Botswana assets. Outcomes in Courts in Botswana may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Botswana.

(p) **Price of gas currency volatility**

The demand for, and price of gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, actions taken by governments and major gas corporations, global economic and political developments and other factors all of which are beyond the control of the Company. As such, it is impossible to predict future commodity prices with confidence.

International gas prices fluctuate and at times the fluctuations can be quite wide. A material decline in the price of gas may have a material adverse effect on the economic viability of a project. Examples of such uncontrollable factors that can affect gas price are unrest and political instability in countries that have increased concern over supply.

(q) **Renewable energy opportunities**

There is a risk that the evaluation of renewable energy solutions including the Lupani Energy and Industrial Park does not identify a viable development using renewable energy. Even if the Lupani Energy and Industrial Park would be commercially viable, there is also the risk that the Company does not have the sufficient expertise, knowhow and resourcing to identify commercial partners or technical solutions to enable the Lupani Energy and Industrial Park to be constructed and commence commercial operation. Selection of the incorrect technical solution or partner could result in adverse impact on effect on the economic viability of the projects. The Company intends to conduct thorough due diligence on all material third parties which will become involved in the development of its renewable energy solutions.

The preliminary and historical work undertaken by the Company in respect of its proposed renewable energy research and development and other activities set out in Section 3.7 and elsewhere in this Prospectus relate to incomplete proposals which are subject to multiple contingencies (many of which are beyond the Company's control). Accordingly, investors are cautioned to place no reliance on these incomplete and conditional proposals in making an investment decision in respect of the Company.

Even if the Lupani Energy and Industrial Park and Serowe Energy Hub are successfully constructed, the ability of the Company to successfully commission and commercialise these facilities is dependent on the ability of the Company to produce a commercial supply of CBM from the Serowe CBM Project in order to power the CBM powered components of the Serowe Energy Hub and Lupani Energy Hub (which it is envisaged would in turn power the Serowe Energy Hub and Lupani Energy and Industrial Park). To the extent that commercial quantities of CBM cannot be extracted from the Serowe CBM Project, the Lupani Energy and Industrial Park and Serowe Energy Hub will be unable to proceed. Investors are cautioned not to place any reliance on the potential construction and operation of the Lupani Energy and Industrial Park or the Lupani Energy Hub in making an investment decision in respect of the Company.

(r) **Product risk**

There is a risk that any gas resource identified may not be of sufficient quality to develop commercial operations, which could have an adverse impact on the Company. There are also risks that actual gas products produced and sold will differ from the Company's expectations.

(s) **Regulatory risk**

The Company must comply with relevant laws and regulations in each jurisdiction it operates as it applies to the environment, tenure, land access, landholders and native title holders. Non-compliance with these laws and regulations and any special licence conditions could result in suspension of operations, loss of permits or financial penalties. Non-compliance may impact the Company's ability to commercialise or retain its assets, which may in turn impact its operational and financial performance.

Changes to these requirements (including, for example, new requirements relating to climate change, environmental protection and energy policy) may restrict or affect the Company's right or ability to conduct its activities.

The Company's main project, the Serowe CBM Project, is located in Botswana. There is a risk that, with respect to Botswana applicable foreign investment law, or mining law, other laws, or other regulations of the governing authorities could change, and that such changes could result in additional material expenditures or time delays. There is a risk that the necessary land acquisitions, permits, certificates, consents, authorisations and agreements required to implement future exploration and project development may not be obtained under conditions or within time frames that make such plans economic.

(t) **Conditionality of Offers**

The obligation of the Company to issue the Securities under the Offers is conditional on ASX granting approval for Admission to the Official List and other conditions set out in Section 2.5. If these conditions are not satisfied, the Company will not proceed with the Offers. Failure to complete the Offers may have a material adverse effect on the Company's financial position.

(u) **PH2 Shareholding risk**

As referred to in Section 2.6, the Company currently has a shareholding in PH2 of 4,000,000 PH2 shares. The trading price of PH2 shares on ASX as at close of trading on 13 May 2022 (being the latest practicable date before lodgement of the Prospectus) was approximately \$0.335, such that the Company values the PH2 shareholding at approximately \$1,340,000 (before taxes).

There is a risk that the value of the PH2 Shareholding will fall over the short or long term. The Company's ability to dispose of its PH2 Shareholding is heavily dependent on the performance of PH2 and the securities market generally (both of which are outside of the Company's control). The Company may also be restricted in its ability to dispose of the PH2 Shareholding in circumstances where the Company would have a conflict of interest or is in possession of inside information. Market prices of publicly-traded securities tend to be volatile and subject to significant fluctuations. If the market price of the PH2 Shareholding declines significantly the Company may be unable to sell its PH2 Shareholding at a favourable price, if at all, and may lose all or a portion of its investment amount.

The Company has not included the value of the PH2 shareholding in its use of funds, however, the Company will assess on an ongoing basis whether to dispose of some or all of its PH2 shareholding. In the event that the Company disposes of some or all of its PH2 shareholding, the Company intends to allocate the balance of any funds received (after deducting associated taxes and related costs) towards exploration expenditure on its projects and towards general working capital. Investors are cautioned not to place any reliance on the Company receiving proceeds from the disposal of any of its PH2 shareholding as there is no certainty that the Company will receive a return on its investment.

(v) **Future capital requirements**

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until production commences. The future capital requirements of the Company will depend on many factors including its abilities to produce and market its products. The Company believes its available cash and the net proceeds of the General Offer should be adequate to fund its business objectives in the short term as stated in this Prospectus.

The Company's existing funds following Admission will be sufficient to secure the Revocable Interest, however, it will not be sufficient to complete the development of the Serowe Energy Hub or the Lupani Energy and Industrial Park such that the Company will be required to raise further funds if it is to complete these additional undertakings.

In the event further financing is required to maintain operations, any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities.

The Company may undertake additional offerings of Securities in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

(w) **Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants, including members of the Board. Amongst other things, the Company is reliant on such persons

to provide an understanding of electricity generation in Southern Africa and to provide in-country knowledge of Botswana. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

(x) **Government policy and legislation risk**

Any material adverse changes in government policies, legislation or shifts in political attitude in Australia or Botswana that affect mineral exploration activities, tax laws, royalty regulations, government subsidies and environmental issues may affect the viability of a project, projects or the Company.

The Company's business is affected by government policy, which in turn may be influenced by international policies and laws. In particular, there is a risk that either the Australian or Botswanan Federal Governments could shift their domestic or international policy.

International policy developments have the potential to have an indirect impact on the Company's operations, given that domestic policy makers might have regard to those developments in helping to formulate and in setting the direction of local policy.

Shifts in government policy could have varying degrees of impact on the Company's operations and its profitability and could range from loss or reduction in industry incentives, preventing infrastructure development to moratoriums on future gas development in specific areas.

No assurance can be given that amendments to current laws and regulations or new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner which could substantially limit or affect the Company's exploration, development, and operating activities.

(y) **Competition risk**

The Company competes with numerous other organisations in the search for, and the acquisition of, gas assets. The Company's competitors include gas companies that have greater resources, staff and facilities than those of the Company and a longer operating history. The Company's ability to increase its resources and reserves in the future will depend not only on its ability to explore and develop its current project, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

There is also no guarantee that the Company will be able to compete effectively with future competitors, including from organisations specialising in alternative sources of energy. Future competition may adversely impact the Company's financial performance.

(z) **Archaeological Disturbance risk**

The Company is operating in a region that has been populated by people for many centuries. There is a risk that operations may unearth archaeological discoveries during the project life-cycle. The Company has and will continue to complete archaeological surveys prior to completing work. However, there is a risk of a chance find. This has the potential to impact the project design and create delays potentially negatively impacting the Company's financial performance.

(aa) **New projects and potential acquisitions**

The Company will actively pursue and assess other new business opportunities in the resources and renewable energy sectors. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of licences/permits, and/or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

(bb) **Restricted securities reducing liquidity**

Subject to the Company being admitted to the Official List and as detailed in Section 2.18, certain Securities on issue prior to the Offers will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner. The Company will announce to the ASX full details (including quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.

(cc) **Third party risks**

Under the Mines and Minerals Act as read with the Tribal Land Act legislation, the Company may be required to obtain the consent of and/or pay compensation to the holders of third-party interests which overlay areas within the Company's project. The Company has secured all surface rights required in order for the Company to access to the Licences to carry out exploration activities such that it will be able to spend its cash in accordance with its commitments for the purposes of Listing Rule 1.3.2(b).

(dd) **Contractual risk**

As at the date of this Prospectus, the Company, through Sharpay, has a 49% interest in the Serowe CBM Project and a contractual right (rather than legal title) to acquire an additional 21% interest in the Serowe JOA (including a corresponding number of shares in the issued capital of Sharpay) pursuant to the PH2 Sale Agreement (further details in respect of which are set out in Section 7.1).

As at the date of this Prospectus, completion of the PH2 Sale Agreement has not yet occurred and is subject to (among other things) PH2 complying with its obligations pursuant to the PH2 Sale Agreement. If completion of the PH2 Sale Agreement does not occur, the Company will not receive an additional 21% in the Serowe JOA and Sharpay and, accordingly, its interest in the Serowe CBM Project will remain limited to a 49% interest. However, the Company considers this risk to be low.

The proposed site for the Lupani Energy and Industrial Park has not been finally secured. In addition, the Option to Sub-Lease in respect of the Serowe Energy Hub is subject to several conditions precedent which may or may not be satisfied (refer to Section 7.4 for further details). Accordingly, there is no guarantee that a site for the Serowe Energy Hub or the Lupani Energy and Industrial Park will be obtained and the Company may not obtain ownership of, or access to, these sites.

The ability of the Company to achieve its objectives will depend on the performance by the other parties to contracts which the Company may enter into in the future. If a party defaults in the performance of its obligations it may be necessary for the Company to approach a court to seek legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will ultimately be granted on appropriate terms.

Further, the Company is unable to predict the risk of insolvency or managerial failure by any of the third party contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity. The effects of such failures may have an adverse effect on the Company's activities.

(ee) **Health and safety risk**

Gas operations, such as drilling, are inherently hazardous. In addition to the risk of injury or damage to persons or property, health and safety failures represent a substantial reputational and regulatory risk for the Company. Furthermore, if any Company personnel are injured while undertaking gas operations, the Company may be financially liable to the individual. This would adversely impact the Company's financial performance.

Site safety and occupational health and safety outcomes are a critical element in the reputation of the Company and its ability to retain and be awarded new contracts in the industry. While the Company has a strong commitment to achieving a safe performance on site a serious site safety incident could impact upon the reputation and financial outcomes for the Company.

Additionally, laws and regulations as well as the requirements of customers may become more complex and stringent or the subject of increasingly strict interpretation and/or enforcement. Failure to comply with applicable regulations or requirements may result in significant liabilities to suspended operations and increased costs.

Industrial accidents may occur in relation to the performance of the Company's services. Such accidents, particularly where a fatality or serious injury occurs, or a series of such accidents occurs, may have operational and financial implications for the Company which may negatively impact on the financial performance and growth prospects for the Company.

(ff) **Environmental risk**

Despite efforts to conduct activities in an environmentally responsible manner and in accordance with applicable laws, there is a risk that gas activities may cause harm to the environment which could impact production or delay future development timetables.

The Company is also subject to laws and regulations to minimise the environmental impact of its operations and rehabilitation of any areas affected by its operations. Changes to environmental laws may result in the cessation or reduction of the Company's activities, materially increase development or production costs or otherwise adversely impact the Company's operations, financial performance or prospects. Penalties for failure to adhere to requirements and, in the event of environmental

damage, remediation costs can be substantive and may not, in its entirety, be insurable. Compliance with these laws requires significant expenditure and non-compliance may potentially result in fines or requests for improvement action from the regulator.

In addition, if the Company were to be held responsible for environmental damage, in addition to remediation costs, it may suffer reputational damage, possible suspension or cessation of operations, revocation of permits or financial penalties.

(gg) **Climate change risk**

There has been increasing concern by the public and regulators globally on climate change issues. As a gas development company, the Company is exposed to both transition risks and physical risks associated with climate change. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes and, if demand for gas declines, the Company will find it difficult to commercialise any resources it discovers.

Climate change is a risk the Company has considered, particularly related to its operations in the industry. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(hh) **Insurance risks**

The Company intends to continue to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with exploration and production is not always available and where available the costs can be prohibitive.

(ii) **COVID-19 impact risk**

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and is likely to continue to have, a significant impact on global capital markets, the gas price and foreign exchange rates. There is also continued uncertainty as to the ongoing and future responses of governments and authorities globally, and a further Australian economic shut down is possible. The Western Australian borders have recently opened allowing international travel to

Botswana. There is a risk the Australian or Western Australian borders may again be closed. Given the economic uncertainty that remains during the COVID-19 pandemic, the Company's financial performance may be adversely impacted.

COVID-19 also poses a health risk to the Company's personnel. While to date COVID-19 has not had any material impact on the Company's operations, should any Company personnel or contractors be infected, it could result in the Company's operations being suspended or otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as an adverse impact on the financial condition of the Company.

Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations, financial position and prospects. The majority of drilling and production equipment are procured from South Africa requiring transportation across the border to Botswana, such that there is the risk that border closure or border delays may have a material adverse impact on the Company's planned operations.

(jj) **Unforeseen expenses**

The Company's cost estimates and financial forecasts include appropriate provisions for material risks and uncertainties and are considered to be fit for purpose for the proposed activities of the Company. If risks and uncertainties prove to be greater than expected, or if new currently unforeseen material risks and uncertainties arise, the expenditure proposals of the Company are likely to be adversely affected.

(kk) **Conflicts of interest**

Certain Directors are also directors and officers of other companies engaged in gas exploration, development and production. Accordingly, gas opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company in the first instance. Although these Directors have been advised of their fiduciary duties to the situations that could arise in which their obligations to, or interests in, the Company, there exists actual and potential conflicts of interest among these persons.

4.2 General Risks

(a) **General economic climate**

Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs. The Company's future income, asset values and share price can be affected by these factors and, in particular, by exchange rate movements.

(b) **Market conditions**

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Further, share market conditions may affect the value of the Company's quoted Shares regardless of the Company's performance. Share market conditions are affected by many factors such as:

-
- (i) general economic outlook;
 - (ii) interest rates and inflation rates;
 - (iii) currency fluctuations;
 - (iv) changes in investor sentiment;
 - (v) the demand for, and supply of, capital; and
 - (vi) terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Securities investments**

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's Shares trade may be above or below the Offer Price and may fluctuate in response to a number of factors. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

(d) **Force majeure**

Events may occur within or outside Australia and Botswana that could impact upon the global, Australian and other local economies, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, pandemic, floods, extreme weather, water contamination, earthquakes, labour strikes, war, natural disasters, outbreaks of disease, quarantine restrictions or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business.

In most cases, these risks cannot be insured against and when they are insurable, there is no guarantee that insurance claims will be made in all circumstances or that available insurance proceeds will cover every aspect of loss or damage.

(e) **Government and legal risk**

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to conduct its activities.

The Company is not aware of any reviews or changes that would affect its project. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its project. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

(f) **Litigation risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee

claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(g) **Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Securities under this Prospectus.

4.3 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

5. Financial Information

5.1 Introduction

The financial information contained in this Section 5 includes:

- (a) the audited historical Consolidated Statements of Financial Position as at 30 June 2020 and 30 June 2021 and audited historical Consolidated Statements of Profit or Loss and Other Comprehensive Income and Consolidated Statements of Cash Flows of the Group for the years then ended;
- (b) the reviewed historical Consolidated Statement of Financial Position as at 31 December 2021 and the reviewed historical Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows of the Group for the period then ended;

(together referred to as the **Historical Financial Information**); together with

- (c) the pro forma Consolidated Statement of Financial Position of the Group as at 31 December 2021 and supporting notes which include the post reporting date transactions and pro forma adjustments (**Pro Forma Financial Information**);

(together referred to as the **Financial Information**).

The Directors are responsible for the preparation and inclusion of the Financial Information in the Prospectus. HLB Mann Judd has prepared an Independent Limited Assurance Report in respect of the Financial Information, as set out in Annexure A. Investors should note the scope and limitations of the Independent Limited Assurance Report.

The Group comprises the Company and its wholly-owned subsidiaries, Botsgas (Pty) Ltd (Botswana), Botala Operations Pty Ltd (Australia), Botala Renewables (Pty) Ltd (Botswana) and BotsHydrogen (Pty) Ltd (Botswana).

All amounts disclosed in this Section are presented in Australian dollars.

5.2 Basis of preparation of the Historical Financial Information

The Historical Financial Information included in this Section 5 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act. The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. Significant accounting policies applied to the Historical Financial Information are set out in Section 5.10 under the heading 'Significant Accounting Policies'.

The Historical Financial Information has been prepared for the purposes of the Offers.

5.3 Basis of preparation of the Pro Forma Financial Information

The Pro Forma Financial Information included in this Section 5 has been prepared for the purposes of inclusion in this Prospectus. The Pro Forma Financial Information is based on the reviewed consolidated Statement of Financial Position of the Group as at 31 December

2021 and adjusting for post reporting date transactions, the impacts of the Offers and other pro forma adjustments.

The Pro Forma Financial Information does not reflect the actual financial results of the Group for the period indicated. The directors of the Company believe that it provides useful information as it illustrates to investors the financial position of the Group immediately after the Offers are completed and related pro forma adjustments are made.

The information set out in this Section 5 and the Company's selected financial information should be read together with:

- (a) the Risk Factors described in Section 4;
- (b) the Proposed use of funds described in Section 2.6;
- (c) the Capital Structure on Admission described in Section 2.7;
- (d) the Independent Limited Assurance Report on the Historical Financial Information set out in Annexure A; and
- (e) the other information contained in this Prospectus.

Investors should also note that historical results are not a guarantee of future performance.

5.4 Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended 30 June 2020	Year ended 30 June 2021	Period ended 31 December 2021
	AUDITED \$	AUDITED \$	REVIEWED \$
Other income	48	60	32
Share of (loss) of equity accounted investee	-	(7,018)	(7,098)
Employee benefits expense	-	(97,000)	-
Consulting	-	(1,910)	(161,667)
Marketing	(3,869)	(10,356)	(6,326)
Administration	(12,573)	(41,721)	(114,466)
Finance Costs	(6)	-	-
Loss before related income tax	(16,400)	(157,945)	(289,525)
Income tax benefit	-	61,444	86,858
Loss for the period	(16,400)	(96,501)	(202,667)
Other comprehensive income			

	Year ended 30 June 2020	Year ended 30 June 2021	Period ended 31 December 2021
	AUDITED \$	AUDITED \$	REVIEWED \$
<i>Items that will not be reclassified subsequently to profit or loss</i>			
(Loss) / gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax	(25,000)	490,000	1,433,467
Total comprehensive (loss)/income attributable to members	(41,400)	393,499	1,230,800

5.5 Historical Consolidated Statements of Cash Flows

	Year ended 30 June 2020	Year ended 30 June 2021	Period ended 31 December 2021
	AUDITED \$	AUDITED \$	REVIEWED \$
Cash Flows from Operating Activities			
Interest received	48	60	32
Payments to suppliers and employees	(15,877)	(124,143)	(197,512)
Net cash (used in) operating activities	(15,829)	(124,083)	(197,480)
Cash Flows from Investing Activities			
Payment for purchase of financial assets	(300,000)	-	-
Payment for investment in joint venture	(305,000)	(471,106)	(704,252)
Proceeds from sale of financial assets	-	-	1,045,453
Net cash (used in) / provided by investing activities	(605,000)	(471,106)	341,201
Cash Flows from Financing Activities			
Release of share application monies on trust	(57,498)	-	-
Proceeds from issue of shares	814,570	1,097,415	752,000
Share issue transaction costs	(17,138)	(24,286)	(5,108)

	Year ended 30 June 2020	Year ended 30 June 2021	Period ended 31 December 2021
	AUDITED \$	AUDITED \$	REVIEWED \$
Net cash provided by financing activities	739,934	1,073,129	746,892
Net increase in Cash and Cash Equivalents	118,605	477,940	890,613
Cash and cash equivalents at the beginning of the periods	39,337	157,942	635,882
Cash and Cash Equivalents at the end of the periods	157,942	635,882	1,526,495

5.6 Historical Consolidated Statements of Financial Position

	30 June 2020	30 June 2021	31 December 2021
	AUDITED \$	AUDITED \$	REVIEWED \$
Current Assets			
Cash and cash equivalents	157,942	635,882	1,526,495
Trade and other receivables	7,148	5,140	4,311
Prepayments	316,645	13,260	7,923
Total Current Assets	481,735	654,282	1,538,729
Non-Current Assets			
<i>Investment in joint venture</i>	-	1,196,271	1,741,845
<i>Financial assets at fair value through other comprehensive income</i>	275,000	975,000	3,025,000
<i>Deferred tax</i>	-	61,444	148,302
Total Non-Current Assets	275,000	2,232,715	4,915,147
Total Assets	756,735	2,886,997	6,453,876
Current Liabilities			
Trade and other payables	(25,282)	(228,581)	(358,702)
Income tax	-	-	(290,226)
Total Current Liabilities	(25,282)	(228,581)	(648,928)
Non-Current Liabilities			
Deferred tax	-	(210,000)	(948,726)
Total Non-Current Liabilities	-	(210,000)	(948,726)

	30 June 2020	30 June 2021	31 December 2021
	AUDITED	AUDITED	REVIEWED
	\$	\$	\$
<i>Total Liabilities</i>	(25,282)	(438,581)	(1,597,654)
Net Assets	731,453	2,448,416	4,856,222
<i>Equity</i>			
Issued capital	797,434	2,120,898	3,219,123
Reserves	(24,093)	465,907	1,978,155
Accumulated losses	(41,888)	(138,389)	(341,056)
Total Equity	731,453	2,448,416	4,856,222

5.7 Pro Forma Consolidated Statement of Financial Position

The table below sets out the post reporting date transactions and pro forma adjustments that have been incorporated into the Pro Forma Consolidated Statement of Financial Position as at 31 December 2021.

The post reporting date transactions reflect material transactions that have occurred subsequent to 31 December 2021 and up to the date of this Prospectus. The pro forma adjustments reflect the financial impact of the Offers, and other transactions as if they had occurred at 31 December 2021.

The Pro Forma Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as necessarily indicative of the Company's view of the Group's future financial position.

Consolidated	Section Reference	Reviewed to 31 December 2021	Post reporting date transactions and pro forma adjustments (Minimum)	Post reporting date transactions and pro forma adjustments (Maximum)	Pro forma (Minimum)	Pro forma (Maximum)
		\$	\$	\$	\$	\$
Current Assets						
Cash and cash equivalents	5.11	1,526,495	5,011,538	6,888,725	6,538,033	8,415,220
Trade and other receivables		4,311	-	-	4,311	4,311
Prepayments		7,923	-	-	7,923	7,923
<i>Total Current Assets</i>		1,538,729	5,011,538	6,888,725	6,550,267	8,427,454
Non-Current Assets						
Investment in joint venture	5.12	1,741,845	5,891,911	6,391,879	7,633,756	8,133,724

Consolidated	Section Reference	Reviewed to 31 December 2021	Post reporting date transactions and pro forma adjustments (Minimum)	Post reporting date transactions and pro forma adjustments (Maximum)	Pro forma (Minimum)	Pro forma (Maximum)
		\$	\$	\$	\$	\$
Financial assets at fair value through other comprehensive income	5.13	3,025,000	(655,622)	(655,622)	2,369,378	2,369,378
Deferred tax		148,302	-	-	148,302	148,302
Total Non-Current Assets		4,915,147	5,236,289	5,736,257	10,151,436	10,651,404
Total Assets		6,453,876	10,247,827	12,624,982	16,701,703	19,078,858
<i>Current Liabilities</i>						
Trade and other payables		(358,702)	-	-	(358,702)	(358,702)
Income tax		(290,226)	-	-	(290,226)	(290,226)
Total Current Liabilities		(648,928)	-	-	(648,928)	(648,928)
Non-Current Liabilities						
Deferred tax		(948,726)	-	-	(948,726)	(948,726)
Total Non-Current Liabilities		(948,726)	-	-	(948,726)	(948,726)
Total Liabilities		(1,597,654)	-	-	(1,597,654)	(1,597,654)
Net Assets		4,856,222	10,247,827	12,624,982	15,104,049	17,481,204
<i>Equity</i>						
Issued capital	5.14	3,219,123	10,437,436	12,814,591	13,656,559	16,033,714
Reserves	5.15	1,978,155	410,391	410,391	2,388,546	2,388,546
Accumulated losses	5.16	(341,056)	(600,000)	(600,000)	(941,056)	(941,056)
Total Equity		4,856,222	10,247,827	12,624,982	15,104,049	17,481,204

5.8 Post reporting date transactions

The following material transactions have occurred subsequent to 31 December 2021 and up to the date of authorisation of this Prospectus and have been incorporated as part of the Pro Forma Consolidated Statement of Financial Position.

- (a) The Company sold 1,500,000 shares in an ASX listed entity, PH2 for a total consideration of \$655,622. Refer to Sections 5.11 and 5.13 for further details.

5.9 Pro forma adjustments

- (a) The issue by the Company of 27,407,599 (based on Minimum Subscription) or 29,907,442 (based on Maximum Subscription) shares with a fair value of \$0.20 per share (value of \$5,481,520 based on Minimum Subscription or \$5,981,488 based on Maximum Subscription) and 4,688,957 PH2 Consideration Options (exercisable at

\$0.25 each and expiring on 28 February 2025, value of \$410,391) to acquire 21% of the issued capital in Sharpay from PH2. The acquisition has been accounted for in accordance with AASB 11 Joint Arrangements and AASB 2 Share-based Payment. Refer to Sections 5.12 and 5.17 for further details.

- (b) The issue by the Company of 25,000,000 ordinary fully paid shares issued at \$0.20 each raising \$5,000,000 (before costs) in a minimum raise from the General Offer. Refer to Section 5.11 and 5.14.
- (c) The issue by the Company of 35,000,000 ordinary fully paid shares issued at \$0.20 each raising \$7,000,000 (before costs) in a maximum raise from the General Offer. Refer to Section 5.11 and 5.14.
- (d) The write off against issued capital of the estimated cash expenses of the Offers of \$644,084 based on the Minimum Subscription, or \$766,897 based on the Maximum Subscription. Refer Section 5.11 and 5.14.
- (e) The issue by the Company of 2,000,000 ordinary fully paid shares issued at \$0.20 each to the Lead Manager pursuant to the Lead Manager Offer (value of \$400,000 is written off against issued capital). Refer Section 5.14.
- (f) The vesting and conversion to issued capital of 3,000,000 Tranche B Performance Rights, issued to Directors (refer to Section 8.4 for further details). The fair value of the Performance Rights is \$600,000. Refer to Sections 5.14, 5.15 and 5.16.

5.10 Significant Accounting Policies

(a) Basis of Preparation

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

(b) Going concern

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Botala Energy Ltd ('Company' or 'parent entity') and the results of all subsidiaries for the periods presented. The Company and its subsidiaries together are referred to in these financial statements as 'the Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(e) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) **Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance reduces the asset's carrying value with a corresponding expense through the profit or loss.

(g) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for period periods, where applicable.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(j) **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) **Share-based payments**

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive no payment. No account is taken of any other vesting conditions.

5.11 Cash and cash equivalents

The reviewed pro forma cash and cash equivalents are set out below:

	Note	Minimum \$	Maximum \$
Reviewed cash and cash equivalents as at 31 December 2021		1,526,495	1,526,495
Post reporting date transactions:			
Proceeds from sale of PH2 shares	5.8(a)	655,622	655,622
Pro forma adjustments:			
Proceeds from shares issued under the General Offer	5.9(b) & 5.9(c)	5,000,000	7,000,000
Cash issue costs payable as a result of Offers	5.9(d)	(644,084)	(766,897)
Total post reporting date transactions and pro forma adjustments		5,011,538	6,888,725
Pro forma cash and cash equivalents		6,538,033	8,415,220

5.12 Investment in joint venture

The reviewed pro forma investment in joint venture is set out below:

	Note	Minimum \$	Maximum \$
Reviewed investment in joint venture as at 31 December 2021		1,741,845	1,741,845
<i>Pro forma adjustments:</i>			
Increased investment due to 21% acquisition in Sharpay	5.17	5,891,911	6,391,879
Total pro forma adjustments		5,891,911	6,391,879
Pro forma investment in joint venture		7,633,756	8,133,724

5.13 Financial assets at fair value through other comprehensive income

The reviewed pro forma financial assets at fair value through other comprehensive income are set out below:

	Note	Minimum \$	Maximum \$
Reviewed financial assets at fair value through other comprehensive income as at 31 December 2021		3,025,000	3,025,000
<i>Post reporting date transaction:</i>			
Proceeds from the sale of 1,500,000 PH2 shares	5.8(a)	(655,622)	(655,622)
Total post reporting date transactions		(655,622)	(655,622)
Pro forma financial assets at fair value through other comprehensive income		2,369,378	2,369,378

5.14 Issued capital

The reviewed pro forma issued capital is set out below:

Minimum Subscription

	Note	Minimum Number of shares	Minimum \$
Reviewed issued capital at 31 December 2021		79,637,247	3,219,123
<i>Pro forma adjustments:</i>			
Issue of shares under the General Offer	5.9(b)	25,000,000	5,000,000

	Note	Minimum Number of shares	Minimum \$
Issue of PH2 Consideration Shares under PH2 Sale Agreement	5.9(a) & 5.17	27,407,599	5,481,520
Conversion of Tranche B Performance Rights	5.9(f)	3,000,000	600,000
Issue of Lead Manager Shares	5.9(e)	2,000,000	400,000
Costs associated with the Offers applied against issued capital	5.9(d)	-	(644,084)
Write-off of Lead Manager Shares	5.9(e)	-	(400,000)
Total pro forma adjustments		57,407,599	10,437,436
Pro forma issued capital (minimum)		137,044,846	13,656,559

Maximum Subscription

	Note	Maximum Number of shares	Maximum \$
Reviewed issued capital at 31 December 2021		79,637,247	3,219,123
<i>Pro forma adjustments:</i>			
Issue of shares under the General Offer	5.9(c)	35,000,000	7,000,000
Issue of PH2 Consideration Shares under PH2 Sale Agreement	5.9(a) & 5.17	29,907,442	5,981,488
Conversion of Tranche B Performance Rights	5.9(f)	3,000,000	600,000
Issue of Lead Manager Shares	5.9(e)	2,000,000	400,000
Costs associated with the Offers applied against issued capital	5.9(d)	-	(766,897)
Write-off of Lead Manager Shares	5.9(e)	-	(400,000)
Total pro forma adjustments		69,907,442	12,814,591
Pro forma issued capital (maximum)		149,544,689	16,033,714

5.15 Reserves

The reviewed pro forma reserves are set out below:

	Note	Minimum \$	Maximum \$
Reviewed reserves at 31 December 2021		1,978,155	1,978,155
<i>Pro forma adjustments:</i>			
Vesting of Tranche B Performance Rights	5.9(f)	600,000	600,000
Conversion of Tranche B Performance Rights to issued capital	5.9(f)	(600,000)	(600,000)
Issue of PH2 Consideration Options under PH2 Sale Agreement	5.9(a) & 5.17	410,391	410,391
Total pro forma adjustments		410,391	410,391
Pro forma reserves		2,388,546	2,388,546

The options to be issued to PH2 on completion of the PH2 Sale Agreement are defined as share-based payments. The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

(a) **Valuation of Options issued to PH2**

The grant of 4,688,957 Options, with an exercise price of \$0.25 and expiring 28 February 2025 has been determined to have a total fair value of \$410,391 as at 31 December 2021. Refer to section 8.2 for further details regarding these options.

See below for the option valuation assumptions:

The following assumptions were used to value the options	
Share price at date of grant	\$0.20
Exercise Price	\$0.25
Expected volatility	80%
Implied option life	2.5 years
Risk free rate	0.1%

(b) **Performance Rights**

The Company currently has on issue a total of 6,000,000 Performance Rights as approved at the Annual General Meeting in November 2021. Of the 6,000,000 Performance Rights, 3,000,000 (Tranche B) have been brought to account on the assumption that the milestone has been achieved through the successful Admission of the Company. The value of the Tranche B Performance Rights has been recorded as \$600,000 (number of rights multiplied by the Offer Price being \$0.20) and the total value has been brought to account as a share-based payment. The pro forma issued capital at 31 December 2021 (Section 5.14) has also been updated to reflect the issue of the Tranche B Performance Rights converting to 3,000,000 ordinary shares upon Admission.

No value has been attributed to the remaining 3,000,000 Performance Rights as the vesting conditions are contingent on exploration activities post successful listing, and the Directors cannot assess with any certainty the probability of the milestones being met at the date of this prospectus.

5.16 Accumulated losses

The reviewed pro forma accumulates losses are set out below:

	Note	\$
Reviewed accumulated losses at 31 December 2021		(341,056)
<i>Pro forma adjustments:</i>		
Vesting of Tranche B Performance Rights	5.9 (f)	(600,000)
Total pro forma adjustments		(600,000)
Pro forma accumulated losses		(941,056)

5.17 Acquisition of 21% of the issued capital in Sharpay Enterprises Pty Ltd

The Acquisition of 21% of the issued capital in Sharpay has been accounted for as a further investment in an equity accounted joint venture, as follows:

Minimum subscription	Note	\$
<u>Consideration:</u>		
27,407,599 shares with a fair value of \$0.20 per share	5.9(a)	5,481,520
4,688,957 options with a fair value of \$0.0875 per option	5.9(a)	410,391
Total consideration allocated to investment in joint venture (minimum subscription)		5,891,911

Maximum subscription	Note	\$
<u>Consideration:</u>		
29,907,442 shares with a fair value of \$0.20 per share	5.9(a)	5,981,488
4,688,957 options with a fair value of \$0.0875 per option	5.9(a)	410,391
Total consideration allocated to investment in joint venture (maximum subscription)		6,391,879

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangements. Interests in a joint venture are accounted for using the equity method.

The acquisition of an additional 21% of the issued capital in Sharpay has been accounted for as a further investment in an equity accounted joint venture in accordance with AASB 11 *Joint Arrangements*. For equity considerations under AASB 2 *Share-based Payments*, the fair value of the acquisition is the ordinary shares to be issued multiplied by the fair value of the shares upon listing.

6. Board, Management and Corporate Governance

6.1 Board of Directors

As at the Prospectus Date, the Board comprises of:

- (a) Wolf-Gerhard Martinick - Executive Chairman;
- (b) Craig Basson - Executive Director, Chief Financial Officer and Company Secretary;
and
- (c) Peter Grant - Non-Executive Director.

6.2 Directors' Profiles

The names and details of the Directors in office at the Prospectus Date are:

(a) **Wolf-Gerhard Martinick - Executive Chairman**

PhD, BSc (Agric).

Dr Martinick was appointed on 18 June 2018.

Wolf is an agronomist and environmental scientist with over 50 years' experience in the environmental and social aspects of the energy, mineral resources and land development industries in various countries, especially Australasia, China, India, Southern and Northern Africa, Chile, Nicaragua and Mexico.

Dr Martinick was the owner and founding director of MBS Environmental, a well-respected socio-environmental consultancy attending to resource developments across Australasia and numerous other countries, especially Africa focusing on sustainable solutions to a wide range of technical and social problems and concerns. He is a former managing director, chairman and non-executive director of several ASX and AIM listed exploration and mining companies including Basin Minerals Limited (ASX:BMS), Sun Resources NL (ASX:SUR), Oro Verde Limited (ASX:OVL) (now Ionic Rare Earths Limited (ASX: IXR)), Azure Minerals Limited (ASX:AZS) and Weatherly International PLC (AIM:WTI). Wolf is familiar with project development. He is a retired Fellow of the Australian Institute of Mining and Metallurgy, retired member of the Environmental Consultants Association (WA) Inc and former Vice- President of the Association of Mining and Exploration Companies Inc.

During the past 3 years, other than serving as a director of Azure Minerals Limited (ASX:AZS) from 1 September 2007 to 24 November 2020, Dr Martinick has not served as a director of any listed companies.

Dr Martinick is not considered to be an independent Director as he is employed in an executive capacity as Executive Chairman.

(b) **Craig Basson - Executive Director, Chief Financial Officer and Company Secretary**

BCom (Hons); FCA; FGIA and GAICD.

Mr Basson was appointed on 18 June 2020.

Craig is a Fellow of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia, a Graduate of the Australian Institute of Director's Course and holds a Bachelor of Commerce (Hons) degree in accounting and finance. He has over 20 years' experience in auditing, accounting and financial management of resource, education, viticulture and other companies.

Craig was company secretary of Basin Minerals Limited (ASX:BMS) from 1999 until October 2002, when the company was delisted as a consequence of a successful takeover by Iluka Resources Limited (ASX:ILU). Craig was Chief Financial Officer and Company Secretary of Sun Resources NL (ASX:SUR) from November 2009 to April 2018 and Little Green Pharma Ltd (ASX:LGP) from 1 June 2017 to 30 June 2020 where he was part of the management team that transitioned the company from start-up to an ASX listed company on 20 February 2020.

During the previous 3 years, Mr Basson has not served as a director of any listed companies.

Mr Basson is not considered to be an independent Director as he is employed in an executive capacity as Executive Director and Chief Financial Officer.

(c) **Peter Grant - Non-Executive Director**

BSc (Hons) in Geology from Nottingham University (UK).

Mr Grant was appointed on 1 December 2021.

Peter has over 45 years of experience in the upstream oil and gas industry specialising in, exploration and international E&P business development. Peter has extensive work experience in Africa, South-East Asia, Middle East, South America and Australasia, and has led successful teams that have made discoveries in the UK, Australia, Algeria, Libya, Sierra Leone and Mauritania. Peter's experience base is founded in geoscience but has extensively augmented his expertise in corporate strategy, business development, commercial negotiations and portfolio management through his roles such as Exploration Manager for Africa and Middle East and General Manager Yemen for BHP Petroleum, and through senior roles in Woodside Energy as International Exploration Manager, General Manager International, and General Manager International Ventures. Peter established International Energy Solutions, a strategic advisory company for the energy industry and has recently advised clients on growth projects in sub-Saharan Africa, China and South-East Asia, both petroleum and coal seam methane related. He also provides commercial and political risk advice and has conducted numerous oil and gas training seminars.

He is currently a National Board member of the Australia/Arab Chamber of Commerce and has been their state Chair for West Australia for 7 years. He was the founding chair of the Australia Korea Business Council of WA. He was the President of the American Association of Petroleum Geologists (AAPG) for the Asia Pacific region from 2015 to 2017, and a member of the AAPG Advisory Council (Board) for the same period. He was awarded the AAPG prestigious Vlastimila Dvorakova International Ambassador service award in 2021.

During the past 3 years, Mr Grant has not served as a director of any listed companies.

Mr Grant is regarded as an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the person's judgement.

6.3 Senior Management

(a) **Kris Martinick – Chief Executive Officer**

BSc Chem, BCom, B Chem Eng (Hons).

Kris has over 16 years' experience in the oil and gas industry in Australasia, including oil and gas field development and processing plants, LNG plants, gas fired power stations and project management. Kris has held senior management roles working on projects and operations in remote areas of Australia and PNG. He is a non-executive director of several private Perth based companies.

(b) **Craig Basson – Chief Financial Officer and Company Secretary**

Refer to Section 6.2(b) above for a summary of Mr Basson's background and experience.

(c) **Timothy Hoops – General Manager Operations**

Mr Hoops holds a Bachelor of Science (Geological Engineering) from the Colorado School of Mines and a Masters of Global Energy Management from the University of Colorado. Tim is a 40+ year veteran of the oil and gas industry. He was President and Managing Director of Strata-X Ltd (ASX:SXA) (which merged with Real Energy Corporation Limited to become PH2). Tim assumed the role of General Manager when the Company negotiated to farm-in to the Serowe CBM Project in Botswana.

Tim was also a long-standing director and CEO of NASDAQ listed Kestrel Energy Inc, a director of ASX listed Victoria Petroleum NL, and President of Peak Resource Management Inc. (a private oil and gas explorer). He also worked with a wide range of other companies and projects, including Amoco, Santa-Fe Energy and Royal Resources Corporation.

Tim has extensive experience in exploration, acquisitions, and project management in oil and gas, especially CBM, across North America, Australia and for the last ~5 years Botswana.

Tim knows Botswana well and as a valued member of the team, oversees exploration and development of the Serowe CBM Project.

(d) **Modisana Botsile – Botswana Country Manager**

M.Sc Minerals and Energy Economics, Curtin Graduate School of Business, Perth, B. Eng (Hons) Metallurgy and Material Science, Liverpool University, UK.

Prior to commencing his extensive consulting service to numerous companies focussed on exploration, mining, business development in Botswana, and especially development of Botswana's coal bed methane potential, Modisana worked in senior management positions with Mercedes in Spain, Romania, Botswana and Botswana's Ministry of Minerals and Energy. His extensive experience and wide-ranging network has greatly assisted Botala Energy's rapid progress.

6.4 Interests of Directors

No Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the Prospectus Date, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or

and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (c) any Director to induce him or her to become, or to qualify as, a Director; or
- (d) any Director of the Company for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers,

except as disclosed in this Prospectus and as follows.

6.5 Security holdings of Directors and key management personnel

The Directors, key management personnel and their related entities and associates have the following relevant interests in Securities as at the Prospectus Date:

Director and key management personnel	Shares	%	Options	Performance Rights
Wolf-Gerhard Martinick and Kris Francis Martinick	43,875,002	55.09	11,250,000	4,000,000
Craig Basson	4,847,000	6.09	1,675,000	2,000,000
Peter Grant	1,977,778	2.48	1,000,000	-
Timothy Hoops	650,000	0.82	1,000,000	-
Modisana Botsile	445,000	0.56	50,000	-

Notes:

1. Based on 79,637,247 Shares being on issue as at the Prospectus Date.
2. Options exercisable at \$0.25 and expiring on the 28 February 2025. See Section 8.2 for the terms and conditions of the Options.
3. See Section 8.4 for the terms and conditions of the Performance Rights. Of these Performance Rights 3,000,000 (comprising 1,000,000 Performance Rights for each Director) will convert into Shares prior to Admission.
4. The Company confirms that each of Messrs Kris Martinick and Dirk Martinick are related parties of their father, Dr Wolf-Gerhard Martinick and are deemed associates. Please refer to Section 4.1(b) for further details.

Based on the intentions of the Directors at the Prospectus Date in relation to the Offers, it is expected that the Directors and their related entities and associates will have the following relevant interests in Securities on Admission:

Director and key management personnel	Shares	Minimum Subscription	Maximum Subscription	Options ³	Performance Rights ⁴
Wolf-Gerhard Martinick and Kris Francis Martinick	48,475,002	35.37	32.42	11,250,000	2,000,000
Craig Basson	5,847,000	4.03	3.77	1,675,000	1,000,000
Peter Grant	1,977,778	1.36	1.28	1,000,000	-
Timothy Hoops	650,000	0.45	0.42	1,000,000	-
Modisana Botsile ¹⁰	445,000	0.31	0.29	50,000	-

Notes:

1. Based on 137,044,846 Shares being on issue as at the date of Admission (based on the Minimum Subscription) and that no further Shares are issued, Options are exercised or Performance Rights are converted.
2. Based on 149,544,689 Shares being on issue as at the date of Admission (based on the Maximum subscription) and that no further Shares are issued, Options are exercised or Performance Rights are converted.
3. Options exercisable at \$0.25 and expiring on the 28 February 2025. See Section 8.2 for the terms and conditions of the Options.
4. See Section 8.4 for the terms and conditions of the Performance Rights.

Final Directors' shareholdings will be notified to ASX following listing on ASX.

6.6 Disclosure of Directors

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares. No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer, or within a 12 month period after they ceased to be an officer.

6.7 Remuneration of Directors

The Constitution provides that the Company may remunerate the Directors. The remuneration will, subject to any resolution of a general meeting, be fixed by the Directors. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is currently set at \$250,000 per annum. The remuneration of the Executive Directors will be determined by the Board.

The Company has entered into executive services agreements with Wolf-Gerhard Martinick and Craig Basson as well as a letter of appointment with Peter Grant as set out in Section 7.6.

The Directors have received the following remuneration since incorporation of the Company.

Director	Remuneration (exclusive of GST) (\$)
Wolf-Gerhard Martinick	220,000
Craig Basson	250,000
Peter Grant	160,000

Notes:

1. The above figures includes an additional \$120,000 attributable to each of Dr Wolf-Gerhard Martinick and Corpser Pty Ltd (being an entity controlled by Mr Basson), being the value ascribed to the Tranche B Performance Rights that were issued to them as a condition of Admission and which will convert to Shares prior to Admission (refer Section 8.4 for further details).

6.8 Related party transactions

The Company has entered into the following related party transactions on arms' length terms:

- (a) executive services agreement with Wolf-Gerhard Martinick and Craig Basson on standard terms (refer Section 7.6 for details);
- (b) letter of appointment with Peter Grant on standard terms (refer Section 7.6 for details);
- (c) an executive services agreement with Kris Martinick (a former director of the Company and the son of Dr Wolf-Gerhard Martinick) on standard terms (refer to Section 7.6 for details) and
- (d) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 7.7) for details).

At the Prospectus Date, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

6.9 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the Prospectus Date are detailed below. The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at www.botalaenergy.com.

(a) **Board of Directors**

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the Executive Directors;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and
- (x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

(b) **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in a general meeting. The Board currently consists of the 2 Executive Directors and 1 Non-Executive Director (which the Company considers independent). As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) **Identification and management of risk**

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) **Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) **Remuneration arrangements**

The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(g) **Securities trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(h) **Diversity policy**

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

(i) **Audit and risk**

The Company will not have a separate audit or risk committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial

reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

(j) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

(k) **Social media policy**

The Board has adopted a social media policy to regulate the use of social media by people associated with the Company or its subsidiaries to preserve the Company's reputation and integrity. The policy outlines requirements for compliance with confidentiality, governance, legal, privacy and regulatory parameters when using social media to conduct Company business.

(l) **Whistleblower policy**

The Board has adopted a whistleblower protection policy to ensure concerns regarding unacceptable conduct including breaches of the Company's code of conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The purpose of this policy is to promote responsible whistleblowing about issues where the interests of others, including the public, or of the organisation itself are at risk.

(m) **Anti-bribery and anti-corruption policy**

The Board has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings. The Board has adopted an anti-bribery and anti-corruption policy for the purpose of setting out the responsibilities in observing and upholding the Company's position on bribery and corruption provide information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

6.10 Departures from Recommendations

Following Admission, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the Prospectus Date are detailed in the table below.

Principles and Recommendations	Explanation for Departures
<p>Recommendation 2.1</p> <p>The board of a listed entity should have a nomination committee which has at least three members, a majority of whom are independent directors.</p>	<p>The Company recognises that Recommendation 2.1 of the Recommendations suggests the establishment of a Nomination Committee and associated Charter. However, in view of the small size of the Company's Board, the Board in its entirety (with abstentions from relevant Directors where there is a conflict of interest) acts effectively as Nomination Committee and there is no need to further subdivide it. As such, a</p>

Principles and Recommendations	Explanation for Departures
	Nomination Committee is an unnecessary measure for the Company at this stage.
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	The Company is currently not compliant with Recommendation 2.4 and will consider the composition of the Board and independence in due course, as the Company grows.
<p>Recommendation 4.1</p> <p>The board of a listed entity should have an audit committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors.</p>	The Board has not established a separate audit committee. The full Board carries out the duties that would ordinarily be assigned to the audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate audit committee.
<p>Recommendation 7.1</p> <p>The board of a listed entity should have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors.</p>	The Board has not established a separate Risk Management Committee. The Board is ultimately responsible for risk oversight and risk management. Discussions on the recognition and management of risks are considered by the Board. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate risk committee.
<p>Recommendation 8.1</p> <p>The board of a listed entity should have a remuneration committee which has at least three members, a majority of whom are independent directors.</p>	<p>The Board as a whole performs the function of the Remuneration committee which includes setting the Company's remuneration structure, determining eligibilities to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board.</p> <p>The Board may obtain external advice from independent consultants in determining the Company's remuneration practices, including remuneration levels, where considered appropriate.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate remuneration committee.</p>

7. Material Contracts

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when assessing whether to apply for Securities under the Offers. The provisions of such material contracts are summarised in this Section.

7.1 Serowe JOA

The Company entered into an unincorporated joint venture with PH2 dated 8 December 2020, pursuant to which the Company's participating interest as at the Prospectus Date is 49% (being the Farm-in Interest). The Farm-in Interest may be revoked if the Company does not satisfy the Minimum Commitment of \$6.1 million on or before the Minimum Commitment Deadline of 8 December 2023.

As at the Prospectus Date, the Company is yet to satisfy the Outstanding Amount of \$4.3 million of the Minimum Commitment, such that its Revocable Interest of 31% of the issued capital of Sharpay may be revoked if this amount is not expended before the Minimum Commitment Deadline (refer to Section 4.1(h) for further details). However, the Company confirms that it currently intends (subject to it not receiving adverse exploration results) to fully satisfy the Minimum Commitment before the Minimum Commitment Deadline and has budgeted to fully satisfy the Outstanding Amount in its use of funds in order to finally secure the Revocable Interest.

The other material terms of the Serowe JOA are as follows:

- (a) an unincorporated joint venture agreement was formed between the parties, with effect on and from 7 December 2020 (**Effective Date**);
- (b) the Company is the operator from 7 December 2020, provided that certain significant decisions affecting the joint venture (**Reserved Decisions**) require a unanimous decision of the participants or approval by 70%, and at least two, of the participants (**Passmark**);
- (c) PH2 will be free carried until completion of the Minimum Commitment, following which, the participants are required to contribute to joint venture expenditure in accordance with their participating interests from time to time;
- (d) each participant appoints the Company (in its capacity as operator) to make arrangements for, sell and deliver each participant's entitlement to natural gas, petroleum and crude oil extracted from the Serowe CBM Project (provided the terms of sale are the same for both participants);
- (e) the parties can undertake sole risk operations to the extent future programme and budgets are unable to be agreed between the parties, provided the non-participating party can buy-back into a sole risk operation at a premium of between 400% to 700% of the costs incurred for the sole risk operation (depending on the nature of the sole risk operation); and
- (f) the Company is obligated to keep the Licences in good standing (including by meeting minimum work obligations).

The Company has previously paid PH2 \$140,000 as reimbursement for exploration expenditure incurred by PH2 in the period from 1 July 2020 to 31 December 2020 and agreed

to discharge any valid demands for payment incurred before, during or after the Effective Date up to \$5,000.

The Serowe JOA otherwise contains terms which are considered standard for an agreement of this nature.

7.2 PH2 Sale Agreement

The Company has entered into a joint venture interest sale agreement with PH2 dated 5 July 2021 (as amended) (**PH2 Sale Agreement**), pursuant to which the Company has agreed to buy, and PH2 has agreed to sell, a 21% interest in the issued capital of Sharpay (**Sale Interest**).

PH2 is an unrelated party to the Company (who did not acquire the classified assets within the previous 2 years).

The aggregate consideration to be satisfied by the Company on completion of the transaction the subject of the PH2 Sale Agreement (**Completion**) is as follows:

- (a) issuing PH2 19.99% of the fully diluted share capital in the Company (including outstanding Options) (as at Admission), being 27,407,599 Shares (on a Minimum Subscription basis) and up to 29,907,442 Shares (on a Maximum Subscription basis), and 4,688,957 Options; and
- (b) nominal cash payment of \$280 (which the Company confirms was reimbursement of exploration expenditure).

The Company confirms that Completion will occur prior to Admission.

The PH2 Sale Agreement is subject to, and conditional upon, the Company having received a conditional admission letter from ASX on terms and conditions satisfactory to the Company.

The other material terms of the PH2 Sale Agreement are as follows:

- (a) the Company's initial public offering must incorporate a priority offer to PH2 shareholders (subject to regulatory approvals and the Company's allocation policy), which requirement the Company intends to satisfy through the PH2 Priority Offer; and
- (b) the costs of the PH2 Priority Offer are to be borne by the Company.

With effect on and from Completion, the Passmark in respect of Reserved Decisions (as those terms are defined in Section 7.1) will be changed from requiring a percentage of 70% to 75% of participant approval (in addition to requiring approval by at least two participants), such that the Company will require the approval of PH2 in respect of Reserved Decisions. The PH2 Sale Agreement otherwise contains terms and conditions considered standard for an agreement of this nature.

7.3 Memorandum of Understanding – PH2

The Company is party to a non-binding memorandum of understanding with PH2 dated 6 June 2021 (**PH2 MOU**), pursuant to which the parties have agreed to establish a hydrogen and renewables joint venture to manufacture, store, market and distribute hydrogen and clean energy in Southern Africa, based in Botswana.

The commencement of the PH2 MOU is subject to the following conditions precedent:

- (a) the Serowe JOA proving it is capable of delivering gas at an agreed price for methane pyrolysis manufacture of hydrogen and carbon products;

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- (b) PH2 selling or putting in place arrangements for 60% of the name plate capacity of the hydrogen production through pyrolysis; and
 - (c) the parties agreeing on an appropriate site(s) for the Hydrogen and renewables.

As at the Prospectus Date, none of the conditions precedent to the PH2 MOU have been satisfied.

The other material terms of the PH2 MOU are as follows:

- (a) the parties intend to establish an unincorporated joint venture in which the parties' initial participating interests are 50% each;
- (b) the parties intend to investigate possible sites and work together concerning potential hubs for manufacturing and distribution of hydrogen in Southern Africa;
- (c) the parties intend to share information and business and technical contacts for:
 - (1) methane pyrolysis for commercial hydrogen production and distribution, carbon value-adding technology and markets, carbon sequestration/ offsets, identifying and developing carbon credits; and
 - (2) facilitating partnerships with hydrogen experts, developing production and marketing strategies, pursuing common carbon neutral business models and developing offtake opportunities; and
- (d) the parties intend to negotiate and agree a joint venture agreement in respect of the proposed joint venture on or before 31 December 2022.

The PH2 MOU otherwise contains terms considered standard for an agreement of this nature.

7.4 Option to Sub-Lease

The Company is party to an option to sublease agreement with Ngwato Development Trust (an unrelated party to the Company) (**Sub-Lessor**) in respect of the proposed site of the Serowe Energy Hub (**Property**) dated 21 December 2021 (**Option to Sub-Lease**).

Pursuant to the Option to Sub-Lease, the Company has been granted the exclusive option (**Option**) to enter into a sublease agreement with the Sub-Lessor (**Sub-Lease**) in respect of the Property pursuant to a memorandum of agreement between the Sub-Lessor and the Ngwato Land Board (an unrelated party to the Company) (**Lessor**) dated 3 August 2020 (**Main Lease**).

The Company may exercise the Option on or before the date that is 12 months after the date of the Option to Sub-Lease by written notice to the Sub-Lessor (**Option Period**).

The Company intends to exercise the Option before expiry of the Option Period.

Pursuant to the Sub-Lease, the Company will be leased the Property for the purposes of the Serowe Energy Hub.

The Sub-Lease is subject to the following conditions precedent being satisfied:

- (a) the entry into a formal binding sub-lease agreement;
- (b) the receipt of all necessary regulatory consents including consent to sublet the Property from the Ngwato Land Board and approvals for subdivision and change of land use of from any relevant authorities;

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- (c) completion of a due diligence report by the Company in respect of the Property;
 - (d) registration of the Sub-Lease at the Deeds Registry; and
 - (e) the written consent of the Minister of Lands Management, Water and Sanitation Services.

As at the Prospectus Date, the conditions precedent have not yet been satisfied.

The Option to Sub-Lease otherwise contains terms considered to be standard for an agreement of this nature.

7.5 Lead Manager Mandate

On 24 November 2021, the Company entered into a mandate agreement appointing GTT Ventures Pty Ltd to act as exclusive Lead Manager and broker in respect of the General Offer (**Lead Manager Mandate**).

Under the Lead Manager Mandate, the Lead Managers will provide services and assistance customarily provided in connection with marketing and execution of an initial public offer.

The Company will pay the following fees to the Lead Manager (or its nominees) pursuant to the Lead Manager Mandate, subject to the successful completion of the General Offer:

- (a) a lead broker fee of 2% of the proceeds from the General Offer (excluding GST);
- (b) a commission fee of 4% of the proceeds from the General Offer (excluding GST);
- (c) \$70,000 cash on Admission (plus GST); and
- (d) 2,000,000 Shares (being the “Lead Manager Shares” offered under the Lead Manager Offer).

The Company has agreed to reimburse the Lead Manager for certain agreed costs and expenses incurred by the Lead Manager in relation to the General Offer up to \$500 (or as otherwise agreed by the Company).

The Lead Manager Mandate will expire on the earlier of the completion of the General Offer and 12 months after the date of the Lead Manager Mandate. The Company may terminate the Lead Manager Mandate, for convenience, on 7 days’ written notice (and either party can terminate on shorter notice in limited circumstances).

Please see Section 2.8 for further information regarding the Lead Manager’s interests in the Offers.

The Lead Manager Mandate contains additional provisions considered standard for agreements of this nature.

7.6 Executive Services Agreements and Letters of Appointment

- (a) **Executive Services Agreement & Letter of Appointment – Wolf-Gerhard Martinick**

The Company is party to an executive services agreement and letter of appointment with Dr Wolf-Gerhard Martinick dated 25 August 2021, pursuant to which Dr Martinick serves as Executive Chairman (collectively, **WM Agreement**). Pursuant to the WM Agreement, Dr Martinick is entitled to receive \$120,000 (plus GST) per annum. In addition, the Company has issued to Dr Martinick (or his nominees) 5,600,000

Options and 2,000,000 Performance Rights on the terms and conditions set out in Sections 8.2 and 8.4, respectively.

Subject to Admission occurring on or before 31 December 2023, the Company will pay Dr Martinick a one-off short-term cash incentive bonus of A\$50,000 (plus GST).

Pursuant to the WM Agreement, Dr Martinick is responsible for (amongst other things):

- (i) performing such duties from time to time vested in or assigned to him by the Board and in doing so will comply in all respects with the orders and directions given or made by the Board;
- (ii) provide leadership and governance to the Board so as to create the conditions for overall Board and individual Director effectiveness, and ensure that all key and appropriate issues are discussed by the Board in a timely manner;
- (iii) ensure that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategies and policies, and that Board decisions taken are in the Company's best interests and fairly reflect Board's consensus;
- (iv) set, in consultation with the Chief Executive Officer and the Company Secretary, the Board meeting schedule and agenda, ensure the Board is properly briefed and arrange informal meetings of the Directors at least annually; and
- (v) ensure effective communication with shareholders, that each Director develops and maintains an undertaking of the stakeholders' views and establishes good corporate governance practices.

The Board may, in its absolute discretion invite Dr Martinick to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The WM Agreement is for an indefinite term, continuing until terminated by either the Company or Dr Martinick giving not less than 3 months' written notice of termination to the other party (or shorter period in limited circumstances).

Dr Martinick is also subject to restrictions in relation to the use of confidential information during and after the term of the WM Agreement.

In addition, the WM Agreement contains additional provisions considered standard for agreements of this nature.

(b) **Executive Services Agreement – Craig Basson**

The Company is party to an executive services agreement with Mr Basson and Corpser Pty Ltd (being an entity controlled by Mr Basson) dated 25 August 2021, pursuant to which Mr Basson serves as Executive Director, Chief Financial Officer and Company Secretary (**CB Agreement**).

Pursuant to the CB Agreement, Corpser Pty Ltd is entitled to receive \$180,000 (plus GST). In addition, the Company has issued Mr Basson (or his nominees) 1,675,000 Options and 2,000,000 Performance Rights on the terms and conditions set out in Sections 8.2 and 8.4, respectively.

Subject to Admission occurring on or before 31 December 2023, the Company will pay Corpserve Pty Ltd a one-off short-term cash incentive bonus of A\$50,000 (plus GST).

Pursuant to the WM Agreement, Mr Basson is responsible for (amongst other things):

- (i) leading and managing the day-to-day financial operations of the Company including resource allocation, staff training and development and other matters as considered necessary (in consultation with the Board) and developing and executing financial strategies and plans;
- (ii) preparing cash and other budgets, overseeing the coordination and activities of independent auditors and ensuring that the preparation of annual financial statements is in accordance with the accounting standards;
- (iii) working with the Chief Executive Officer to cultivate stakeholder relationships, building relationships with new and existing stakeholders and building and maintaining close relationships with brokers, banks and industry associations;
- (iv) reporting to the Board and providing guidance on corporate governance, developing and maintaining systems of internal controls to safeguard financial assets, establishing insurance plans and overseeing taxation matters; and
- (v) preparing any necessary relevant reports to the appropriate licensing or statutory government authorities.

The Board may, in its absolute discretion invite Corpserve Pty Ltd to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The CB Agreement is for an indefinite term, continuing until terminated by either the Company or Mr Basson giving not less than 3 months' written notice of termination to the other party (or shorter period in limited circumstances).

Mr Basson is also subject to restrictions in relation to the use of confidential information during and after the term of the CB Agreement.

In addition, the CB Agreement contains additional provisions considered standard for agreements of this nature.

(c) **Executive Services Agreement – Kris Martinick**

The Company is party to an executive services agreement with Mr Kris Martinick and Grey Wolf Entities Pty Ltd (**Grey Wolf**) (being an entity controlled by Mr Martinick) dated 25 August 2021 (**KM Agreement**), pursuant to which Mr Martinick serves as Chief Executive Officer.

Pursuant to the KM Agreement, Mr Martinick is entitled to receive \$240,000 per annum (plus GST). In addition, the Company has issued Mr Martinick (or his nominees) 5,650,000 Options and 2,000,000 Performance Rights on the terms and conditions set out in Sections 8.2 and 8.4, respectively.

Subject to Admission occurring on or before 31 December 2023, the Company will pay Grey Wolf a one-off short-term cash incentive bonus of A\$50,000 (plus GST).

Pursuant to the KM Agreement, Mr Martinick is responsible for (amongst other things):

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- (i) provide leadership, oversee the day-to-day operations of the Company make high-level decisions about the policy and strategy, develop and implement operational policies and the strategic plan;
 - (ii) develop the Company's culture and vision, help with recruiting new staff members, create an environment that promotes great performance;
 - (iii) oversee the Company's fiscal activity, work with senior stakeholders and the Board;
 - (iv) ensure all legal and regulatory documents are filed and monitoring compliance with laws and regulations, identify and address problems and opportunities for the Company; and
 - (v) any other tasks as reasonably directed by the Company in light of the nature and scope of the foregoing duties.

The Board may, in its absolute discretion invite Mr Martinick to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The KM Agreement is for an indefinite term, continuing until terminated by either the Company or Mr Martinick giving not less than 3 months' written notice of termination to the other party (or shorter period in limited circumstances).

Mr Martinick is also subject to restrictions in relation to the use of confidential information during and after the term of the KM Agreement.

In addition, the KM Agreement contains additional provisions considered standard for agreements of this nature.

(d) **Non-Executive Director Letter of Appointment – Peter Grant**

The Company is party to a non-executive director letter of appointment with Mr Peter Grant dated 1 December 2021, pursuant to which the Company has agreed to pay Mr Grant \$40,000 per annum (inclusive of GST) for services provided to the Company as Non-Executive Director. In addition, the Company has agreed to issue to Mr Grant 1,000,000 Options on the terms and conditions set out in Section 8.2.

The Board may, in its absolute discretion invite Mr Grant to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The agreement contains additional provisions considered standard for agreements of this nature.

(e) **Consultancy Agreement – Timothy Hoops**

The Company is party to a consultancy agreement with Peak Resource Management, Inc. (PRM) (being an entity controlled by Mr Timothy Hoops) dated 1 January 2021 (PRM Agreement), pursuant to which Mr Hoops serves as General Manager Operations.

Pursuant to the PRM Agreement, PRM is entitled to receive fees at the following rates for the following services:

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- (i) **(Base Remuneration):** \$115 per hour up to 96 hours per month, which rate is subject to review bi-annually to reflect exchange rate fluctuations; and
 - (ii) **(Field Work):** up to \$1,150 (representing a maximum of 10 hours worked) per field day in Botswana.

PRM is entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in connection with the Company's activities, subject to prior approval of the Chief Executive Officer of the Company and PRM providing receipts evidencing the expenses to the Company.

In addition, the Company has issued Mr Hoops 1,000,000 Options on the terms and conditions set out in Section 8.2.

The PRM Agreement is for a fixed term of three years commencing on and from 1 January 2021 and continuing until 31 December 2024 (and may be extended by written agreement between the parties), unless terminated earlier by either the Company or Mr Hoops giving not less than 3 months' written notice of termination to the other party (or shorter period in limited circumstances).

Mr Hoops is also subject to restrictions in relation to the use of confidential information during his employment with the Company.

In addition, the PRM Agreement contains additional provisions considered standard for agreements of this nature.

(f) **Consultancy Agreement – Modisana Botsile**

The Company is party to a consultancy agreement with MB Advisors Pty Ltd (**MB**) (being an entity controlled by Mr Modisana Botsile) and Mr Botsile dated 16 December 2021 (**MB Agreement**), pursuant to which Mr Botsile serves as Botswana Country Manager.

Pursuant to the MB Agreement, MB is entitled to receive \$10,000 per month (excluding GST). In addition, the Company has issued Mr Botsile 50,000 Options on the terms and conditions set out in Section 8.2.

The MB Agreement is for a term of 3 years, ending on 1 January 2025, and may be extended for further periods of one year by mutual agreement. The MB Agreement may be terminated by either the Company or Mr Botsile by giving not less than 2 months' written notice of termination to the other party (or shorter period in limited circumstances).

Mr Botsile is also subject to restrictions in relation to the use of confidential information during and after his employment with the Company ceases and being directly or indirectly involved in a competing business during the continuance of his employment with the Company and for a period of up to 6 months after his employment with the Company ceases, on terms which are otherwise considered standard for agreements of this nature.

In addition, the MB Agreement contains additional provisions considered standard for agreements of this nature.

7.7 Deeds of indemnity, insurance and access

The Company is party to a deed of indemnity, insurance and access with each of the Directors. Under these deeds, the Company indemnifies each Director to the extent permitted by law against any liability arising as a result of the Director acting as a director of the Company. The

Company is also required to maintain insurance policies for the benefit of the relevant Director and must allow the Directors to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

8. Additional information

8.1 Rights attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) **(Ranking of Shares):** At the Prospectus Date, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) **(Voting rights):** Subject to any rights or restrictions, at general meetings:
 - (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
 - (ii) has one vote on a show of hands; and
 - (iii) has one vote for every Share held, upon a poll.
- (c) **(Dividend rights):** Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

- (d) **(Variation of rights):** The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) **(Transfer of Shares):** Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.
- (f) **(General meetings):** Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

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- (g) **(Unmarketable parcels):** The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
 - (h) **(Rights on winding up):** If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.
 - (i) **(Restricted Securities):** A holder of Restricted Securities (as defined in the Listing Rules) must comply with the requirements imposed by the Listing Rules in respect of Restricted Securities.

8.2 Terms and conditions of existing Options

The following terms and conditions apply to the Options (other than the PH2 Consideration Options):

- (a) **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Exercise Price):** The Options have an exercise price of \$0.25 each.
- (c) **(Expiry Date):** Each Option will expire on 28 February 2025 (in this Section, **Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (e) **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (f) **(Timing of issue of Shares and quotation of Shares on exercise):** As soon as practicable after the valid exercise of an Option, the Company will:
 - (i) issue, allocate or cause to be transferred to the Optionholder the number of Shares to which the Optionholder is entitled;
 - (ii) issue a substitute Certificate for any remaining unexercised Options held by the Optionholder;
 - (iii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and

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- (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

- (g) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (h) **(Cashless exercise of Options):** the holder of Options may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

Where **Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date.

- (i) **(Dividend and voting rights):** The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.
- (j) **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company and subject to compliance with the Corporations Act.
- (k) **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.
- (l) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.
- (m) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (n) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.

8.3 Terms and conditions of PH2 Consideration Options

The following terms and conditions apply to each of the PH2 Consideration Options to be issued to PH2 (or its nominees) :

- (a) **(Entitlement)**: Each PH2 Consideration Option entitles the holder to subscribe for one Share upon exercise of PH2 Option.
- (b) **(Issue Price)**: The PH2 Consideration Options will be issued for nil cash consideration as part consideration for the acquisition by PH2 of the Sale Interest pursuant to the Agreement.
- (c) **(Exercise Price)**: The PH2 Consideration Options have the following exercise prices:

Securityholders	Exercise Price	Expiry Date
PH2 (or its nominees)	\$0.25	Three (3) years from Admission

- (d) **(Expiry Date)**: Each PH2 Consideration Option will expire at 5:00pm (WST) on the expiry date set out above (in this Section, **Expiry Date**). A PH2 Consideration Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) **(Exercise Period)**: The PH2 Consideration Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (f) **(Quotation of the PH2 Consideration Options)**: The PH2 Consideration Options will be unquoted.
- (g) **(Transferability of the PH2 Consideration Options)**: The PH2 Consideration Options are not transferable, except with the prior written approval of PH2.
- (h) **(Notice of Exercise)**: The PH2 Consideration Options may be exercised by notice in writing to PH2 in the manner specified on the option certificate (**Notice of Exercise**) and payment of the Exercise Price for each PH2 Consideration Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to PH2.

Any Notice of Exercise of a PH2 Consideration Option received by PH2 will be deemed to be a notice of the exercise of that PH2 Consideration Option as at the date of receipt of the payment of the Exercise Price for each PH2 Consideration Option being exercised in cleared funds (**Exercise Date**).
- (i) **(Timing of issue of Shares and quotation of Shares on exercise)**: As soon as practicable after the valid exercise of a PH2 Consideration Option PH2 will:
 - (i) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
 - (ii) issue a substitute certificate for any remaining unexercised PH2 Consideration Options held by the holder;
 - (iii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of the PH2 Consideration Options will upon issue rank equally in all respects with the then issued Shares.

- (j) **(Restrictions on transfer of Shares):** If PH2 is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the PH2 Consideration Options may not be traded until 12 months after their issue unless PH2, at its sole discretion, elects to the issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (k) **(Dividend and voting rights):** The PH2 Consideration Options do not confer on the holder an entitlement to vote at general meetings of PH2 or to receive dividends.
- (l) **(Transferability of the PH2 Consideration Options):** The PH2 Consideration Options are not transferable, except with the prior written approval of PH2 and subject to compliance with the Corporations Act.
- (m) **(Quotation of the PH2 Consideration Options):** PH2 will not apply for quotation of the PH2 Consideration Options on any securities exchange.
- (n) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of PH2, the rights of PH2 Option holder will be varied in accordance with the Listing Rules.
- (o) **(Participation in new issues):** There are no participation rights or entitlements inherent in the PH2 Consideration Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the PH2 Consideration Options without exercising the PH2 Consideration Options.
- (p) **(Adjustment for bonus issues of Shares):** If PH2 makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of a PH2 Consideration Option will be increased by the number of Shares which PH2 Option holder would have received if PH2 Option holder had exercised PH2 Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.
- (q) **(Takeover):**
 - (i) The issue of Shares on exercise of the PH2 Consideration Options is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act.
 - (ii) The Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the PH2 Consideration Options.

8.4 Terms and conditions of Performance Rights

(a) Plan

- (i) The Performance Rights are granted under the Plan for nil cash consideration.
- (ii) In the event of any inconsistency between the Plan and these terms and conditions, these terms and conditions will apply to the extent of the inconsistency.

(b) **Entitlement**

Subject to the terms and conditions set out below, each Performance Right, once vested, entitles the holder of the Performance Right (**Holder**), on conversion, to the issue of one fully paid ordinary share in the capital of the Company.

(c) **Milestones**

The Performance Rights have the following milestones attached to them (as independently verified):

Tranche	Number of Performance Rights	Milestone
A	1,000,000	Completion of a Commercial Gas Sales Agreement
B	3,000,000	Listing Botala Energy Ltd on the ASX or similar securities exchange. For the avoidance of doubt, the Tranche B Performance Rights will vest and convert to Shares as a condition of Admission.
C	1,000,000	Discovery of an independently certified 400bcf 2C Resource in the Serowe CBM Project ⁷
D	1,000,000	Successful Commercial Pilot Well in the Serowe CBM Project

It is a condition of vesting of under each Tranche of Performance Rights that the Holder satisfy the applicable Milestone (**Vesting Conditions**).

(d) Subject to the satisfaction of the applicable Milestone, the Company will notify the Holder in writing (**Vesting Notice**) within a reasonable period of time of becoming aware that the Milestone has been satisfied.

(e) **Exercise Price**

The Exercise Price of each vested Performance Right is nil.

(f) **Expiry Date**

Each Performance Right will expire on the earlier to occur of:

- (i) 5pm (AWST) on 5 November 2024; and
- (ii) the Performance Right lapsing and being forfeited under the Plan or these terms and conditions,

⁷ Given the Milestone for the Tranche B Performance Rights will be satisfied upon Admission, post Admission only Tranche A, Tranche C and Tranche D are likely to remain unvested.

(in this Section, **Expiry Date**). For the avoidance of doubt any vested but unexercised Performance Rights will automatically lapse on the Expiry Date.

(g) **Conversion**

Upon vesting, each Performance Right will, at the Holder's election, convert into one Share. The Holder may apply to exercise vested Performance Rights at any time prior to the Expiry Date by filling out a notice of exercise in the form provided by the Company and returning to the Company Secretary (**Notice of Exercise**).

(h) **Timing of Issue of Shares and Quotation of Shares on Exercise**

Timing of issue of Shares and quotation of Shares on exercise as soon as practicable after the issue of a Notice of Exercise by the Holder, the Company will:

- (i) issue, allocate or cause to be transferred to the Holder the number of Shares to which the Holder is entitled;
- (ii) if required, issue a substitute Certificate for any remaining unexercised Performance Rights held by the Holder;
- (iii) if required and subject to paragraph (i), give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iv) in the event the Company is admitted to the official list of ASX, do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules and subject to the expiry of any restriction period that applies to the Shares under the Corporations Act or the Listing Rules.

(i) **Restrictions on Transfer of Shares**

If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(j) **Shares Issued on Exercise**

All Shares issued upon the exercise of Performance Rights will upon issue rank pari passu in all respects with the then Shares of the Company.

(k) **Transfer**

The Performance Rights are not transferable unless they have vested and only with the prior written approval of the Board and subject to compliance with the Corporations Act and the Listing Rules.

(l) **Quotation**

No application for quotation of the Performance Rights will be made by the Company.

(m) **Voting Rights & Dividends**

The Performance Rights do not confer on the Holder an entitlement to vote at general meetings of the Company or to receive dividends.

(n) **Participation In Entitlements and Bonus Issues**

Subject to the rights under paragraphs (o) and (p) below, during the currency of any Performance Rights and prior to their exercise, the Holder is not entitled to participate in any new issue of Shares of the Company such as bonus issues and entitlement issues, as a result of their holding of the Performance Rights.

(o) **Adjustment for Bonus Issue**

(a) If Shares are issued by the Company pro rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the Holder of the Performance Rights is entitled, upon exercise of the Performance Rights, to receive, in addition to the Shares in respect of which the Performance Rights are exercised and without the payment of any further consideration, an allotment of as many additional Shares as would have been issued to a Shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares in respect of which the Performance Rights are exercised.

(b) Additional Shares to which the Holder of the Performance Rights becomes so entitled will, as from the time Shares are issued pursuant to the bonus issue and until those additional Shares are allotted, be regarded as Shares in respect of which the Performance Rights are exercised for the purposes of subsequent applications of paragraph (o)(a) above, and any adjustments which, after the time just mentioned, are made under paragraph (p) below to the number of Shares, will also be made to the additional Shares.

(p) **No rights to return of capital**

The Performance Rights do not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(q) **Rights on winding up**

The Performance Rights do not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

(r) **Reorganisation of Capital**

If there is a reorganisation of the issued Share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Holder of Performance Rights will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

(s) **Leaver**

Where the Holder (or the person who is entitled to be registered as the Holder) of the Performance Rights is no longer employed, or their engagement is discontinued (for whatever reason), with the Company, any unconverted and unvested Performance Rights will automatically lapse and be forfeited by the Holder, unless the Board otherwise determines in its discretion.

(t) **Change of Control**

If a Change of Control Event (as defined in the Plan) occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Performance Rights will be dealt with, including, without limitation, in a manner that allows the Holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

The following information is provided in respect of Guidance Note 19 of the Listing Rules:

- (a) The 6,000,000 Performance Rights were issued to each of Dr Wolf-Gerhard Martinick (Executive Chairman), Kris Martinick (Chief Executive Officer) and Corpser Pty Ltd (being an entity controlled by Mr Craig Basson (Executive Director, Chief Financial Officer and Company Secretary)) in conjunction with the Offer and the Company's application for Admission. While the Performance Rights form part of each Holder's remuneration, the Performance Rights are not considered to be "ordinary course of business remuneration securities".
- (b) The Holders (or their nominees) are the registered holders of the Performance Rights in the following proportions:

Holder	Tranche A	Tranche B	Tranche C	Tranche D	Total
Kris Martinick	333,334	1,000,000	333,334	333,333	2,000,000
Wolf-Gerhard Martinick	333,333	1,000,000	333,333	333,333	2,000,000
Corpser Pty Ltd (being an entity associated with Mr Craig Basson)	333,333	1,000,000	333,333	333,334	2,000,000
TOTAL	1,000,000	3,000,000	1,000,000	1,000,000	6,000,000

- (c) The Holders hold the following positions with the Company:
- (i) in the case of Dr Wolf-Gerhard Martinick, Executive Chairman;
 - (ii) in the case of Mr Kris Martinick, CEO; and
 - (iii) in the case of Mr Craig Basson, Executive Director, CFO and Company Secretary.
- (d) Each of the Holders will assist the Company in meeting the Milestones as follows:
- (i) in the case of Dr Wolf-Gerhard Martinick, by providing strategic leadership in further developing the Serowe CBM Project and overseeing the strategic direction of the Company;
 - (ii) in the case of Mr Kris Martinick, by providing strategic leadership in further developing the Serowe CBM Project and overseeing the strategic direction of the Company; and

- (iii) in the case of Mr Craig Basson, by providing strategic leadership in further developing the Serowe CBM Project and overseeing the strategic direction of the Company. Given Mr Basson will also serve as CFO and Company Secretary, Mr Basson will also be responsible for performing financial and corporate secretarial functions within the Company.
- (e) The remuneration payable to each of the Holders is set out in Sections 6.7 and 7.6(a) to 7.6(c) (inclusive).
- (f) The Securities of the Holders (including through their related entities and associates) is set out in Section 6.5. The Holders have acquired these Securities as follows:

Holder	Shares	Options	Performance Rights	Notes
Kris Martinick	14,385,000	5,650,000	2,000,000	<p>Shares issued under a range of circumstances including cash subscription, services, and corporate restructuring.</p> <p>Options issued for nil cash consideration to concept founders of the Company.</p> <p>Performance Rights issued with Shareholder approval to incentivise Directors and key management personnel.</p>
Wolf-Gerhard Martinick	33,490,002	5,600,000	2,000,000	<p>Shares issued under a range of circumstances including cash subscription, services, and corporate restructuring.</p> <p>Options issued for nil cash consideration to concept founders of the Company.</p> <p>Performance Rights issued with Shareholder approval to incentivise Directors and key management personnel.</p>
Craig Basson	4,847,000	1,675,000	2,000,000	<p>Shares issued under a range of circumstances including cash subscription, services, and corporate restructuring.</p> <p>Options issued for nil cash consideration to concept founders of the Company.</p> <p>Performance Rights issued with Shareholder approval to incentivise</p>

Holder	Shares	Options	Performance Rights	Notes
				Directors and key management personnel.

Notes:

For the avoidance of doubt, this table counts twice 4,000,000 Shares registered in the name of Martinick Investments Pty Ltd (being an entity controlled by each of Dr Wolf-Gerhard Martinick and Mr Kris Martinick) given they each have a relevant interest in those Shares.

- (g) The Performance Rights are considered appropriate to further remunerate or incentivise the Holders to achieve the Milestones as they are designed to incentivise the long term performance of the Company. The Board considers it appropriate for a company of its size to have a portion of its Directors' and management's remuneration "at risk". This form of at risk remuneration preserves cash and aligns the relevant Directors' interests with the performance of the Company.
- (h) In determining each of the Holder's remuneration package, the Board (excluding each Holder in the case of their own remuneration packages) considered:
- (i) the proposed role, position and responsibilities of each Holder;
 - (ii) the Company's reliance on a limited number of personnel;
 - (iii) the need for the Company to effectively incentivise its Directors and management while aligning the incentives with increasing shareholder value; and
 - (iv) the terms of the long term incentives (**LTI**), including the nature of, and benefit to the Company of achieving, the LTI hurdles for the Performance Rights.

Each of the Holder's was required to negotiate their packages with the non-interested members of the Board on an arms' length basis.

- (i) The Company considers the number of Performance Rights to be appropriate and equitable, including because there is an appropriate link between each Milestone and the purpose for which the Performance Rights are to be issued, as:
- (i) consistent with Guidance Note 19, performance securities are sometimes issued to directors, senior managers or contractors as a means of incentivising them to achieve a particular performance milestone;
 - (ii) as stated above, the Performance Rights will be issued to the Holders as a means of incentivising performance; and
 - (iii) the Company is seeking admission as an oil and gas entity, each Milestone is based on the Company achieving favourable exploration, development and commercial outcomes and therefore represents a reasonable target for the Company on readily ascertainable and verifiable metrics.

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- (j) The Performance Rights will convert into an aggregate of 6,000,000 Shares (comprising 2,000,000 Shares registered in the name of each Holder) upon satisfaction of the Milestones and (assuming no other Shares are issued) will comprise, on a Minimum Subscription basis, approximately 4.38% of the Shares on issue.

8.5 Summary of Employee Securities Incentive Plan

The Botala Energy Ltd Employee Securities Incentive Plan (**Plan**) was adopted by the Board on 29 June 2021. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below. It is intended that both the Executive and Non-Executive Directors will participate in the Plan. As at the Prospectus Date no Director currently participates or is proposed to participate in the Plan.

- (a) **(Eligible Participant): Eligible Participant** means a person that:
- (i) is an “eligible participant” (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
 - (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.
- (b) **(Maximum allocation):**
- (i) The Company must not make an offer of Securities under the Plan where the total number of Plan Shares that may be issued, or acquired upon exercise of Plan Convertible Securities offered, when aggregated with the number of Shares issued or that may be issued as a result of offers made under the Plan at any time during the previous 3 year period would exceed 5% of the total number of Shares on issue at the date of the offer.
 - (ii) The maximum number of equity securities proposed to be issued under the Plan for the purposes of the Listing Rules is 14,000,000 (**ASX Limit**), meaning that the Company may issue up to the ASX Limit under the Plan, without seeking Shareholder approval and without reducing its placement capacity under Listing Rule 7.1.
- (c) **(Purpose):** The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
 - (ii) link the reward of Eligible Participants to Shareholder value creation; and
 - (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
- (d) **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
- (e) **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

(f) **(Grant of Securities)**: The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

(g) **(Terms of Plan Convertible Securities)**: Each Plan Convertible Security represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Plan Convertible Security being exercised, a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Plan Convertible Security by virtue of holding the Plan Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

(h) **(Vesting of Plan Convertible Securities)**: Any vesting conditions applicable to the grant of Plan Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Plan Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Plan Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Plan Convertible Security are not satisfied and/or otherwise waived by the Board, that Plan Convertible Security will lapse.

(i) **(Exercise of Plan Convertible Securities and cashless exercise)**: To exercise a Plan Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Plan Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Plan Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Plan Convertible Securities specified in a notice of exercise, but that on exercise of those Plan Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Plan Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Plan Convertible Security may not be exercised unless and until that Plan Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

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- (j) **(Delivery of Shares on exercise of Plan Convertible Securities):** As soon as practicable after the valid exercise of a Plan Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Plan Convertible Securities held by that Participant.
- (k) **(Forfeiture of Convertible Securities):** Where a Participant who holds Plan Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Plan Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Plan Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Plan Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Plan Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Plan Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (l) **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Plan Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (m) **(Rights attaching to Plan Shares):** All Shares issued under the Plan or issued or transferred to a Participant upon the valid exercise of a Plan Convertible Security (**Plan Shares**) will rank *pari passu* in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
- (n) **(Disposal restrictions on Securities):** If the invitation provides that any Plan Shares or Plan Convertible Securities are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share or Plan Convertible Security is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

Notwithstanding any other provision of the Plan, where a Plan Share or Plan Convertible Security is issued in reliance on the Company satisfying the start-up company requirements in section 83A-33 of the *Income Tax Assessment Act 1997* (Cth) (**Tax Act**), a legal or a beneficial interest in the Plan Convertible Security may not be disposed of until the earlier of:

- (i) the Eligible Participant to whom the Plan Convertible Securities were offered under an invitation becoming neither an employee nor a director of the Company;
 - (ii) three (3) years after the acquisition date of the Plan Convertible Security;
 - (iii) a disposal under an arrangement which meets the requirements in section 83A-130 of the Tax Act;
 - (iv) such time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Tax Act; and
 - (v) the Board determines that the Commissioner of Taxation is reasonably likely to allow a disposal of the Plan Convertible Security under section 83A-45(5) of the Tax Act.
- (o) **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Plan Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Plan Convertible Securities is entitled, upon exercise of the Plan Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Plan Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Plan Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

- (p) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Plan Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Plan Convertible Securities without exercising the Plan Convertible Securities.
- (q) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

- (r) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

8.6 Effect of the Offers on control and substantial Shareholders

Those Shareholders and their related entities and associates holding a relevant interest in 5% or more of the Shares on issue as at the Prospectus Date are as follows:

Name	Number of Shares	% of Shares
Wolf-Gerhard Martinick, Kris Francis Martinick and Dirk Martinick	43,875,002	55.09
Corpserv Pty Ltd	4,847,000	6.09

Based on the information known as at the Prospectus Date, on Admission the following persons (and their related entities and associates) will have a relevant interest in 5% or more of the Shares on issue:

Name	Minimum Subscription		Maximum Subscription	
	Shares	%	Shares	%
Wolf-Gerhard Martinick, Kris Francis Martinick and Dirk Martinick ¹	48,475,002 ²	35.37	48,475,002	32.42
Pure Hydrogen Corporation Ltd ³	27,407,599	19.99	29,907,442	19.99

Notes:

1. The Company confirms that each of Messrs Kris Martinick and Dirk Martinick are related parties of their father, Dr Wolf-Gerhard Martinick and are deemed associates. Please refer to Section 4.1(b) for further details.
2. Of these Shares:
 - a. 28,490,002 Shares are held directly by Dr Wolf Martinick.
 - b. 2,000,000 Shares are held indirectly via Mr Dirk Martinick (being the son of Dr Wolf-Gerhard Martinick).
 - c. 4,000,000 Shares held indirectly via Martinick Investments Pty Ltd (being an entity controlled by Dr Wolf-Gerhard Martinick and Mr Kris Martinick).
 - d. 11,385,000 Shares are held directly by Mr Kris Martinick.

-
- e. Subject to the allocation policy in Section 2.14, Dr Wolf-Gerhard Martinick intends to participate in the Public Offer for up to 2,500,000 Shares.
 - f. Subject to the allocation policy in Section 2.14, Mr Kris Martinick intends to participate in the Public Offer for up to 100,000 Shares.
3. Shares to be issued to PH2 under the PH2 Consideration Offer.

8.7 Interests of Promoters, Experts and Advisers

(a) **No interest except as disclosed**

Other than as set out below or elsewhere in this Prospectus, no:

(i) persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(ii) promoter of the Company; or

holds at the Prospectus Date, or has held at any time during the last 2 years, any interest in:

(iii) the formation or promotion of the Company;

(iv) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or

(v) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offers.

(b) **Share Registry**

Computershare Investor Services Pty Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

During the 24 months preceding lodgement of this Prospectus with ASIC, Computershare Investor Services Pty Limited has not provided any other services to the Company.

(c) **Auditor**

HLB Mann Judd has been appointed to act as Auditor to the Company. The Company estimates it will pay HLB Mann Judd a total of \$30,000 (excluding GST) for these services.

During the 24 months preceding lodgement of this Prospectus with ASIC, HLB Mann Judd has provided audit services to the Company and been paid an aggregate of approximately \$41,000 (excluding GST) for these services.

(d) **Australian legal advisors**

Hamilton Locke Pty Ltd (**Hamilton Locke**) has acted as the Australian legal advisor to the Company in relation to the Offers. The Company estimates it will pay Hamilton

Locke \$75,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

During the 24 months preceding lodgement of this Prospectus with ASIC, Hamilton Locke has provided legal services to the Company, the total value of these services was \$7,106 (excluding GST). These services were in respect of the Company's general corporate matters.

(e) **Botswana legal advisors**

Otlaadisa Law has acted as the Botswana legal advisor to the Company and has prepared the Solicitor's Report which is included in Annexure C of this Prospectus. The Company estimates it will pay Otlaadisa Law \$5,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

During the 24 months preceding lodgement of this Prospectus with ASIC, Otlaadisa Law has provided legal services, the total value of these services was approximately \$1,700 (including value added tax). These services were in respect of the Company's Botswanan general corporate matters.

(f) **Independent Technical Expert**

Sproule Incorporated has acted as the Independent Technical Expert and has prepared the Independent Technical Expert's Report which is included in Annexure B of this Prospectus. The Company estimates it will pay Sproule Incorporated a total of \$50,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Sproule Incorporated has provided services to the Company regarding independent resource certifications, the total value of which was approximately \$19,800 (excluding GST).

(g) **Investigating Accountant**

HLB Mann Judd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure A of this Prospectus. The Company estimates it will pay HLB Mann Judd a total of \$15,000 (excluding GST) for these services.

During the 24 months preceding lodgement of this Prospectus with ASIC, HLB Mann Judd has provided audit services to the Company and been paid an aggregate of approximately \$41,000 (excluding GST) for these services.

(h) **Lead Manager**

GTT Ventures Pty Ltd has acted as the Lead Manager to the General Offer. Details of the payments to be made to the Lead Manager is set out in Section 7.5.

During the 24 months preceding lodgement of this Prospectus with ASIC, the Lead Manager has not provided services to the Company.

8.8 Consents

- (a) Each of the parties referred to below:
- (i) do not make the Offers;
 - (ii) do not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
 - (iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
 - (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.
- (b) **Share Registry**
- Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Share Registry of the Company in the form and context in which it is named.
- (c) **Auditor**
- HLB Mann Judd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Auditor of the Company in the form and context in which it is named.
- (d) **Australian legal advisors**
- Hamilton Locke has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Australian legal advisor to the Company in the form and context in which it is named.
- (e) **Botswana legal advisors**
- Otlaadisa Law has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Botswana legal advisor to the Company in the form and context in which it is named.
- (f) **Independent Technical Expert**
- Sproule has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Independent Technical Expert to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Technical Expert Report in the form and context in which it is included.
- (g) **Investigating Accountant**
- HLB Mann Judd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named

and has given and not withdrawn its consent to the inclusion of the Independent Limited Assurance Report in the form and context in which it is included.

(h) **Lead Manager**

GTT Ventures Pty Ltd has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Lead Manager to the General Offer in the form and context in which it is named.

8.9 Expenses of Offers

The total approximate expenses of the Offers payable by the Company are (on a Minimum Subscription and Maximum Subscription basis):

	Minimum Subscription (A\$)	Maximum Subscription (A\$)
ASIC lodgement fee	3,206	3,206
ASX quotation fee	103,972	106,875
Audit fees	12,000	12,000
Independent Technical Expert's fees	50,000	50,000
Investigating Accountant fees	15,000	15,000
Lead Managers' fees - cash	370,000	490,000
Legal fees	80,000	80,000
Registry	4,500	4,500
Printing, postage and administration fees	5,406	5,316
TOTAL	644,084	766,897

Note:

1. Refer to Section 7.5 for a summary of the Lead Manager Mandate.

8.10 Continuous Disclosure Obligations

Following Admission, the Company will be a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

8.11 Litigation

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

8.12 Electronic Prospectus

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company and the Lead Manager reserve the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

8.13 ASIC Relief and ASX Waivers

The Company has obtained a waiver from ASX of ASX Listing Rules 1.1 condition 12 and 6.1 to the extent necessary to permit the Company to have on issue Performance Rights with an exercise price of less than \$0.20, on the condition that the material terms and conditions of the Performance Rights are clearly disclosed in the Prospectus.

No exemptions, modifications or relief has been obtained from ASIC in connection with the Offers.

8.14 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 8.8 of this Prospectus.

8.15 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the Independent Limited Assurance Report in Annexure A, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

9. Authorisation

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



Wolf-Gerhard Martinick
Executive Chairman

Dated: 16 May 2022

10. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ or \$	means Australian dollars.
Admission	means admission of the Company to the Official List, following completion of the Offers.
Applicant	means a person who submits an Application Form.
Application	means a valid application for Securities pursuant to this Prospectus.
Application Form	means the application form attached to this Prospectus (including the electronic form provided by an online application facility).
Application Monies	means the amount of money submitted or made available by an Applicant in connection with an Application.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.
ASX Settlement	means ASX Settlement Pty Limited (ACN 008 504 532).
ASX Settlement Rules	means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).
Auditor or HLB Mann Judd	means G.L Brandon & D.I Buckley & E.L Christodoulou & L DI Giallonardo & B.G Mcveigh & N.G Neill & M Ohm & P.J Speechley & K Stewart & R.P Tracey trading as HLB Mann Judd (ABN 22 193 232 714).
AWST	means Australian Western Standard Time, being the time in Perth, Western Australia
bcf	means billions of cubic feet.
Board	means the board of Directors of the Company as at the Prospectus Date.
Business Day	means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Australia.
CBM	means coal-bed methane.
Change of Control Event	has the meaning given in the Plan.
CHESS	means the Clearing House Electronic Subregister System operated by ASX Settlement.
Closing Date	means the date specified in the Indicative Timetable (or such other time and date as the Board determines).
Company or Botala	means Botala Energy Ltd (ACN 626 751 620).
Completion	means the date on which the Securities are issued and transferred to Applicants in accordance with the terms of the Offers.

Completion of a Commercial Gas Sales Agreement	means the entry into a legally binding gas sales agreement between the Company and a third party in respect of the Serowe CBM Project, which is sufficient for 2mmscfd flowrate (~10MW).
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth), as amended from time to time.
Directors	means the directors of the Company as at the Prospectus Date.
Electronic Prospectus	means the electronic copy of this Prospectus located at the Company's website www.botalaenergy.com .
Eligible PH2 Shareholders	means a person who is recorded: <ul style="list-style-type: none"> (a) on the PH2 share register as having a registered address in Australia on the Priority Offer Record Date; and (b) as holding a minimum of 1 PH2 Share as at the Priority Offer Record Date.
Expiry Date	means 5:00pm (AWST) on the date that is 13 months after the Prospectus Date.
Exposure Period	means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than seven days pursuant to section 727(3) of the Corporations Act.
Farm-in Interest	means Botala's existing 49% interest in Sharpay (further details in respect of which are set out in Section 7.1).
General Offer	means the offer pursuant to this Prospectus of up to 35,000,000 Shares at the Offer Price to raise \$7,000,000. The General Offer comprises: <ul style="list-style-type: none"> (a) the Priority Offer; and (b) the Public Offer.
Group	means the Company and each of its Subsidiaries (as defined in the Corporations Act).
GST	means Goods and Services Tax.
Holder	means the holder of a Performance Right.
Indicative Timetable	means the indicative timetable for the Offers on page 7 of this Prospectus.
Investigating Accountant	means G.L Brandon & D.I Buckley & E.L Christodoulou & L DI Giallonardo & B.G Mcveigh & N.G Neill & M Ohm & P.J Speechley & K Stewart & R.P Tracey trading as HLB Mann Judd (ABN 22 193 232 714).
Issue Date	means the date, as determined by the Directors, on which the Securities offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.
Lead Manager	means GTT Ventures Pty Ltd (ACN 601 029 636).
Lead Manager Mandate	means the mandate entered between the Company and the Lead Manager dated 23 November 2021 for the provision of

	lead manager services and bookrunner services in respect of the General Offer, as summarised in Section 7.5.
Lead Manager Offer	means the offer of the Lead Manager Shares to be issued to the Lead Manager (or its nominees) in accordance with the terms of the Lead Manager Mandate.
Lead Manager Shares	means 2,000,000 Shares to be issued to the Lead Manager (or their its nominee) in accordance with the terms of the Lead Manager Mandate.
Licences	means the licences specified in Section 3.6(a).
Listing Rules	means the listing rules of ASX.
Mines and Minerals Act	means the <i>Mines and Minerals Act 1999 (Cap. 66:01) (No. 17 of 1999)</i> .
Minimum Commitment	has the meaning given in Section 3.4(c).
Minimum Commitment Deadline	has the meaning given in Section 3.4(c).
Minimum Subscription	means the raising of at least \$5,000,000 (before costs) pursuant to the General Offer.
MW	means megawatt.
Non-Revocable Interest	has the meaning given in Section 3.4(c).
Offer Price	means \$0.20 per Share.
Offers	means the General Offer and the Secondary Offers.
Official List	means the official list of ASX.
Official Quotation	means official quotation by ASX in accordance with the Listing Rules.
Opening Date	means the date specified as the opening date in the Indicative Timetable.
Operator	means the operator of the Serowe CBM Project pursuant to the Serowe JOA, which as at the date of this Prospectus is Botala.
Option	means an option, giving the holder the right, but not an obligation, to acquire a Share at a predetermined price and at a specified time in the future.
Option to Sub-Lease Agreement	means the option to sub-lease agreement between the Company and the Ngwato Development Trust (further details in respect of which are set out in Section 7.4).
Outstanding Amount	has the meaning given in Section 3.4(c).
Participant	means a participant in the Plan.
Performance Rights	means an aggregate of 6,000,000 performance rights issued to each of Dr Wolf-Gerhard Martinick, Kris Martinick and Corpser Pty Ltd (being an entity controlled by Mr Craig Basson) in the proportions, and on the terms and conditions, set out in Section 8.4.
PH2	means Pure Hydrogen Corporation Limited (ABN 27 160 885 343).
PH2 Consideration Offer	means the offer of the PH2 Consideration Securities to be issued to PH2 (or its nominees) in accordance with the terms of the PH2 Sale Agreement.

PH2 Consideration Options	means 4,688,957 Options to be issued to PH2 (or its nominees) in consideration for the acquisition of the Sale Interest, in accordance with the terms of the PH2 Sale Agreement.
PH2 Consideration Securities	means PH2 Consideration Shares and PH2 Consideration Options.
PH2 Consideration Shares	means up to 29,907,442 Shares (on a Maximum Subscription basis) to be issued to PH2 pursuant to the PH2 Sale Agreement.
PH2 Sale Agreement	means the joint venture interest sale agreement entered between the Company and PH2 dated 5 July 2021, pursuant to which the Company has agreed to buy, and PH2 has agreed to sell, as summarised in Section 7.2.
PH2 Shares	means fully paid ordinary shares in the capital of PH2.
Plan	means the equity securities incentive plan of the Company a summary of which is set out in Section 8.5.
Plan Convertible Securities	means securities convertible into Shares issued pursuant to the Plan.
Plan Shares	means Shares issued under the Plan or issued or transferred to a Participant upon the valid exercise of a Plan Convertible Security.
Priority Offer	means the priority offer of up to 15,000,000 Shares to Eligible PH2 Shareholders to raise up to \$3 million (before costs), which forms part of the General Offer.
Priority Offer Record Date	means the date indicated in the Indicative Timetable.
Prospectus	means this prospectus issued by the Company and dated the Prospectus Date, modified or varied by any replacement or supplementary prospectus issued by the Company and lodged with ASIC from time to time.
Prospectus Date	means the date on which a copy of this Prospectus was lodged with ASIC, being 16 May 2022.
Public Offer	means the offer, pursuant to this Prospectus, of up to 35,000,000 Shares at the Offer Price to raise \$7,000,000.
Recommendations	means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).
Relevant Interest	has the meaning given in the Corporations Act.
Revocable Interest	has the meaning given in Section 3.4(c).
Sale Interest	has the meaning given in Section 3.4(c).
Secondary Offers	means the PH2 Consideration Offer and the Lead Manager Offer.
Section	means a section of this Prospectus.
Securities	means any securities, including Shares or Options, issued or granted by the Company.
Serowe CBM Project	means the CBM project of approximately 4,100 square kilometres located in the Karoo-Kalahari Basin in Central Botswana and comprised of the Licences.

Serowe JOA	the farm-in and unincorporated joint operating agreement entered into between the Company with PH2 dated 8 December 2020, pursuant to which an unincorporated joint venture was formed between PH2 and the Company was formed in respect of the Serowe CBM Project, as summarised in Section 7.1.
Serowe Joint Venture	means the unincorporated joint venture formed pursuant to the Serowe JOA.
Share	a fully paid ordinary share in the capital of the Company.
Share Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Shareholder	a holder of one or more Shares.
Sharpay	Sharpay Enterprises (Pty) Ltd, a company incorporated in Botswana.
Successful Commercial Pilot Well	means a pilot well within the Serowe CBM Project which achieves a commercial flowrate of 60,000 scf/d of gas over 1 month.
SPE-PRMS	the "Society of Petroleum Engineers, through the Petroleum Resources Management System".
Tranche B Performance Rights	means the 3,000,000 Performance Rights described as comprising Tranche B of in Section 8.4(c).
Tribal Land Act	means the <i>Tribal Land Act (Act No. 1 of 2018)</i> .
VWAP	Means volume weighted average price.



Annexure A - *Independent Limited Assurance Report*

10 May 2022

The Board of Directors
Botala Energy Ltd
24 Hasler Road
OSBORNE PARK WA 6017

Dear Board Members

INDEPENDENT LIMITED ASSURANCE REPORT ON THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION OF BOTALA ENERGY LTD

Introduction

This Independent Limited Assurance Report (“Report”) has been prepared for inclusion in a prospectus to be dated on or around 12 May 2022 (“Prospectus”) and issued by Botala Energy Ltd (“Botala Energy” or “the Company”) in relation to the Company’s initial listing on the Australian Securities Exchange (“ASX”). The Prospectus comprises an offer of 35,000,000 shares at an issue price of \$0.20 to raise up to \$7 million before costs, with a minimum subscription of 25,000,000 shares at an issue price of \$0.20 to raise to raise \$5,000,000 (“minimum subscription”) (“Offer”).

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of Botala Energy. All amounts are expressed in Australian dollars and expressions defined in the Prospectus have the same meaning in this Report.

This Report does not address the rights attaching to the shares to be issued in accordance with the Offer, nor the risks associated with accepting the Offer. HLB Mann Judd (“HLB”) has not been requested to consider the prospects for Botala Energy, nor the merits and risks associated with becoming a shareholder, and accordingly has not done so, nor purports to do so. HLB has not made and will not make any recommendation, through the issue of this Report, to potential investors of the Company, as to the merits of the Offer and takes no responsibility for any matter or omission in the Prospectus other than the responsibility for this Report. Further declarations are set out in Section 7 of this Report.

Structure of Report

This Report has been divided into the following sections:

1. Scope of Report;
2. Directors’ Responsibility;
3. Our Responsibility;
4. Conclusions;
5. Restriction on Use;
6. Liability; and
7. Declarations.

1. Scope of Report

You have requested HLB to perform a limited assurance engagement and to report on the Financial

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Information as set out in Section 5 of the Prospectus:

Historical Financial Information

The Historical Financial Information, as set out in Section 5 of the Prospectus, comprises:

- the audited historical Consolidated Statements of Financial Position as at 30 June 2020 and 30 June 2021 and audited historical Consolidated Statements of Profit or Loss and other Comprehensive Income and Consolidated Statements of Cash Flows of the Group for the period ended 30 June 2020 and year ended 30 June 2021; and
- the reviewed historical Consolidated Statement of Financial Position as at 31 December 2021 and reviewed historical Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows of the Group for the period then ended.

Pro Forma Financial Information

The Pro Forma Financial Information, as set out in Section 5 of the Prospectus, comprises:

- the pro forma Consolidated Statement of Financial Position of the Group as at 31 December 2021 and supporting notes which include the post reporting date transactions and the pro forma adjustments.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Financial Information and the events or transactions to which the pro forma adjustments relate, as if those transactions or events had occurred as at 31 December 2021. Due to its nature, the Pro Forma Financial Information does not represent the Group's actual or prospective financial position, financial performance or cash flows.

The Historical Financial Information and the Pro Forma Financial Information are presented in an abbreviated form insofar as they do not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the *Corporations Act 2001*.

This Report has been prepared for inclusion in the Prospectus. HLB disclaims any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purpose other than the purposes for which it was prepared. This Report should be read in conjunction with the Prospectus.

2. Directors' Responsibility

The Directors of the Company are responsible for the preparation and presentation of the Financial Information. The Directors are also responsible for the determination of the post reporting date transactions and the pro forma adjustments set out in Sections 5.8 and 5.9 of the Prospectus and the basis of preparation of the Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine are necessary to enable the preparation of the Financial Information that is free from material misstatement.

3. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and evidence we have obtained. Our engagement was conducted in accordance with Australian Auditing Standards applicable to assurance engagements. Specifically, our review was carried out in accordance with Standards on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* and ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information* and included such enquiries and procedures which we considered necessary for the purposes of this Report.

Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Financial Information.

The procedures undertaken by HLB in our role as Investigating Accountant were substantially less in scope than that of an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the Financial Information.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed; and
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report.

4. Conclusions

Historical Financial Information

Based on our review, which was not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Company as set out in Section 5 of the Prospectus does not present fairly:

- a) the historical Consolidated Statements of Financial Position of the Group as at 30 June 2020, 30 June 2021 and 31 December 2021; and
- b) the historical Consolidated Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows of the Group for the period ended 30 June 2020, year ended 30 June 2021 and period ended 31 December 2021;

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Australian Accounting Standards and other mandatory professional reporting requirements.

Pro Forma Financial Information

Based on our review, which was not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Financial Information of the Group as set out in Section 5 of the Prospectus does not present fairly the Pro Forma Consolidated Statement of Financial Position of the Group as at 31 December 2021, which incorporates the post reporting date transactions and the pro forma adjustments, as set out in Sections 5.8 and 5.9 of the Prospectus.

5. Restriction on Use

Without modifying our conclusion, we draw attention to Section 5 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

6. Liability

The liability of HLB is limited to the inclusion of this Report in the Prospectus. HLB makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from, the Prospectus.

7. Declarations

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the Financial Information, which is estimated to be \$15,000 plus GST;
- b) Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report;
- c) Neither HLB, nor any of its employees or associated persons has any interest in Botala Energy or the promotion of the Company or any of its subsidiaries;
- d) HLB Mann Judd are the Company's auditors;
- e) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus; and
- f) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears.

Yours faithfully

HLB Mann Judd
Chartered Accountants



L Di Giallonardo
Partner



Annexure B - *Independent Technical Expert's Report*



Botala Energy's Coalbed Methane Project In Botswana, Africa



Report Prepared by: Sproule

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Executive Summary

Botala Energy Limited (“Botala” or “the Company”) operates and owns a 49% working interest in approximately 4,100 square kilometers of coal bed methane (“CBM”) prospecting licenses in the Karoo-Kalahari Basin in Central Botswana. To date, Botala, and its predecessor Strata-X Energy, through their jointly owned Botswana company Sharpay Enterprises (“Sharpay”), have drilled five wells into the prospective coal intervals observing free gas in most of the wells. Average thickness of coals encountered is estimated to be 26 meters with a range of a low of 13 meters to a high of 41 meters.

A testing program is currently being designed to test the producibility of the coals encountered in the Serowe #3 well to help determine gas deliverability, which is a key factor in determining the project economics.

The current resources estimate for Botala’s Botswana CBM Project effective 1 April 2022 is provided below in Table 1:

Volumes in BCF (Billions of cubic feet)	Gross (100% Ownership) Net of Royalties			Net to Botala's 49% Working Interest Net of Royalties		
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
	Contingent Resources	238	317	396	116	155
Prospective Resources	6,006	8,008	10,010	2,943	3,924	4,905

Referring to Figure B-1 in Appendix B:

1. Low, Best and High Contingent Resources correspond to 1C, 2C, and 3C, respectively.
2. Low, Best and High Prospective Resources correspond to 1U, 2U and 3U, respectively.

Table 1: Unrisked Contingent and Prospective Resources; Sproule 1 April 2022

In respect of the Prospective Resources, the following cautionary statement applies:

The estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

The above estimates represent unrisked volumes of contingent and prospective resources. These estimates were prepared in accordance with the definitions and guidelines set forth in the Society of Petroleum Engineers (“SPE”) June 2018 Petroleum Resources Management System (“PRMS”), as well as the 2011 Guidelines for Application of the PRMS, approved by the SPE. Resource categorization conveys the relative degree of certainty as described in Appendix B.

The above resource estimates are based on, and fairly represent, information and supporting documentation as provided by Botala. The estimates were prepared by Mr. Timothy L. Hower, a Senior Technical Advisor employed by Sproule. Mr. Hower is a Distinguished Member of the SPE and is a qualified petroleum reserves and resources evaluator. Mr. Hower has given his consent to the form and content

in which the contingent and prospective resources, as well as any supporting information, are presented in this document.

The 1 April 2022 report was prepared in accordance with ASX Listing Rules Chapter 5 – Additional reporting on mining and oil and gas production and exploration activities. Chapter 5 sets out additional reporting and disclosure requirements for oil and gas entities reporting on oil and gas activities. This report is in compliance with those requirements.

The contingent resource estimates are limited to a 2.5-kilometer radius around each well and immediately adjacent areas tangential to the drilled wells. It is not possible to determine the potential project economics due to the early-stage nature of the project. Well testing will need to be undertaken to determine the economic benefits of the project prior to determining the full economic value of these assets.

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List of Abbreviations

Abbreviations	Meaning
ASX	Australian Stock Exchange
BCF, Bcf	Billion standard cubic feet
BPC	Botswana Power Corporation
Bt	Billion tonnes
CBM	Coalbed Methane – same meaning as CSG
CSG	Coalseam Gas – same meaning as CBM
Cc/g	Cubic centimeters per gram
CKKB	Central Kalahari Karoo Basin
g/cc	Grams per cubic centimeter
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
K	Thousand
Kg	Kilogram
Km	Kilometer
Km ²	Square kilometer
M	Thousand
M	Meter
Mcf	Thousand standard cubic feet
md	Millidarcies
ML	Mining License
MW	Megawatt
OGIP	Original gas in place
PL	Petroleum License
PRMS	Petroleum Resource Management System
Scf/ton	Standard cubic feet of gas per ton of coal
SPE	Society of Petroleum Engineers

Introduction

Botala has a 49% working interest in seven CBM tenements in the Kalahari Karoo Basin in Central Botswana encompassing approximately 4,100 square kilometers in area. Botala assumed operatorship of the Serowe CBM Project in late 2020 from Strata-X Energy (now Pure Hydrogen Corporation), who have a 51% interest in the tenements.

Exploration CBM has been undertaken in Botswana for nearly 20 years with TLOU Energy (“TLOU”) recording the best success with the award of a 10 MW Power Purchase Agreement with the Botswana Power Corporation (“BPC”) using the CBM from their leases. TLOU’s exploration programs have established 3P gas reserves of 427 BCF and 3C Contingent Gas resources of 3,043 BCF. (TLOU Annual Report 2021)

Botala has assembled a data set of all available open file wells including five wells drilled directly by Botala and its predecessor. The Company has been able to map three separate coal sequences in the area, the Serowe, Upper Morupule and the Lower Morupule. The coals are at a depth between 245 and 545 meters, with the average depth to the top of the coals at 360 meters. The gross thickness of the coal measures is approximately 163 meters with up to 41 meters of net coal within this interval. The coals are generally thin in nature with the average thickness of individual beds being less than three meters. The coals are generally classified as high-volatile bituminous rank with a vitrinite reflectance of 0.5 to 0.7% (ARI 2003). The coals vary in saturation, with some being undersaturated. However, many of the individual coals exhibit free gas indicating full saturation in those individual coals. Permeability in a government research well, the ML-1, was measured to be between 0.6 to 3.1 md (ARI 2003).

Botala has been utilizing technology developed by Perth, Australia based NM RSA Services to log the coal intervals in all Botala’s wells. This technology involves the use of nuclear magnetic resonance (“NMR”) which, when applied to coals, provides a measurement of the adsorbed gas and free gas. The utilization of this proprietary system allows Botala to measure gas content in the coals without using the expensive and time-consuming method of coring and desorbing the coals. Research has shown a strong correlation and reliability of the results achieved from the NMR logging as compared to traditional coring methods (O’Neill 2021).

The gas content values estimated by Botala thus far are variable; however, the initial drilling and logging results have been encouraging with several seams exhibiting free gas on the NMR logs. While the individual coal seams are relatively thin, the total coal thickness across all seams is favorable and provides sufficient potential coal volume to support commercial development.

Tenement Status

The tenements held by Botala are located in the Central Kalahari Karoo Basin (“CKKB”) within Botswana as shown in Figure 1 and summarized in Table 2. Sharpay acquired the tenements directly from the Botswana Government in a competitive filing process in accordance with the Botswana Mines and Minerals Act. The licenses were awarded for an initial three-year term with two additional two-year renewal terms. The licenses are currently in the first renewal period. It is anticipated that the Company’s efforts and expenditure will allow for the leases to be extended by the second renewal period in 2023 and 2024.

The licenses have yearly rentals of five pula per km² per year. Additionally, each license has a financial work commitment that must be satisfied during the three-year term and for each year of any renewal term. The license can be renewed for subsequent two-year terms by committing to additional work programs and expenditure on each license. All of the tenements held by Sharpay are Prospecting Licenses (“PLs”) and can be converted to Mining Licenses (“MLs”) on discovery of commercial hydrocarbons. MLs provide for longer terms, up to 30 years, and are required for commercial production of natural gas. The company plans to apply for a Mining License pending success of a five-well pilot program later in 2022.

All of Botala’s PLs are active and in good standing, with all work commitments and rentals satisfied and up to date.

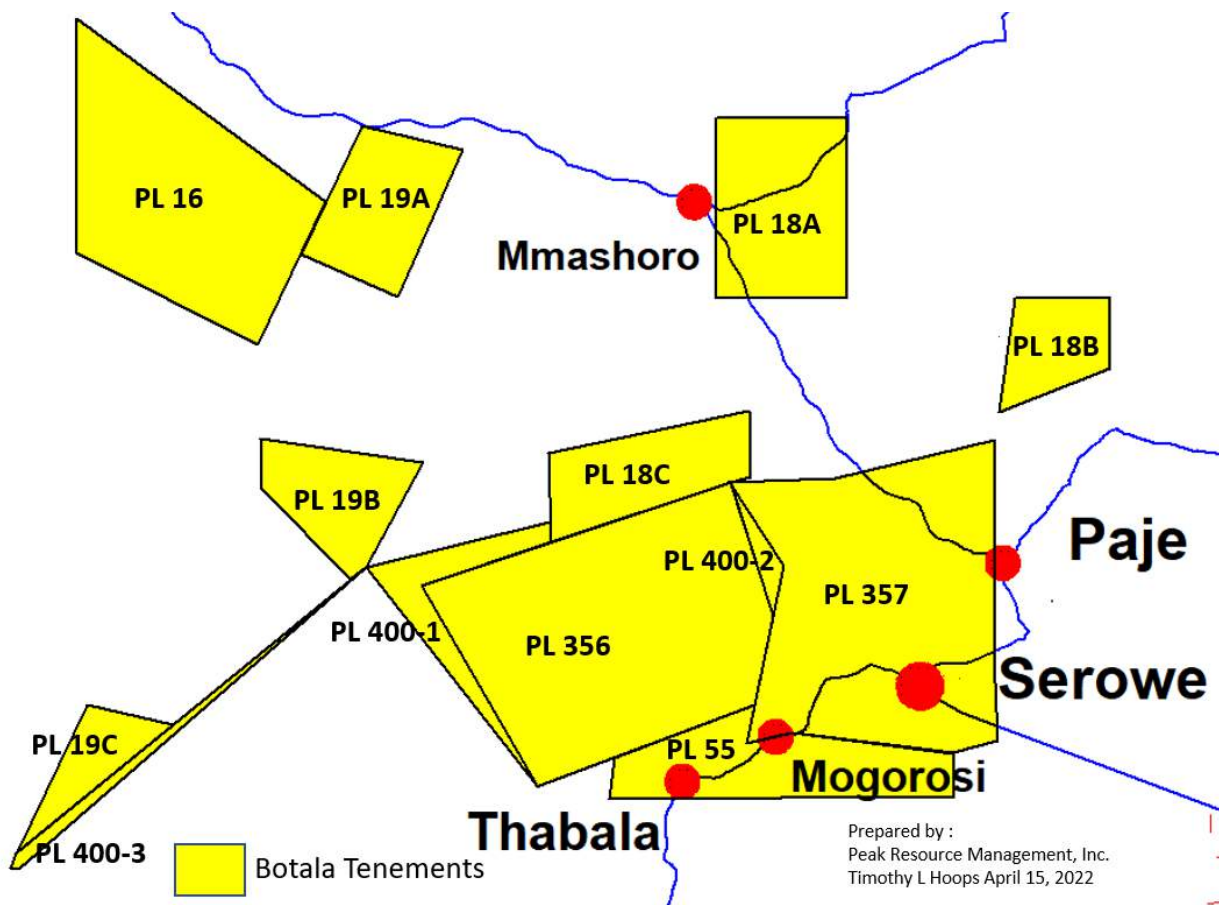


Figure 1: Map of Tenements Held by Botala (shown in yellow).

Tenements held by Sharpay Enterprises Pty Ltd. (49% owned by Botala)

Project Area	Prospecting Licence Number	Concession Type	Area KM2	Commencement/ Renewal Date	Termination Date	Botala Energy Interest
Central District	PL016/2018	Coal and Coal Bed Methane	648.4	01.01.21	31.12.22	49%
Central District	PL018/2018	Coal and Coal Bed Methane	694.0	01.01.21	31.12.22	49%
Central District	PL019/2018	Coal and Coal Bed Methane	510.4	01.01.21	31.12.22	49%
Central District	PL356/2018	Coal and Coal Bed Methane	926.0	01.10.21	30.09.23	49%
Central District	PL357/2018	Coal and Coal Bed Methane	892.0	01.10.21	30.09.23	49%
Central District	PL400/2018	Coal and Coal Bed Methane	192.0	01.10.21	30.09.23	49%
Central District	PL055/2021	Coal and Coal Bed Methane	268.0	01.04.21	31.03.24	49%

Table 2: Summary of Tenements Held by Botala

Technical Discussion

Coal in central and southern Africa occurs mainly in the lower part of the Karoo Supergroup lithological succession that comprises a thick sequence of sedimentary and volcanic rocks of Permian age. Karoo sediments rest unconformably on Precambrian basement and were deposited in a number of basins between the end of the Carboniferous Period and the close of the Triassic. Sediments of marine origin are limited, for the most part, to the southern sector of the Karoo Basin of South Africa, Namibia and the far western parts of Botswana and Zambia (Figure 2). Sedimentation ceased in the early Jurassic with the onset of widespread volcanism and the deposition of significant volumes of basaltic lava.

The oldest Karoo sediments are of Dwyka age (Figure 3) and are glaciogenic and comprise predominantly diamictites, rhythmites, shales, sandstones and conglomerates deposited during a major Permo-Carboniferous glaciation. They are succeeded by Ecca-age coal-bearing sequences consisting mainly of siltstones and argillites laid down in fluvial or deltaic conditions in a cold to temperate climate. The Ecca Group is overlain by predominantly mudstones of the Beaufort Group, and in turn overlain by red beds of the Lebung Group reflecting increasing climatic amelioration, and finally by volcanics of the Stormberg Group.

This volcanism heralded a period of crustal instability that terminated sediment input to the basin and exposed the Karoo strata to erosion, which was a prelude to the formation of the rift systems that eventually saw the fragmentation of the Gondwana supercontinent. This basin trended from northeast to southwest along the line of the Central Kalahari Downwarp across what is now the Kalahari Desert region, with eastern margins approximately along the line of the present pre-Karoo Archaean highland area of eastern Botswana.

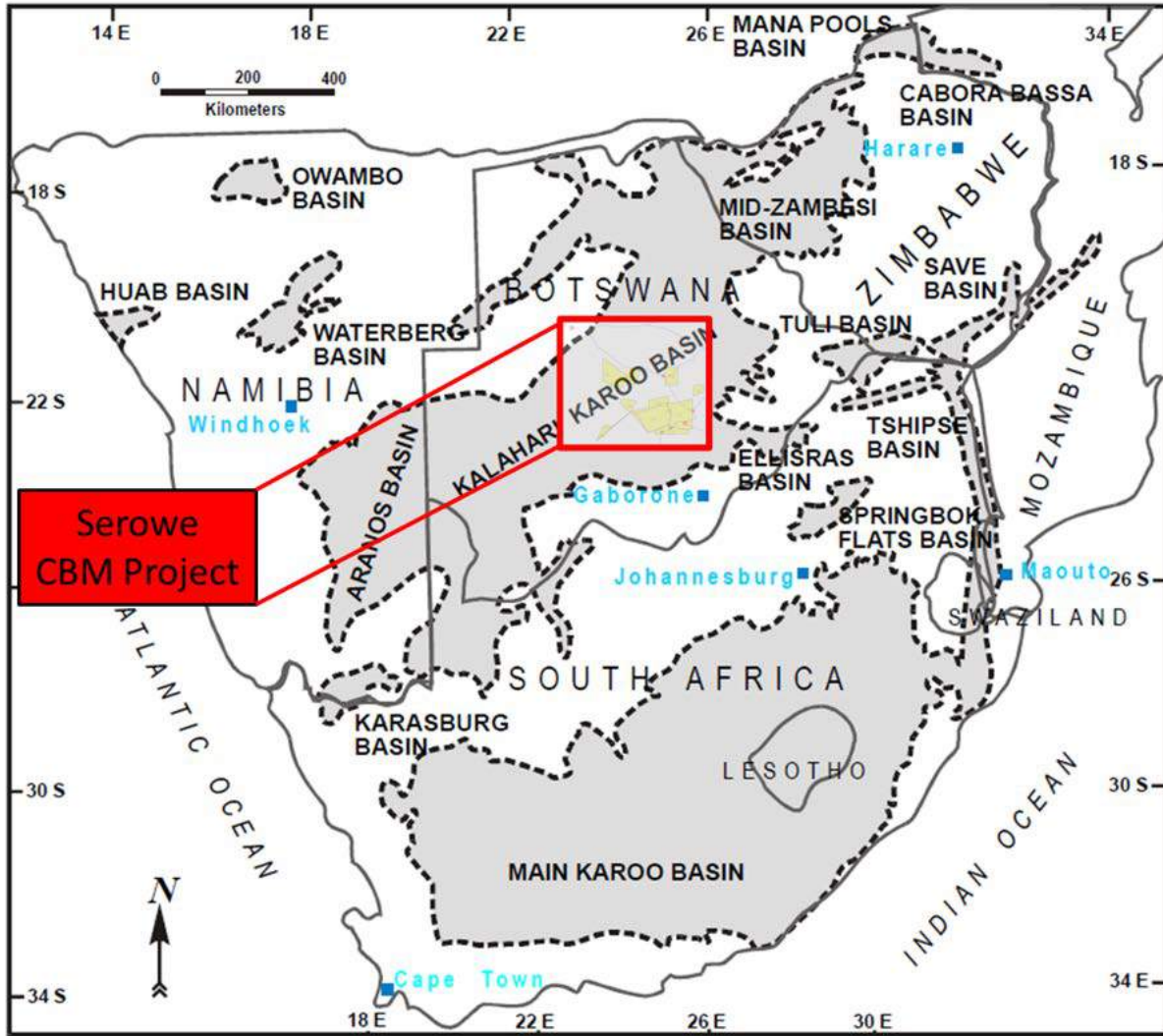


Figure 2: Karoo Basins of Southern Africa (Catuneanu et al 2005)

Along this eastern margin of the Central Basin a number of embayments that greatly influenced the nature and distribution of sedimentation existed throughout much of the Karoo period, probably defined by a system of WNW trending faults and transverse flexures. Many of these faults were active during the Karoo sedimentation, although in general, sedimentation patterns and lithology types were controlled by regional subsidence of the main basin to the west.

	AGE STRATIGRAPHY	LITHOLOGY	DEPOSITIONAL ENVIRONMENT
185 Ma	SLG	basalt	Continental flood basalts: extensional tectonics related to on-set of Gondwana break-up
	LEBUNG GROUP	red beds	Arid continental palaeo-climate: Aeolian Fluvial Lacustrine
		sandstone	
		silt-mudstone	
		sandstone, rare conglomerates	
BG	silt-mud- limestone	Transitional (Lacustrine)	
Late Carboniferous – Early Jurassic	ECCA GROUP		De-glaciation and amelioration of the climate: Fluvio-deltaic Swamps Lacustrine/marginal marine
		mudstone	
Late Carboniferous	DWYKA G.	mudstone, varvites, siltstone, sandstone, tillites	Glacial palaeo-climate Subglacial Glaciofluvial Glaciolacustrine

Figure 3: Karoo Supergroup lithostratigraphic sub-division and palaeoenvironments (Modie & Le Herisse, 2009)

The Central Kalahari Karoo Basin of Botswana (“CKKB”)

Sediments of the Karoo Supergroup underlie about 60% of Botswana and occur mostly in the relatively shallow CKKB. Karoo rocks sub-outcrop along the eastern margin of the basin where they rest unconformably on crystalline basement whereas, over most of the western half of the country, the Karoo sequence is masked by up to 200 m of younger Kalahari Group sediments and is known only from boreholes and geophysical investigations.

Sedimentation patterns were controlled principally by regional subsidence of the main basin to the west. However, along the eastern margin of the basin a system of WNW trending faults, which were probably active during Karoo times, resulted in a number of embayments that also influenced sedimentation. Coal

stratigraphy may vary significantly between coalfields. However, there are usually two or three persistent coal zones of good quality.

The basal Dwyka Group is represented by the Dukwi Formation (Figure 4) comprising a variable suite of glaciogenic rocks including diamictites, rhythmites and pebbly mudstones and tillites. The upper siltstone/shale units indicate the waning of glacial activity with initial aerobic deposition in pro-glacial lakes giving way to anaerobic lacustrine deposits, in part associated with and heralding the onset of the lacustrine/deltaic coal swamp deposition of the overlying Ecca Group.

GROUPS	1	2	3	4	5	6	7
	SOUTH WEST BOTSWANA	KWENENG AND WESTERN CENTRAL KALAHARI	MMAMABULA	MORUPULE + S.E. KALAHARI	NORTH EAST BOTSWANA AND NORTHERN BELT	NORTH WEST BOTSWANA	TULI BASIN BOTSWANA
STORMBERG LAVA (-U. Stormberg Series)	STORMBERG LAVA GROUP (undivided)						BOBONONG LAVA FORMATION
LEBUNG (-L. Stormberg Series)	NAKALATLOU SST.	NTANE SANDSTONE FORMATION				BOOBENG SST. FM.	TSHEUNG SST. FM.
	DONDONG FM.	MOSOLOTSANE FORMATION				(north west only) NGWASHA FM. PANGAMATENGA FM.	SAVUTI FM. THUNE FM. KOREBO FM.
(-Beaufort Series)	KULE FM.	KWETLA FM.	TLHABALA FORMATION			?	
ECCA (-Ecca Series)	OTSHE FM.	BORITSE FM.	KOROTLO FM.	SEROWE FM.	TLAPANA FM.	MARAKWENE FM.	SESWE FORMATION
			MMAMABULA FM.	MORUPULE FM.		TALE FM.	
		KWENENG FM.	MOSOMANE FM.	KAMOTAKA FM.	MEA ARKOSE FM.	?	
	KOBE FM.	BORI FM.	BORI FM.	MAKORO FM.	TSWANE FM.	?	MOFDIANGOGO FM.
DWYKA (-Dwyka Series)	MIDDLEPITS FM.	DUKWI FORMATION				?	?
	KHUIS FM.						
	MALOGONG FM.						

(From Smith, 1984)

JAF01890.CDR

Figure 4: Stratigraphic Nomenclature of the Karoo Supergroup of Botswana (from Smith, 1984) Yellow block highlights the stratigraphy encountered in the Serowe CBM Project.

As shown in Figure 4, there are three distinct coal seam cycles, the lowermost being the Kamotaka Formation followed by the Morupule Formation which in turn is overlain by the Serowe Formation, all of which were deposited in a deltaic environment. The coals were accumulated in troughs formed as a result of syn-depositional subsidence and most of the coal material has been fragmented, suggesting fluvial transport prior to its deposition under anaerobic conditions. The strata of the Upper Ecca in Botswana are almost invariably argillaceous, consisting of siltstones and mudstones following conformably on the generally argillaceous units of the upper parts of the Middle Ecca. The Botswana coals are typical Gondwana coals with high inertinite and low vitrinite content, in contrast to European or North American coals. They have high ash, medium calorific value and unusually high inherent moisture content and moisture holding capacity (7% – 10%). Petrographic studies indicate coal of relatively low maturity with an open pore structure contributing to the higher moisture holding capacity.

Brief History of Coal and CBM Exploration in Botswana

Systematic coal exploration did not commence until 1948 when the Geological Survey conducted reconnaissance operations. Exploration by private companies began in the 1960s by Anglo-American Corporation resulting in the discovery of significant resources in the Morupule Coalfield and the subsequent establishment in 1973 of a coal mine. During the 1970s and 1980s, a number of other companies, notably Shell and Total, conducted widespread coal exploration.

Exploration for CBM is a relatively new activity in Botswana, commencing only in the late 1990s. CBM work to date has been pioneered by a small number of companies such as TLOU (formerly Saber), Kalahari Energy (formerly BGC), Zulu Energy and Anglo Coal Botswana, Sasol of South Africa in a joint venture with Origin Energy of Australia (Kubu Joint Venture), and more recently Botala and its predecessor Strata-X of Australia through its Botswana subsidiary Sharpay.

Between 2003 and 2008, the government owned Botswana Development Corporation, with funding support from the U.S. Trade and Development Agency, commissioned Advanced Resources International ("ARI") to conduct a feasibility study to establish the technical and economic viability of developing a commercial CBM project located in the eastern portion of the Kalahari Karoo Basin of Botswana (ARI, 2008). The ARI work comprised the first detailed CBM exploration program in Botswana with four coreholes being drilled and data collected. Based on this work, ARI estimated the coal resources of Botswana to total about 17 Bt (ARI 2008). A CBM gas in place resource of 200 trillion cubic feet is estimated for the 1.3-million-acre study area (ARI 2003).

Currently the only active companies working in the CBM sector include TLOU, Kalahari Energy and Sharpay (Botala Energy and Pure Hydrogen Corporation).

Botala Dataset

Numerous operators have drilled and logged wells in the area, and Botala has assembled a database of open file and published wells which have been used to map the coal trends in the area (Figure 5). In addition, the government drilled and cored four wells in the early 2000's that provide much of the basic research for the prospectivity of coal bed methane in Botswana (Figure 6). The assembled database has been loaded into a geologic workstation to aid in the interpretation of the project.

The interpretation of the data has provided a regional stratigraphic framework of the Serowe and Morupule Formations. Three distinct coal intervals have been mapped, the Serowe, Upper and Lower Morupule, each with distinctive coal characteristics.

Reservoir Description

The primary CBM reservoirs in the Serowe CBM Project are the Serowe, Upper Morupule and the Lower Morupule. A type log and section is shown in Figure 7. The coal-bearing intervals are comprised of organic rich mudstones and shales in addition to the coals. One regional siltstone occurs at the base of the Serowe Formation. Numerous west-northwest trending dolerite dikes and sills have intruded the section in places and in some cases replace some of the coal intervals. The dolerite intrusions may have increased the rank of the coals in some places

The sediments within the Kalahari Karoo Basin are referred to as the Karoo Supergroup and range in age from Upper Carboniferous to Jurassic. The coals within the section are Permian in age and belong to the Gondwanan system. They are similar to time equivalent coals found in Australia, some of which are known CBM producing fields (e.g. Sydney-Gunnedah-Bowen Basin). Similar time-equivalent CBM producing basins are also found in India (the Raniganj and Jharia coalfields).

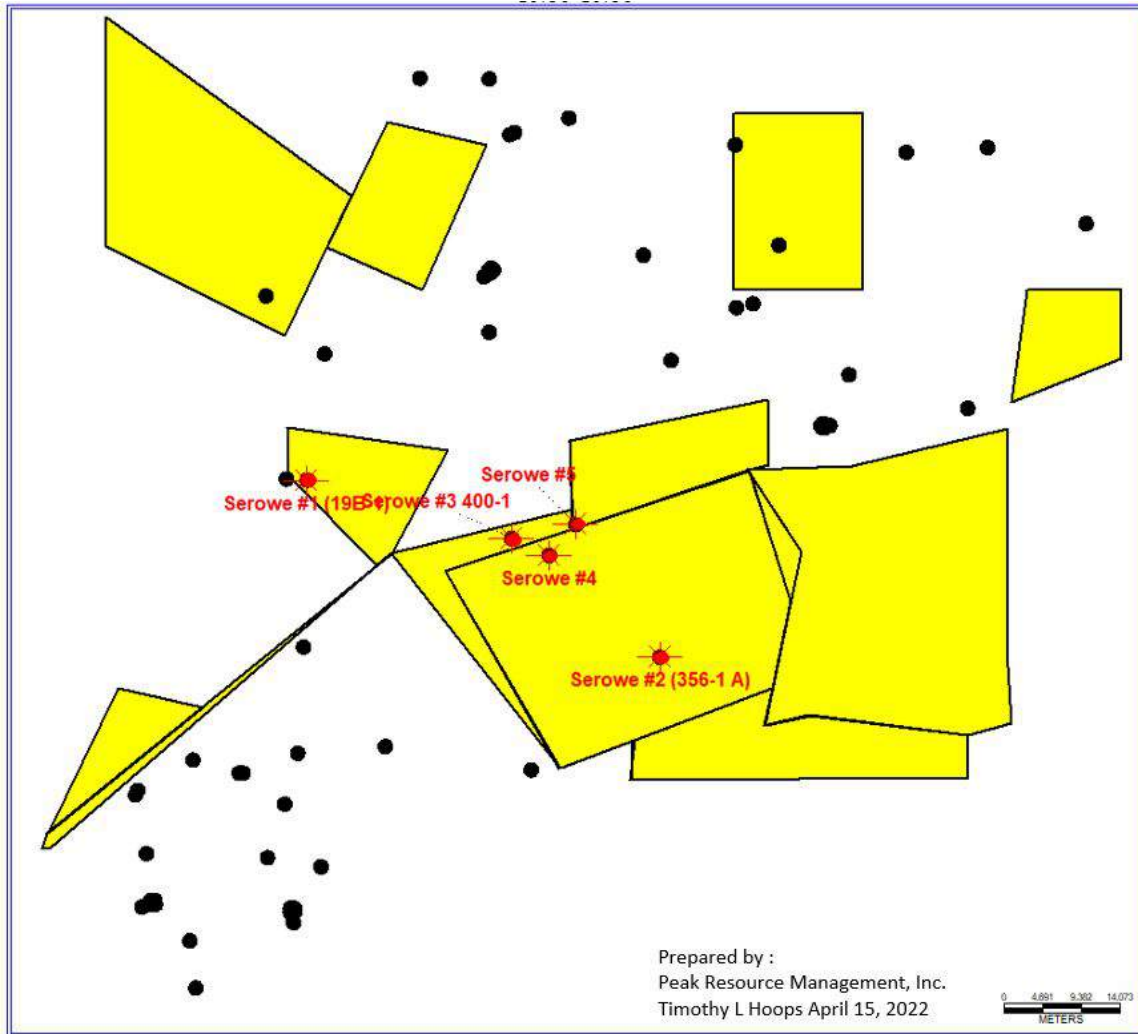


Figure 5: Wells in the Vicinity of the Botata Tenements

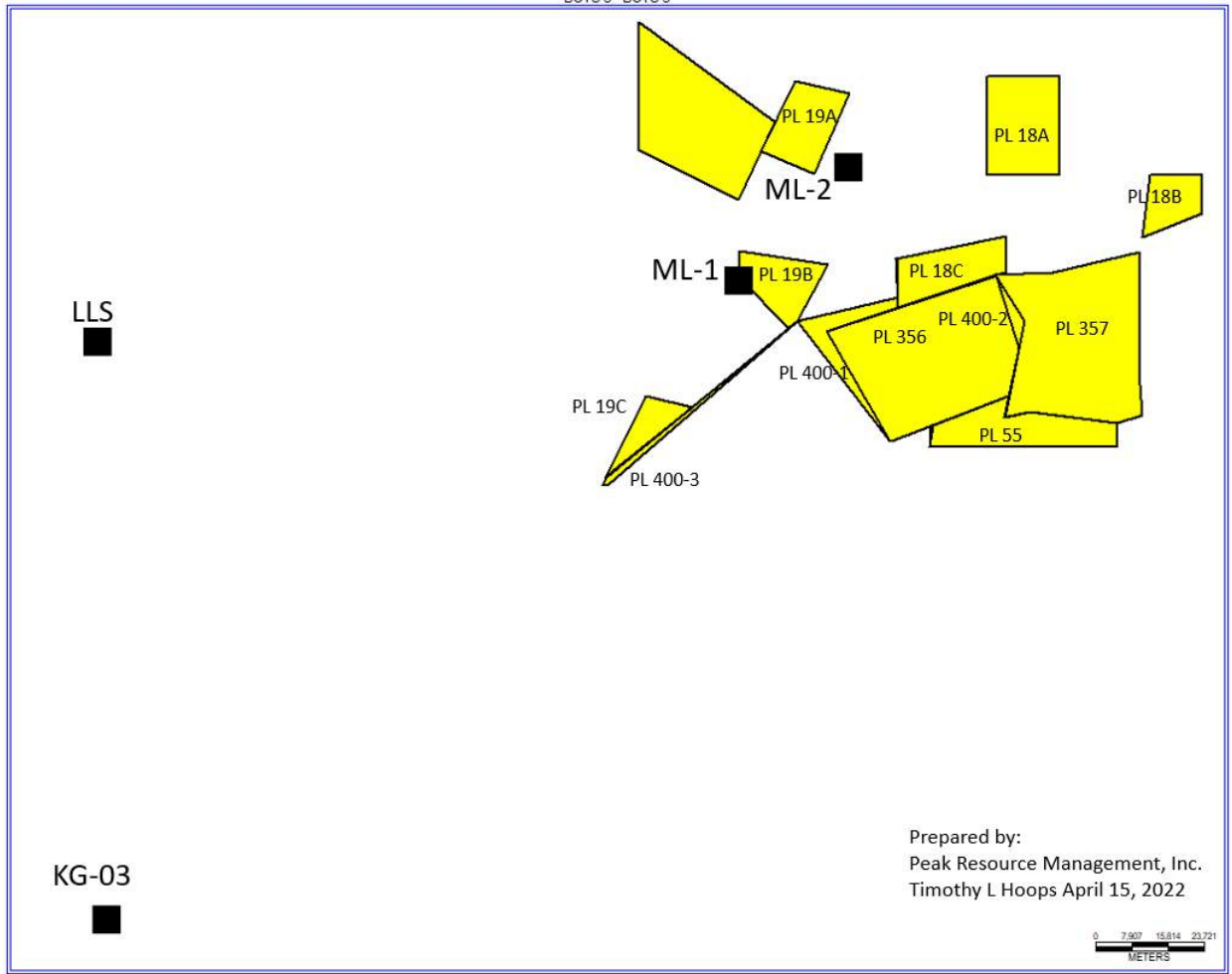


Figure 6: Location of Four Core Wells

The Lower Morupule Formation formed as a fluvially-dominated, delta plain peat swamp, buried by channel migrations and basin subsidence. Coals are interspersed with carbonaceous shale, with the thickest coal seams towards the base. The overlying Serowe Formation is composed of feldspathic sandstones, grading to mudstones and coals. Predominantly, the thicker, better-quality coals of the Serowe Formation are found near the eastern margin of the Karoo Basin with those towards the interior being relatively thin and mixed with silt and clay.

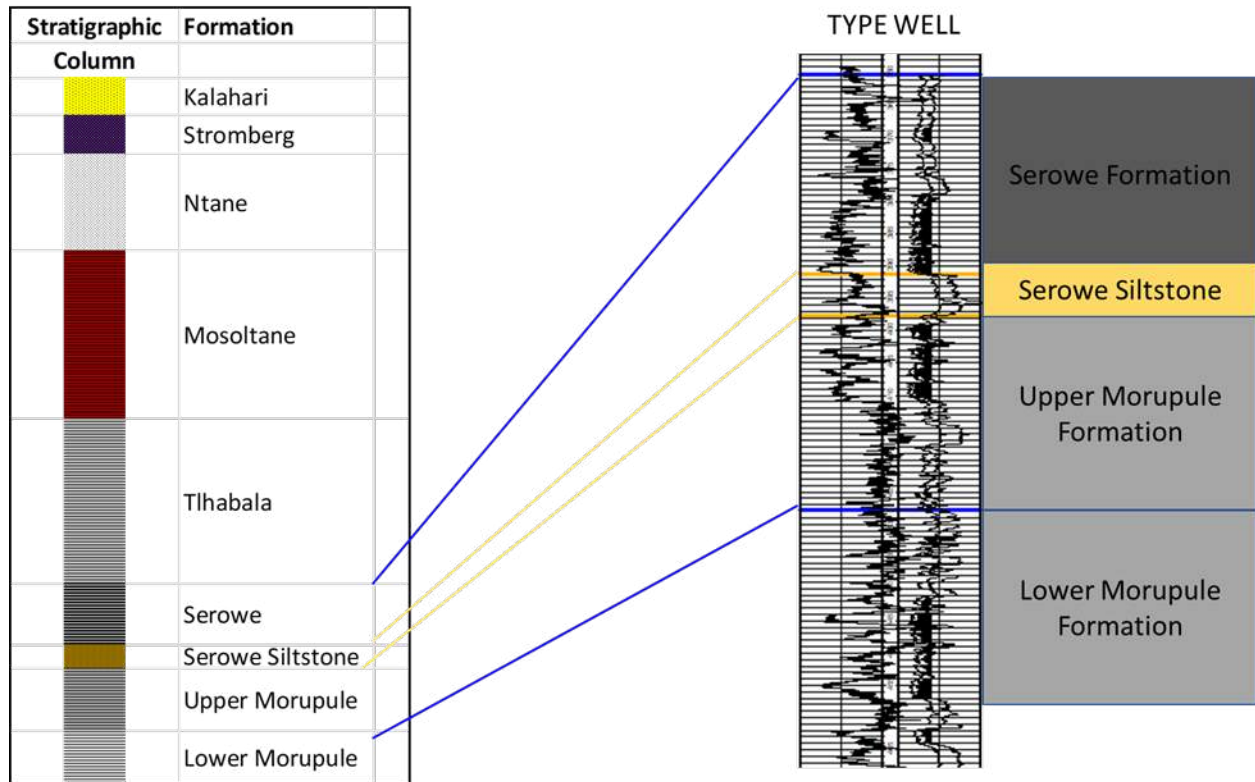


Figure 7: Type Log of the Three CBM Reservoirs

A low physical depression known as the Mmashoro Low acted as a depocenter for the organic peats that eventually formed the coals in the project area. Figure 8 is compilation map prepared by the Botswana Geological Survey which shows the location of the Mmashoro Low and the Botala tenements. The Mmashoro Low was a depocenter for the organic matter that ultimately became the target coals and organic shales. Most of Botala's tenements lie within the Mmashoro Low and this is reflected in the thick coal intervals seen in the five project wells

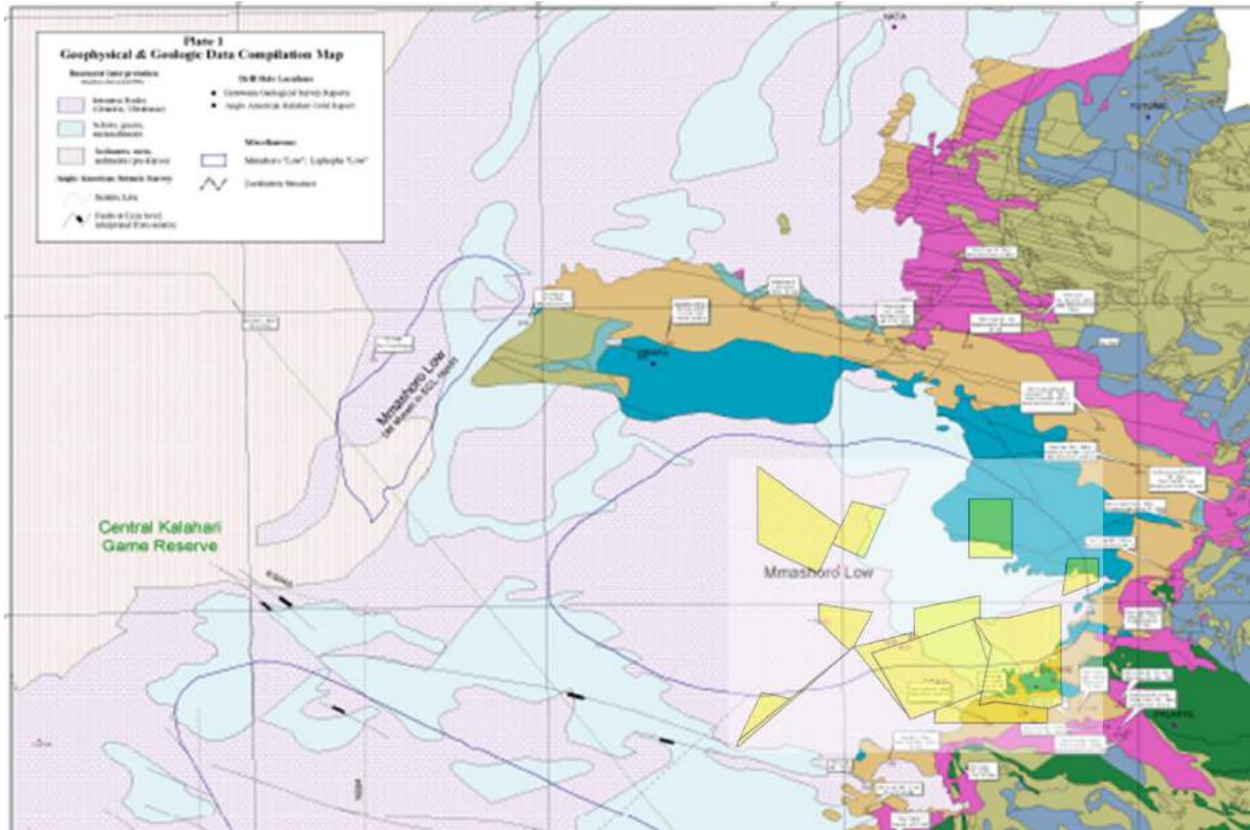


Figure 8: Botswana Kalahari Karoo Basin CBM Study, November 2001 Botswana Geological Survey

Table 3 provides the average depth range to each of the prospective coal intervals as seen in the five project wells. Localized normal faults contribute to the range in depths of the specific coals encountered.

Formation	Seam Depth (m)		
	Min	Ave	Max
Serowe	246	360	440
Upper Morupule	287	401	481
Lower Morupule	315	437	510

Table 3: Average Depth of Coal Intervals

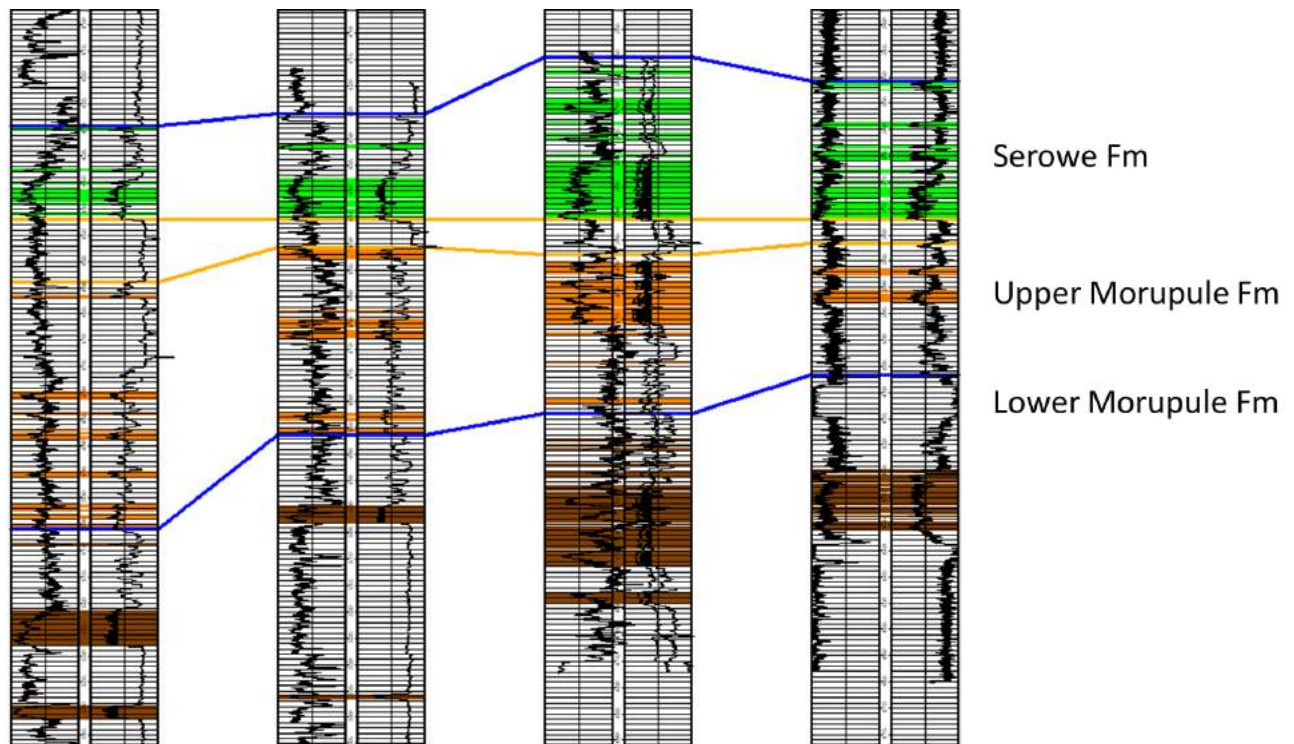


Figure 9: Stratigraphic Cross-section hung on Serowe Siltstone

Figure 9 shows the lateral continuity of the three coal intervals across the project area. Individual coals tend to be limited laterally but the major coal measures are continuous across the project area. The Serowe Formation tends to thin to the south and west.

Table 4 below presents the values for the thickness of each coal package measured in the five project wells.

Formation	Seam Thickness (meters)		
	Min	Ave	Max
Serowe	2	8.8	14
Upper Morupule	4	8.8	11
Lower Morupule	0	8.6	16

Table 4: Average Thickness of Coal Intervals

The Botswana Government funded the initial drilling, coring and testing of the ML-1 well in the project area by ARI (Figure 6). This well is adjacent to PL 19B. The ML-1 well encountered coal and carbonaceous shale over an interval between 330m to 381 meters. Eleven samples were taken from the ML-1 well for analysis as shown in Table 5. Note that in Table 5, all gas content values are expressed in scf/ton.

Sample No.	Depth (m)	Lost Gas	Desorbed Gas	Residual Gas	Total Gas (as-received)	Total Gas (Ash-Free)	Ash %
M1-1	332.0	15	43	17	75	101	25.7
M1-2	334.9	20	63	15	98	130	24.8
M1-3	340.0	5	89	33	127	157	18.7
M1-4	343.1	10	38	12	60	109	45.1
M1-5	352.9	5	18	6	29	40	37.1
M1-6	355.5	17	63	11	91	125	35.2
M1-7	358.5	21	74	18	113	142	21.4
M1-8	362.1	13	52	8	73	124	42.6
M1-9	364.1	15	88	12	115	141	17.7
M1-10	365.2	8	66	23	97	128	26.0
M1-11	366.8	12	41	6	59	82	29.6

Table 5: Summary Gas Content Data of Samples M1-1 through M1-11 Recovered from Corehole ML-1 (ARI 2002)

The average gas content seen in the ML-1 well was 2.4 cubic meters per tonne. The results seen in the five project wells have yielded average measured gas content values greater than seen in the ML-1 well as shown in Table 6 below.

Most coals in Botswana display high inertinite and a low vitrinite content, which is common in Gondwanan coals. They are also typically high in ash and inherent moisture. Vitrinite reflectance studies indicate the coals are relatively immature (0.5-0.7 RoMax), and are of sufficient rank to generate and retain significant thermogenic methane

The coals in all three intervals are frequently interbedded with organically rich shales. These carbonaceous shales are also considered to be prospective for gas development, but no estimate of the quantity has been made at this time. ARI consider that the shales and siltstones might contribute gas volumes, but these have not been considered in this review (ARI 2002).

No porous sandstone has been observed in any of the five wells that Sharpay has drilled. A regional siltstone which sits at the base of the Serowe Formation is extensive across the project area but does not appear to have any meaningful reservoir properties. This Serowe Siltstone serves as a regional marker in the project area.

				Ave Gas Content	
				Range	
	Number of	Gas Content	Grain Density	Low	High
Formation	Samples	Ave (m3/tonne)	Ave (gm/cm3)	(m3/tonne)	(m3/tonne)
Serowe	14	2.5	1.6	1.1	5.0
Upper Morupule	15	3.9	1.5	1.0	16.5
Lower Morupule	9	2.8	1.5	1.7	8.0

Table 6: Gas Content and Saturation

Coal permeability values were derived using injection/falloff tests from three samples in the ML-1 well. The range of permeability in those three zones were 0.6 to 3.1 md. This is a very limited dataset, and it is believed that across the basin permeability could have a larger range (ARI 2002).

The gas quality as found in the ML-1 well is shown in Table 7 below. Gas quality has not yet been measured in the five project wells drilled to date but will be undertaken in the 2022 testing program.

Gas Composition ML-1 Well				
	Gas Percentages			
Sample	CH4	CO2	N2	Other
ML1-3	91.1	5.6	1.9	1.4
ML1-8	89.1	9.5	1.2	0.2

Table 7: Measured Gas Composition (ARI 2002)

Resource Assessment

Sproule prepared an updated audit of the contingent and prospective resource estimates held by Botla in this project as of 1 April 2022. These resources volumes are shown in Table 1 of this report.

The project will need various stages of exploration and testing to elevate the properties to a Reserves Classification. The anticipated stages include an exploration phase that will involve tests of the coals for their gas properties; a pilot project involving several wells to determine potential flow capacity and a feasibility study that will utilize the results and determine the commerciality of the project. The contingent resources are not contingent on the development of any additional or new technology. It is anticipated that technology that has been developed in Queensland, Australia and other places will be used to maximize the potential of the project. It is anticipated to take approximately three years to achieve a feasibility determination.

Contingent resources were classified on the project due to the drilling and casing of the 19B-1 CSG well in 2019, which intersected the Serowe and Upper Morupule Formations, and through the acquisition of

valuable geologic and coal characterization data, including gas saturation. In 2020, additional digital data were obtained from open file wells which penetrated the coals in the region. Then in 2021, four additional CSG wells (Serowe #2 through Serowe #5) were drilled to intersect the Serowe Coal, Upper Morupule and Lower Morupule Formations which led to the acquisition of additional geologic, coal characterization and gas content data. The location of these wells is shown in Figure 10. The company is undertaking the flow testing of the Serowe #3 well in the 2nd quarter of 2022 to obtain reservoir data including water flow capacity, gas volumes and gas quality.

The company has conducted two geophysical surveys to obtain data relating to the structural fabric of the project area. An Audio Magneto telluric (AMT) survey was conducted by Geopsecs of Gaborone, Botswana in the first half of 2021 with a follow up program in early 2022. The scope of these surveys was to identify structural features that may impact the exploration targets. The data has been gathered and processed and is currently being interpreted and integrated into the geological database. Additionally, an 18 km² ground magnetic survey was acquired in early 2022 by Geospecs and is currently being processed. The scope of the magnetic survey was to identify faulting and igneous intrusions that may impact exploration targets. It is anticipated that the processed data will be available to the company by June 1, 2022 for integration into the geologic database.

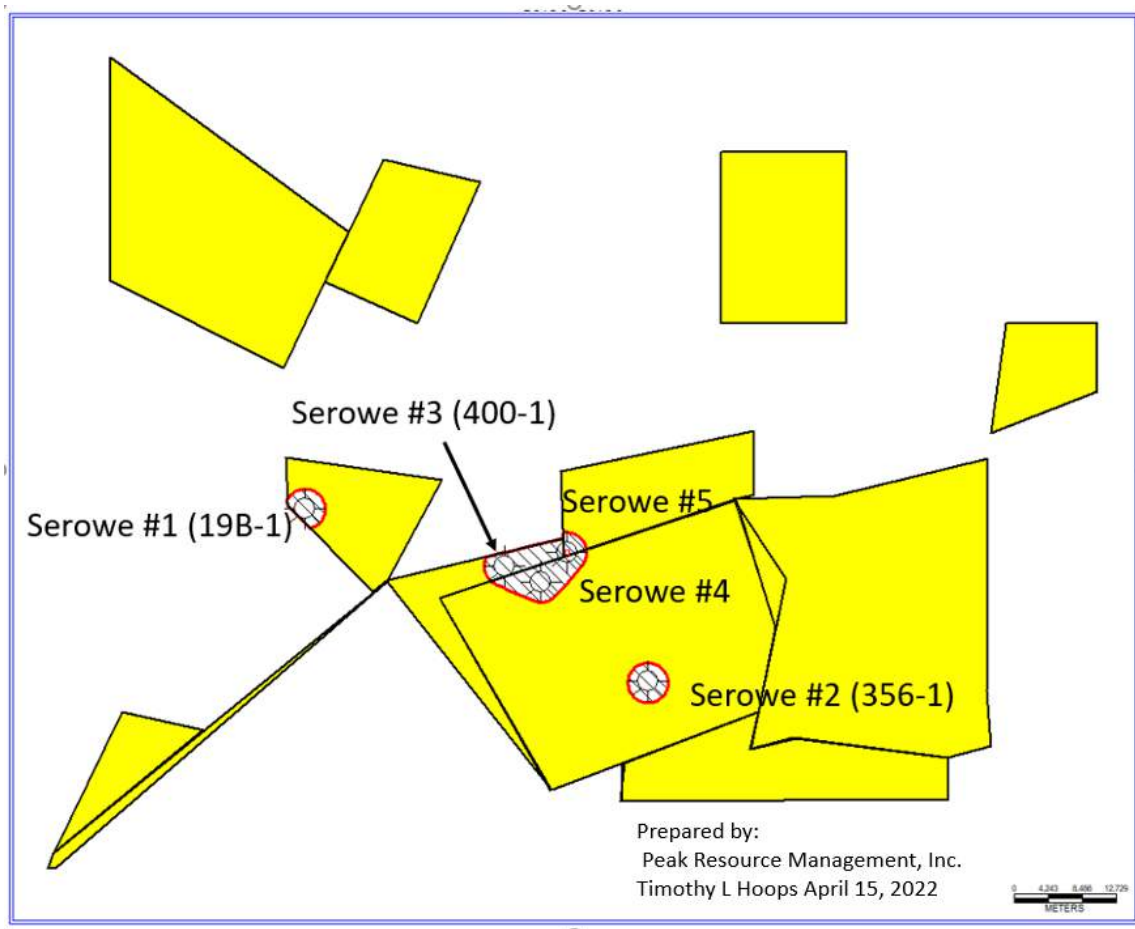


Figure 10: Location of Botswana Wells.

The contingent resource volumes were obtained by calculating the potentially recoverable portion of the gas-in-place using a range of estimates of coal net thickness, coal density, and recoverable gas content of the coals. A deterministic approach was used in the estimates of the contingent resources. Coal volumes were calculated from net coal maps and from the data from the five wells associated with the estimate. Average coal density values from NMR logs were used to determine the tonnage of coal. Average gas concentrations were used to determine the coal bed methane initially in place, and a 75% gas recovery factor was estimated to arrive at the recoverable coal bed methane resource. Contingent resources were assigned over a radius of 2.5 km from the five referenced wellbores. These contingent resource areas are shown outlined in red in Figure 10. The resources calculated using the above approach were taken as the high case (3C), 80% of that volume was used as a medium case (2C), and 60% of the high volume was used as a low (1C) estimate. The contingent resources are located in Permits PL18C, PL19B, PL356 and PL 400.

The estimated contingent resources are prevented from being classified as reserves until sufficient production tests are carried out. The total costs associated with establishing the commerciality of this project are unknown at this time given the early stage of the Project's development.

The prospective resource volumes were obtained by calculating the potentially recoverable portion of the gas-in-place using a deterministic approach that was used in the estimates of the contingent resources. Coal volumes were calculated from net coal maps. Average coal density values from NMR logs were used to determine the tonnage of coal. Different reservoir compartments or zones were identified because the drilling program in the Serowe CBM play has indications that the play is compartmentalized with east west trending faults and dikes. Coal volumes were estimated by block and compartment. Coal density values were obtained from well logs, and low, medium and high estimates of gas content values from existing data were used to obtain a range of gas-in-place volumes. The average gas content data from logs was used as the high case, 80% of that volume was used as a medium case, and 60% of the high volume was used as a low estimate. All of the permits contribute to the prospective resource estimate.

Botala Energy plans to initiate at least one five-spot pilot program near one of the exploration wells in 2022. Additionally, Botala Energy plans to drill four additional exploration wells in 2022 which will be located outside of the current focus areas around the 400-1 well.

The work to date has shown strong evidence of free gas in the coals both in the NMR logs as well as physical evidence of gas shows while drilling and flow testing. The Companies deem the chance of discovery of methane in the target coals to be excellent with a probability of greater than 90%. The targeted coals tend to have low permeability and methods will need to be developed to enhance the natural flows of these coals to maximize the recovery factor. However, drilling costs are very low in Botswana and there is a robust market for electricity and transportation fuels at premium prices. These factors, along with the high probability of a gas accumulation, leads the Companies to place a chance of development in excess of 70%. Sproule did not undertake a field inspection of the property.

The exploration results and contingent resources on the Serowe CBM Project to date are sufficient to warrant Botala's proposed exploration and development programme in accordance with the use of funds set out in the prospectus (on both a minimum and maximum subscription basis).

Risk Factors Relating to the Resource Estimates

The predominant geologic and exploration risks are associated with variations in net coal thickness, areas where coals may be significantly undersaturated, as well as insufficient coal permeability and productivity. The Company will be conducting operations in a foreign country that may not have sufficient exploration equipment, labor, tools and experience to carry out the planned development operations.

The Company will be subject to the risks associated with operating in the Republic of Botswana. These risks may include economic, social or political instability or change, hyperinflation, currency non convertibility and instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labor relations and government control over petroleum properties. Botswana is a parliamentary representative democratic republic, with a President, who serves as both head of state and head of the Government, a legislature and a legal system that is based on both Roman Dutch and the English common law.

While a demand for new energy sources in the Republic of Botswana and regionally is currently present, there is no assurance that the Botswana or regional energy market will be adequately developed to accept the produced CBM, nor at the time of commercial success, is there any assurance the CBM will be the preferred energy source.

The permit area is remote and could be the target of sabotage; however, evidence is such that this is considered a low risk. No pipeline infrastructure is currently in place, and no contracts to purchase the gas are in place currently. The first power purchase agreement (“PPA”) was signed between TLOU and BPC in 2018 and, as such, a precedent has been set for future PPAs. Infrastructure risk is considered low, assuming commercial quantities of gas are confirmed, due to the growing demand for power in the country. Legal title is through the federal government and is considered a low risk factor and the legal system is based on Roman Dutch and English Common law..

Environmental risks, including contamination from drilling and completion fluids, are considered low with modern industry standards. Confirmation and development of the project will rely on outside sources of capital and cannot be assured; however, if positive results are obtained from the properties, the capital risk is believed manageable.

Environment

The Serowe CBM Project is in the early stages of exploration with testing. The historic land use in the Project area is mainly cattle which has modified the local environment with extensive grazing and fencing. The Project area does include some small towns and villages. The surface impacts of CBM development are anticipated to be low and the surrounding land use will be only minimally impacted by the development of CBM and its infrastructure.

The quantity and quality of wastewater that will be produced from CBM development is still under investigation; however, early testing anticipates low water production with mildly brackish water produced. Steps will be taken to ensure this produced water is handled properly and utilized as efficiently as possible and made available for local landowners to develop their agriculture

Natural gas is a cleaner burning energy to coal which is the major fuel source for indigenous energy generation in Botswana.

Sharpay has undertaken several environmental studies as required by the permit requirements as shown in Table 8 below. Before a mining license is issued, a full Environmental Impact Study (“EIS”) will be conducted in advance of commercial development. It is anticipated that the Company will initiate this EIS in 2022.

Project Area	Prospecting Number	License	Concession Type	ENVIROMENTAL STATUS
Central District	PL016/2018		Coal and Coal Bed Methane	EMP
Central District	PL018/2018		Coal and Coal Bed Methane	EMP
Central District	PL019/2018		Coal and Coal Bed Methane	EMP
Central District	PL356/2018		Coal and Coal Bed Methane	EIA
Central District	PL357/2018		Coal and Coal Bed Methane	EMP
Central District	PL400/2018		Coal and Coal Bed Methane	EIA
Central District	PL055/2021		Coal and Coal Bed Methane	Pending

Table 8: Environmental Studies

Disclaimer

The results presented in this Report are based on information supplied to Sproule by Botala. Sproule has exercised all due care in reviewing the supplied information. Whilst Sproule has compared key supplied data with expected values and independently verified as much information as possible, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. Sproule does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them.

Neither Sproule nor any of the authors of this Report has any beneficial interest in the outcome of the technical assessment presented. Sproule’s fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

The assessment of petroleum assets is subject to many uncertainties. It involves judgements on many variables that cannot be precisely assessed, including reserves, future gas production rates, the costs

associated with producing these volumes, access to product markets, product prices and the potential impact of fiscal/regulatory changes.

Sproule has not independently verified property title, encumbrances or regulations that apply to these assets. Sproule has not reviewed the projected exploration and development costs or any other economic considerations associated with the Project.

Sproule can confirm that, to the best of our knowledge, the materials and information which have been delivered to Sproule represent Botala's most current state of affairs, and are represented within the final version of this report. Any deviations to the aforementioned statement are, to the best of Sproule's knowledge, not materially significant and do not require any further changes to be made to the report.

Sproule consents for the information contained in its report to be used by Botala for inclusion in the Botala Energy Limited Prospectus on the basis that the technical assessments expressed in this report are considered with, and not independently of, the information set out in the complete Prospectus. Neither the whole nor any part of this report, nor any reference to it, may be included in or with or attached to any other document, circular, resolution, letter or statement without the prior consent of Sproule.

A handwritten signature in blue ink, appearing to read "Timothy Hower".

Timothy Hower, P.E.
Senior Technical Advisor
Sproule

The following Responsible Member of Sproule Incorporated certifies that our internal quality control process has been completed in accordance with our Professional Practice Management Plan.

Meghan Klein, P. Eng.
Senior Manager, Engineering
Sproule

Appendix A - References

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Appendix B - Category Definitions of Petroleum Resources

Petroleum Resource Management System (“PRMS”) – 2018

A classification system of petroleum resources is a fundamental element that provides a common language for communicating both the confidence of a project’s resources maturation status and the range of potential outcomes to the various entities. The PRMS provides transparency by requiring the assessment of various criteria that allow for the classification and categorization of a project’s resources. The evaluation elements consider the risk of geologic discovery and the technical uncertainties together with a determination of the chance of achieving the commercial maturation status of a petroleum project.

The technical estimation of petroleum resources quantities involves the assessment of quantities and values that have an inherent degree of uncertainty. Quantities of petroleum and associated products can be reported in terms of volumes (e.g., barrels or cubic meters), mass (e.g., metric tonnes) or energy (e.g., Btu or Joule). These quantities are associated with exploration, appraisal, and development projects at various stages of design and implementation. The commercial aspects considered will relate the project’s maturity status (e.g., technical, economical, regulatory, and legal) to the chance of project implementation.

The use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios. The application of PRMS must consider both technical and commercial factors that impact the project’s feasibility, its productive life, and its related cashflows.

1.1 Petroleum Resources Classification Framework

Petroleum is defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid state. Petroleum may also contain non-hydrocarbons, common examples of which are carbon dioxide, nitrogen, hydrogen sulfide, and sulfur. In rare cases, non-hydrocarbon content can be greater than 50%.

The term resources as used herein is intended to encompass all quantities of petroleum naturally occurring within the Earth’s crust, both discovered and undiscovered (whether recoverable or unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered as conventional or unconventional resources.

Figure B.1 graphically represents the PRMS resources classification system. The system classifies resources into discovered and undiscovered and defines the recoverable resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable Petroleum.

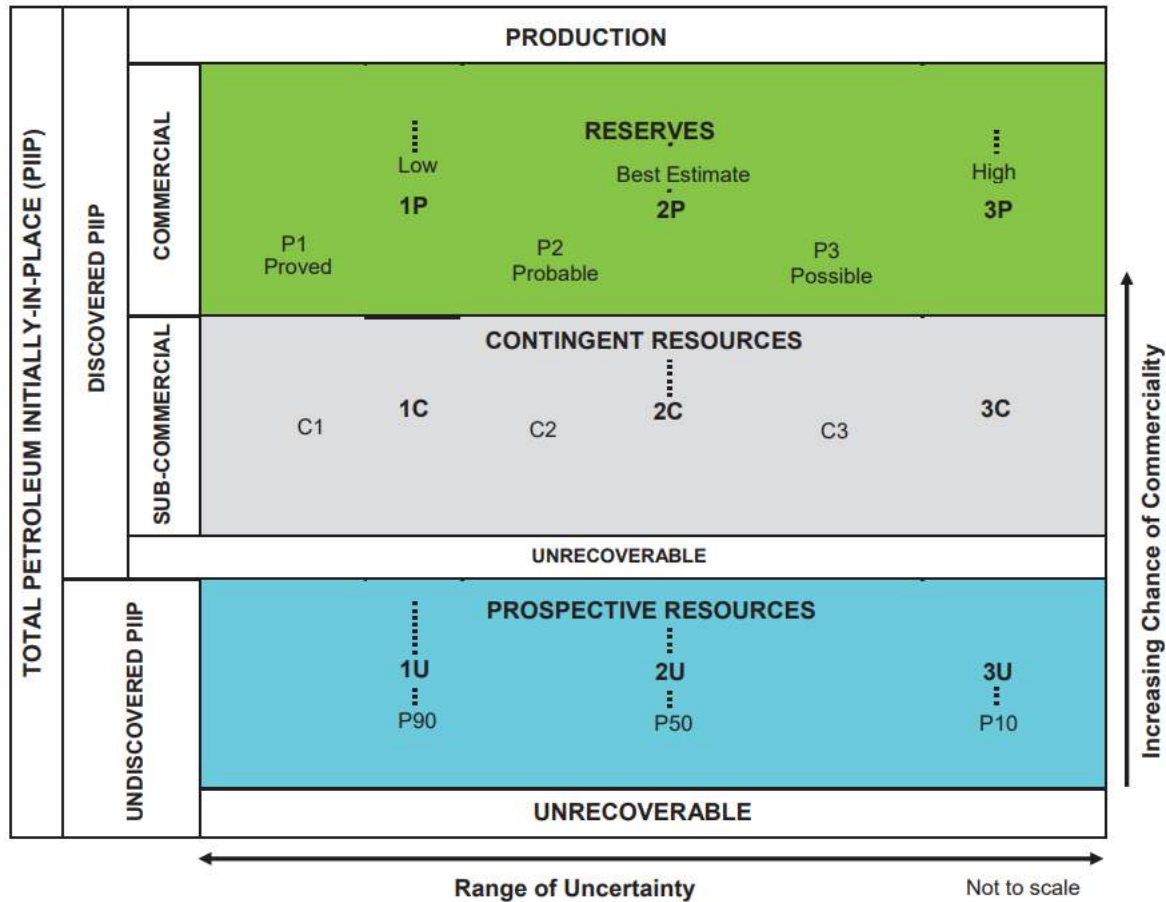


Figure B-1: PRMS Resources Classification System

The horizontal axis in the above figure reflects the range of uncertainty of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the chance of commerciality, P_c , which is the chance that a project will be committed for development and reach commercial producing status.

The following definitions apply to the major subdivisions within the resources classification:

A. Total Petroleum Initially-In-Place (PIIP) is all quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.

B. Discovered PIIP is the quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations before production.

C. Production is the cumulative quantities of petroleum that have been recovered at a given date. While all recoverable resources are estimated, and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage.

Multiple development projects may be applied to each known or unknown accumulation, and each project will be forecast to recover an estimated portion of the initially-in-place quantities. The projects

shall be subdivided into commercial, sub-commercial, and undiscovered, with the estimated recoverable quantities being classified as Reserves, Contingent Resources, or Prospective Resources respectively, as defined below.

A. 1. **Reserves** are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied.

2. Reserves are recommended as sales quantities as metered at the reference point. Where the entity also recognizes quantities consumed in operations (CiO), as Reserves these quantities must be recorded separately. Non-hydrocarbon quantities are recognized as Reserves only when sold together with hydrocarbons or CiO associated with petroleum production. If the non-hydrocarbon is separated before sales, it is excluded from Reserves.

3. Reserves are further categorized in accordance with the range of uncertainty and should be subclassified based on project maturity and/or characterized by development and production status.

B. **Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. Contingent Resources have an associated chance of development. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the range of uncertainty associated with the estimates and should be subclassified based on project maturity and/or economic status.

C. Undiscovered PIIP is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.

D. **Prospective Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development. Prospective Resources are further categorized in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.

E. Unrecoverable Resources are that portion of either discovered or undiscovered PIIP evaluated, as of a given date, to be unrecoverable by the currently defined project(s). A portion of these quantities may become recoverable in the future as commercial circumstances change, technology is developed, or additional data are acquired. The remaining portion may never be recovered because of physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

The sum of Reserves, Contingent Resources, and Prospective Resources may be referred to as "remaining recoverable resources." Importantly, these quantities should not be aggregated without due consideration of the technical and commercial risk involved with their classification. When such terms are used, each classification component of the summation must be provided.

Other terms used in resource assessments include the following:

A. Estimated Ultimate Recovery (EUR) is not a resources category or class, but a term that can be applied to an accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities already produced from the accumulation or group of accumulations. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.

B. Technically Recoverable Resources (TRR) are those quantities of petroleum producible using currently available technology and industry practices, regardless of commercial considerations. TRR may be used for specific Projects or for groups of Projects, or, can be an undifferentiated estimate within an area (often basin-wide) of recovery potential.

Whenever these terms are used, the conditions associated with their usage must be clearly noted and documented.

1.2 Project-Based Resources Evaluations

The resources evaluation process consists of identifying a recovery project or projects associated with one or more petroleum accumulations, estimating the quantities of PIIP, estimating that portion of those in-place quantities that can be recovered by each project, and classifying the project(s) based on maturity status or chance of commerciality.

The concept of a project-based classification system is further clarified by examining the elements contributing to an evaluation of net recoverable resources (Figure B.2).

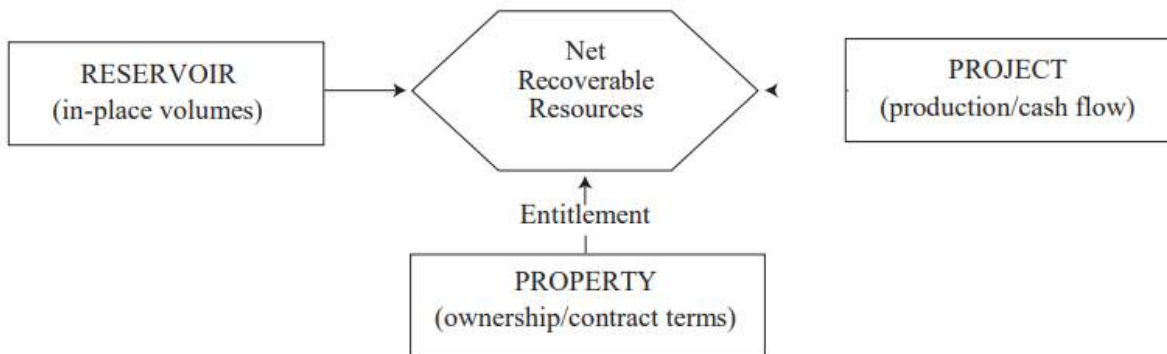


Figure B-2: Resources Evaluation

The reservoir (contains the petroleum accumulation): Key attributes include the types and quantities of PIIP and the fluid and rock properties that affect petroleum recovery.

The project: A project may constitute the development of a well, a single reservoir, or a small field; an incremental development in a producing field; or the integrated development of a field or several fields

together with the associated processing facilities (e.g., compression). Within a project, a specific reservoir's development generates a unique production and cash-flow schedule at each level of certainty. The integration of these schedules taken to the project's earliest truncation caused by technical, economic, or the contractual limit defines the estimated recoverable resources and associated future net cash flow projections for each project. The ratio of EUR to total PIIP quantities defines the project's recovery efficiency. Each project should have an associated recoverable resources range (low, best, and high estimate).

The property (lease or license area): Each property may have unique associated contractual rights and obligations, including the fiscal terms. This information allows definition of each participating entity's share of produced quantities (entitlement) and share of investments, expenses, and revenues for each recovery project and the reservoir to which it is applied. One property may encompass many reservoirs, or one reservoir may span several different properties. A property may contain both discovered and undiscovered accumulations that may be spatially unrelated to a potential single field designation.

An entity's net recoverable resources are the entitlement share of future production legally accruing under the terms of the development and production contract or license.

In the context of this relationship, the project is the primary element considered in the resources classification, and the net recoverable resources are the quantities derived from each project. A project represents a defined activity or set of activities to develop the petroleum accumulation(s) and the decisions taken to mature the resources to reserves. In general, it is recommended that an individual project has assigned to it a specific maturity level sub-class at which a decision is made whether or not to proceed (i.e., spend more money) and there should be an associated range of estimated recoverable quantities for the project. For completeness, a developed field is also considered to be a project.

An accumulation or potential accumulation of petroleum is often subject to several separate and distinct projects that are at different stages of exploration or development. Thus, an accumulation may have recoverable quantities in several resources classes simultaneously. When multiple options for development exist early in project maturity, these options should be reflected as competing project alternatives to avoid double counting until decisions further refine the project scope and timing. Once the scope is described and the timing of decisions on future activities established, the decision steps will generally align with the project's classification. To assign recoverable resources of any class, a project's development plan, with detail that supports the resource commercial classification claimed, is needed.

The estimates of recoverable quantities must be stated in terms of the production derived from the potential development program even for Prospective Resources. Given the major uncertainties involved at this early stage, the development program will not be of the detail expected in later stages of maturity. In most cases, recovery efficiency may be based largely on analogous projects. In-place quantities for which a feasible project cannot be defined using current or reasonably forecast improvements in technology are classified as Unrecoverable.

Not all technically feasible development projects will be commercial. The commercial viability of a development project within a field's development plan is dependent on a forecast of the conditions that will exist during the time period encompassed by the project. Conditions include technical, economic (e.g., hurdle rates, commodity prices), operating and capital costs, marketing, sales route(s), and legal, environmental, social, and governmental factors forecast to exist and impact the project during the time

period being evaluated. While economic factors can be summarized as forecast costs and product prices, the underlying influences include, but are not limited to, market conditions (e.g., inflation, market factors, and contingencies), exchange rates, transportation and processing infrastructure, fiscal terms, and taxes.

The resources being estimated are those quantities producible from a project as measured according to delivery specifications at the point of sale or custody transfer and may permit forecasts of CiO quantities. The cumulative production forecast from the effective date forward to cessation of production is the remaining recoverable resources quantity.

The supporting data, analytical processes, and assumptions describing the technical and commercial basis used in an evaluation must be documented in sufficient detail to allow, as needed, a qualified reserves evaluator or qualified reserves auditor to clearly understand each project's basis for the estimation, categorization, and classification of recoverable resources quantities and, if appropriate, associated commercial assessment.

2.0 Classification and Categorization Guidelines

To consistently characterize petroleum projects, evaluations of all resources should be conducted in the context of the full classification system shown in Figure B.1. These guidelines reference this classification system and support an evaluation in which projects are “classified” based on their chance of commerciality, P_c (the vertical axis labeled Chance of Commerciality), and estimates of recoverable and marketable quantities associated with each project are “categorized” to reflect uncertainty (the horizontal axis). The actual workflow of classification versus categorization varies with individual projects and is often an iterative analysis leading to a final report. Report here refers to the presentation of evaluation results within the entity conducting the assessment and should not be construed as replacing requirements for public disclosures under guidelines established by regulatory and/or other government agencies.

2.1 Resources Classification

The PRMS classification establishes criteria for the classification of the total PIIP. A determination of a discovery differentiates between discovered and undiscovered PIIP. The application of a project further differentiates the recoverable from unrecoverable resources. The project is then evaluated to determine its maturity status to allow the classification distinction between commercial and sub-commercial projects. PRMS requires the project's recoverable resources quantities to be classified as either Reserves, Contingent Resources, or Prospective Resources.

A discovered petroleum accumulation is determined to exist when one or more exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially recoverable hydrocarbons and thus have established a known accumulation. In the absence of a flow test or sampling, the discovery determination requires confidence in the presence of hydrocarbons and evidence of producibility, which may be supported by suitable producing analogs. In this context, “significant” implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place quantity demonstrated by the well(s) and for evaluating the potential for commercial recovery.

Where a discovery has identified potentially recoverable hydrocarbons, but it is not considered viable to apply a project with established technology or with technology under development, such quantities may be classified as Discovered Unrecoverable with no Contingent Resources. In future evaluations, as appropriate for petroleum resources management purposes, a portion of these unrecoverable quantities

may become recoverable resources as either commercial circumstances change or technological developments occur.

Discovered recoverable quantities (Contingent Resources) may be considered commercially mature, and thus attain Reserves classification, if the entity claiming commerciality has demonstrated a firm intention to proceed with development. This means the entity has satisfied the internal decision criteria (typically rate of return at or above the weighted average cost-of-capital or the hurdle rate). Commerciality is achieved with the entity's commitment to the project and all of the following criteria:

- A. Evidence of a technically mature, feasible development plan.
- B. Evidence of financial appropriations either being in place or having a high likelihood of being secured to implement the project.
- C. Evidence to support a reasonable time-frame for development.
- D. A reasonable assessment that the development projects will have positive economics and meet defined investment and operating criteria. This assessment is performed on the estimated entitlement forecast quantities and associated cash flow on which the investment decision is made.
- E. A reasonable expectation that there will be a market for forecast sales quantities of the production required to justify development. There should also be similar confidence that all produced streams (e.g., oil, gas, water, CO₂) can be sold, stored, re-injected, or otherwise appropriately disposed.
- F. Evidence that the necessary production and transportation facilities are available or can be made available.
- G. Evidence that legal, contractual, environmental, regulatory, and government approvals are in place or will be forthcoming, together with resolving any social and economic concerns.

The commerciality test for Reserves determination is applied to the best estimate (P50) forecast quantities, which upon qualifying all commercial and technical maturity criteria and constraints become the 2P Reserves. Stricter cases [e.g., low estimate (P90)] may be used for decision purposes or to investigate the range of commerciality. Typically, the low- and high-case project scenarios may be evaluated for sensitivities when considering project risk and upside opportunity.

To be included in the Reserves class, a project must be sufficiently defined to establish both its technical and commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming and evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where justifiable; for example, development of economic projects that take longer than five years to be developed or are deferred to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.

While PRMS guidelines require financial appropriations evidence, they do not require that project financing be confirmed before classifying projects as Reserves. However, this may be another external reporting requirement. In many cases, financing is conditional upon the same criteria as above. In general, if there is not a reasonable expectation that financing or other forms of commitment (e.g., farm-outs) can be arranged so that the development will be initiated within a reasonable time-frame, then the project should be classified as Contingent Resources. If financing is reasonably expected to be in place at the time of the final investment decision (FID), the project's resources may be classified as Reserves.

Evaluators have the option to establish a more detailed resources classification reporting system that can also provide the basis for portfolio management by subdividing the chance of commerciality axis according to project maturity. Such sub-classes may be characterized qualitatively by the project maturity level descriptions and associated quantitative chance of reaching commercial status and being placed on production.

As a project moves to a higher level of commercial maturity in the classification (see Figure B.1 vertical axis), there will be an increasing chance that the accumulation will be commercially developed and the project quantities move to Reserves. For Contingent and Prospective Resources, this is further expressed as a chance of commerciality, P_c , which incorporates the following underlying chance component(s):

A. The chance that the potential accumulation will result in the discovery of a significant quantity of petroleum, which is called the "chance of geologic discovery," P_g

B. Once discovered, the chance that the known accumulation will be commercially developed is called the "chance of development," P_d

There must be a high degree of certainty in the chance of commerciality, P_c , for Reserves to be assigned; for Contingent Resources, $P_c = P_d$; and for Prospective Resources, P_c is the product of P_g and P_d .

Contingent and Prospective Resources can have different project scopes (e.g., well count, development spacing, and facility size) as development uncertainties and project definition mature.

As Figure B.3 illustrates, development projects and associated recoverable quantities may be subclassified according to project maturity levels and the associated actions (i.e., business decisions) required to move a project toward commercial production.

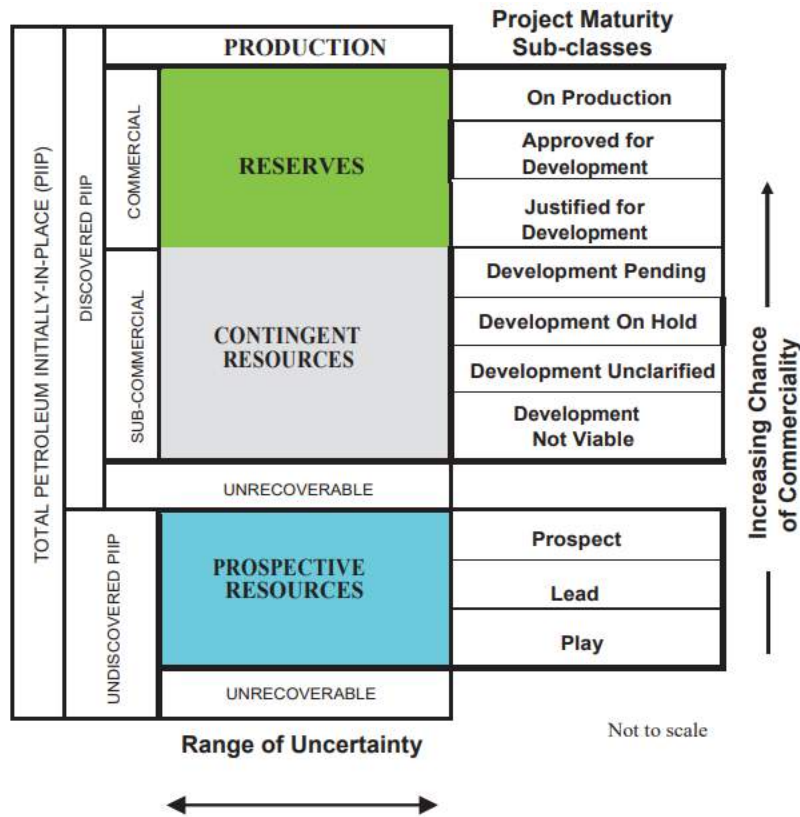


Figure B-3: Sub-Classes Based on Project Maturity

This approach supports the management of portfolios of opportunities at various stages of exploration, appraisal, and development. Reserve sub-classes must achieve commerciality while Contingent and Prospective Resources sub-classes may be supplemented by associated quantitative estimates of chance of commerciality to mature.

Resources sub-class maturation is based on those actions that progress a project through final approvals to implementation and initiation of production and product sales. The boundaries between different levels of project maturity are frequently referred to as project “decision gates.”

Projects that are classified as Reserves must meet the criteria as listed previously. Projects sub-classified as Justified for Development are agreed upon by the managing entity and partners as commercially viable and have support to advance the project, which includes a firm intent to proceed with development. All participating entities have agreed to the project and there are no known contingencies to the project from any official entity that will have to formally approve the project.

Justified for Development Reserves are reclassified to Approved for Development after the FID has been made. Projects should not remain in the Justified for Development sub-class for extended time periods without positive indications that all required approvals are expected to be obtained without undue delay. If there is no longer the reasonable expectation of project execution (i.e., historical track record of execution, project progress), the project shall be reclassified as Contingent Resources.

Projects classified as Contingent Resources have their sub-classes aligned with the entity's plan to manage its portfolio of projects. Thus, projects on known accumulations that are actively being studied, undergoing feasibility review, and have planned near-term operations (e.g., drilling) are placed in Contingent Resources Development Pending, while those that do not meet this test are placed into either Contingent Resources On Hold, Unclarified, or Not Viable.

Where commercial factors change and there is a significant risk that a project with Reserves will no longer proceed, the project shall be reclassified as Contingent Resources.

For Contingent Resources, evaluators should focus on gathering data and performing analyses to clarify and then mitigate those key conditions or contingencies that prevent commercial development. Note that the Contingent Resources sub-classes described above and shown in Figure B.3 are recommended; however, entities are at liberty to introduce additional sub-classes that align with project management goals.

For Prospective Resources, potential accumulations may mature from Play, to Lead and then to Prospect based on the ability to identify potentially commercially viable exploration projects. The Prospective Resources are evaluated according to chance of geologic discovery, Pg, and chance of development, Pd, which together determine the chance of commerciality, Pc. Commercially recoverable quantities under appropriate development projects are then estimated. The decision at each exploration phase is whether to undertake further data acquisition and/or studies designed to move the Play through to a drillable Prospect with a project description range commensurate with the Prospective Resources subclass.

Once projects satisfy commercial maturity, the associated quantities are classified as Reserves. These quantities may be allocated to the following subdivisions based on the funding and operational status of wells and associated facilities within the reservoir development plan:

A. Developed Reserves are quantities expected to be recovered from existing wells and facilities.

1. Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.
2. Developed Non-Producing Reserves include shut-in and behind-pipe reserves with minor costs to access.

B. Undeveloped Reserves are quantities expected to be recovered through future significant investments.

The distinction between the "minor costs to access" Developed Non-Producing Reserves and the "significant investment" needed to develop Undeveloped Reserves requires the judgment of the evaluator taking into account the cost environment. A significant investment would be a relatively large expenditure when compared to the cost of drilling and completing a new well. A minor cost would be a lower expenditure when compared to the cost of drilling and completing a new well.

Once a project passes the commercial assessment and achieves Reserves status, it is then included with all other Reserves projects of the same category in the same field for estimating combined future production and applying the economic limit test.

Where Reserves remain Undeveloped beyond a reasonable time-frame or have remained Undeveloped owing to postponements, evaluations should be critically reviewed to document reasons for the delay in

initiating development and to justify retaining these quantities within the Reserves class. While there are specific circumstances where a longer delay is justified, a reasonable time-frame to commence the project is generally considered to be less than five years from the initial classification date.

Development and Production status are of significant importance for project portfolio management and financials. The Reserves status concept of Developed and Undeveloped status is based on the funding and operational status of wells and producing facilities within the development project. These status designations are applicable throughout the full range of Reserves uncertainty categories (1P, 2P, and 3P or Proved, Probable, and Possible). Even those projects that are Developed and On Production should have remaining uncertainty in recoverable quantities.

Projects may be further characterized by economic status. All projects classified as Reserves must be commercial under defined conditions. Based on assumptions regarding future conditions and the impact on ultimate economic viability, projects currently classified as Contingent Resources may be broadly divided into two groups:

A. Economically Viable Contingent Resources are those quantities associated with technically feasible projects where cash flows are positive under reasonably forecasted conditions but are not Reserves because it does not meet the commercial criteria defined previously.

B. Economically Not Viable Contingent Resources are those quantities for which development projects are not expected to yield positive cash flows under reasonable forecast conditions.

The best estimate (or P50) production forecast is typically used for the economic evaluation for the commercial assessment of the project. The low case, when used as the primary case for a project decision, may be used to determine project economics. The economic evaluation of the project high case alone is not permitted to be used in the determination of the project's commerciality.

For Reserves, the best estimate production forecast reflects a specific development scenario recovery process, a certain number and type of wells, facilities, and infrastructure.

The project's low-case scenario is tested to ensure it is economic, which is required for Proved Reserves to exist. It is recommended to evaluate the low case and the high case (which will quantify the 3P Reserves) to convey the project downside risk and upside potential. The project development scenarios may vary in the number and type of wells, facilities, and infrastructure in Contingent Resources, but to recognize Reserves, there must exist the reasonable expectation to develop the project for the best estimate case.

The economic status may be identified independently of, or applied in combination with, project maturity sub-classification to more completely describe the project. Economic status is not the only qualifier that allows defining Contingent or Prospective Resources sub-classes. Within Contingent Resources, applying the project status to decision gates (and/or incorporating them in a plan to execute) more appropriately defines whether the project is placed into the sub-class of either Development Pending versus On Hold, Not Viable, or Unclarified.

Where evaluations are incomplete and it is premature to clearly define the associated cash flows, it is acceptable to note that the project economic status is "undetermined."

The horizontal axis in the resources classification in Figure B.1 defines the range of uncertainty in estimates of the quantities of recoverable, or potentially recoverable, petroleum associated with a project or group of projects. These estimates include the uncertainty components as follows:

- A. The total petroleum remaining within the accumulation (in-place resources).
- B. The technical uncertainty in the portion of the total petroleum that can be recovered by applying a defined development project or projects (i.e., the technology applied).
- C. Known variations in the commercial terms that may impact the quantities recovered and sold (e.g., market availability; contractual changes, such as production rate tiers or product quality specifications) are part of project's scope and are included in the horizontal axis, while the chance of satisfying the commercial terms is reflected in the classification (vertical axis).

The uncertainty in a project's recoverable quantities is reflected by the 1P, 2P, 3P, Proved (P1), Probable (P2), Possible (P3), 1C, 2C, 3C, C1, C2, and C3; or 1U, 2U, and 3U resources categories. The commercial chance of success is associated with resources classes or sub-classes and not with the resources categories reflecting the range of recoverable quantities.

There must be a single set of defined conditions applied for resource categorization. Use of different commercial assumptions for categorizing quantities is referred to as "split conditions" and are not allowed. Frequently, an entity will conduct project evaluation sensitivities to understand potential implications when making project selection decisions. Such sensitivities may be fully aligned to resource categories or may use single parameters, groups of parameters, or variances in the defined conditions.

Moreover, a single project is uniquely assigned to a sub-class along with its uncertainty range. For example, a project cannot have quantities classified in both Contingent Resources and Reserves, for instance as 1C, 2P, and 3P. This is referred to as "split classification."

Uncertainty is inherent in a project's resources estimation and is communicated in PRMS by reporting a range of category outcomes. The range of uncertainty of the recoverable and/or potentially recoverable quantities may be represented by either deterministic scenarios or by a probability distribution.

When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- A. There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- B. There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- C. There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

In some projects, the range of uncertainty may be limited, and the three scenarios may result in resources estimates that are not significantly different. In these situations, a single value estimate maybe appropriate to describe the expected result.

When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental method, quantities for each confidence segment are estimated discretely.

Project resources are initially estimated using the above uncertainty range forecasts that incorporate the subsurface elements together with technical constraints related to wells and facilities. The technical forecasts then have additional commercial criteria applied (e.g., economics and license cutoffs are the most common) to estimate the entitlement quantities attributed and the resources classification status: Reserves, Contingent Resources, and Prospective Resources.

While there may be significant chance that sub-commercial and undiscovered accumulations will not achieve commercial production, it is useful to consider the range of potentially recoverable quantities independent of such likelihood when considering what resources class to assign the project quantities.

Evaluators may assess recoverable quantities and categorize results by uncertainty using the deterministic incremental method, the deterministic scenario (cumulative) method, geostatistical methods, or probabilistic methods. Also, combinations of these methods may be used.

Use of consistent terminology (Figures B.1 and B.3) promotes clarity in communication of evaluation results. For Reserves, the general cumulative terms low/best/high forecasts are used to estimate the resulting 1P/2P/3P quantities, respectively. The associated incremental quantities are termed Proved (P1), Probable (P2) and Possible (P3). Reserves are a subset of, and must be viewed within the context of, the complete resources classification system. While the categorization criteria are proposed specifically for Reserves, in most cases, the criteria can be equally applied to Contingent and Prospective Resources. Upon satisfying the commercial maturity criteria for discovery and/or development, the project quantities will then move to the appropriate resources sub-class.

For Contingent Resources, the general cumulative terms low/best/high estimates are used to estimate the resulting 1C/2C/3C quantities, respectively. The terms C1, C2, and C3 are defined for incremental quantities of Contingent Resources.

For Prospective Resources, the general cumulative terms low/best/high estimates also apply and are used to estimate the resulting 1U/2U/3U quantities. No specific terms are defined for incremental quantities within Prospective Resources.

Quantities in different classes and sub-classes cannot be aggregated without considering the varying degrees of technical uncertainty and commercial likelihood involved with the classification(s) and without considering the degree of dependency between them.

Without new technical information, there should be no change in the distribution of technically recoverable resources and the categorization boundaries when conditions are satisfied to reclassify a project from Contingent Resources to Reserves.

All evaluations require application of a consistent set of forecast conditions, including assumed future costs and prices, for both classification of projects and categorization of estimated quantities recovered by each project

The following summarize the definitions for each Reserves category in terms of both the deterministic incremental method and the deterministic scenario method, and also provides the criteria if probabilistic methods are applied. For all methods (incremental, scenario, or probabilistic), low, best and high estimate technical forecasts are prepared at an effective date (unless justified otherwise), then tested to validate the commercial criteria, and truncated as applicable for determination of Reserves quantities.

A. **Proved Reserves** are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

B. **Probable Reserves** are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

C. **Possible Reserves** are those additional Reserves that analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves that are located outside of the 2P area (not upside quantities to the 2P scenario) may exist only when the commercial and technical maturity criteria have been met (that incorporate the Possible development scope). Standalone Possible Reserves must reference a commercial 2P project (e.g., a lease adjacent to the commercial project that may be owned by a separate entity), otherwise stand-alone Possible is not permitted.

One, but not the sole, criterion for qualifying discovered resources and to categorize the project’s range of its low/best/high or P90/P50/P10 estimates to either 1C/2C/3C or 1P/2P/3P is the distance away from known productive area(s) defined by the geoscience confidence in the subsurface.

A conservative (low-case) estimate may be required to support financing. However, for project justification, it is generally the best-estimate Reserves or Resources quantity that passes qualification because it is considered the most realistic assessment of a project’s recoverable quantities. The best estimate is generally considered to represent the sum of Proved and Probable estimates (2P) for Reserves, or 2C when Contingent Resources are cited, when aggregating a field, multiple fields, or an entity’s resources.

It should be noted that under the deterministic incremental method, discrete estimates are made for each category and should not be aggregated without due consideration of associated confidence. Results from the deterministic scenario, deterministic incremental, geostatistical and probabilistic methods applied to

the same project should give comparable results. If material differences exist between the results of different methods, the evaluator should be prepared to explain these differences.



Annexure C - *Solicitor's Report*



Our Ref: MT0018

Your Ref: Otladisa Law

Date: 4 May 2022

The Directors

Botala Energy Limited

Unit 2, 22 Mounts Bay Road

Crawley, WA 6009

Australia

Att: Wolf Martinick

By Email: wolf.martinick@botalaenergy.com.au

Dear Sir,

RE: SHARPAY ENTERPRISES (PROPRIETARY) LIMITED – LEGAL DUE DILIGENCE REPORT

1. We have been instructed that Botala Energy Limited (previously named BotsGas Pty Ltd), a company duly registered in Australia (“**the Company**”), is contemplating a transaction in terms of which it will list certain securities on the Australian Securities Exchange (“**ASX**”) (“**the Proposed Transaction**”). The Company has a Botswana based associate company; Sharpay Enterprises (Proprietary) Limited with registration number BW00000258662 (“**the Subsidiary**”).
2. The Subsidiary is the legal holder of certain prospecting licences for coal-bed methane in Botswana (“**the Licences**”). We have been requested by the Company to conduct due diligence on the Subsidiary and to present our findings in this report for the purposes of the Company’s prospectus to be lodged with the Australian Securities Investment Commission as part of the Proposed Transaction (“**the Prospectus**”).
3. The scope of our report is limited to the legal status of the Licences issued to the Subsidiary, the Subsidiary’s corporate structure, share capital, directorship, and ownership.

LIMITATIONS OF THE REPORT

4. Please note that we were unable to perform any physical searches due to the restrictions imposed on businesses and government departments to curb the spread of the COVID-19

virus. Therefore, our due diligence was conducted in the following manner:

- 4.1. conducting a search on the Companies and Intellectual Property Authority of Botswana (“CIPA”) website (cipa.co.bw);
 - 4.2. obtaining and reviewing digital copies of the Subsidiary’s books and records from the company secretary;
 - 4.3. engaging with the department within the Ministry of Minerals and Energy (formerly known as the Ministry of Mineral Resources, Green Technology and Energy Security) dealing with mines and mineral concessions (“**the Department of Mines**”) to request issuance of letters of good standing for each of the Licences held by the Subsidiary;
 - 4.4. considering the provisions of the Mines and Minerals Act [CAP 66:01] of the Laws of Botswana (“**the Mines Act**”); and
 - 4.5. consideration of matters of law as we have considered relevant for this report.
5. This report is based on the assumption that:
- 5.1. all copies of documents examined by us are complete in all respects and in conformity with the originals of such documents;
 - 5.2. all signatures, dates, stamps, seals and other markings on all documents are authentic;
 - 5.3. all original documents required to be stamped in terms of any applicable legislation were duly stamped in accordance with the terms of such legislation;
 - 5.4. all of the representations contained in the letters received from the Department of Mines are true and correct; and
 - 5.5. all documents made available to us are not being superseded by any other documents not made available to us for whatever reason.

CORPORATE STRUCTURE, SHARE CAPITAL, DIRECTORS AND SHAREHOLDERS OF THE SUBSIDIARY

6. The following table outlines the results of our searches on the CIPA website and the documents received from the offices of the Subsidiary’s company secretary.

Information	Results from search on CIPA website	Results from review of documents from Company Secretary
Date of Incorporation	08 September 2017	08 September 2017
Date of Re-registration ¹	05 July 2019	05 July 2019
Name of Company Secretary	Grant Thornton Business Services (Proprietary) Limited	Grant Thornton Business Services (Proprietary) Limited
Names of Directors	1. Modisana Botsile; 2. Timothy Lee Hoops; 3. Scott Brown; and 4. Kris Francis Martinick	1. Modisana Botsile; 2. Timothy Lee Hoops; 3. Scott Brown; and 4. Kris Francis Martinick
Current issued share capital	100 ordinary shares	100 ordinary shares valued at BWP1.00 each
Names of Shareholders	1. Strata-X Australia (Proprietary) Limited (" Strata-X ") - 51 shares; and 2. the Company- 49 shares	1. Strata-X - 51 shares; and 2. the Company - 49 shares
Names of Auditors	No details provided	As per resolution of shareholder of 8 March 2019: No auditors have been appointed.
Date of the last annual general meeting	This information is not published on the website.	An inaugural meeting of the Subsidiary was held on 15 November 2017. No information regarding subsequent annual general meetings provided. NB: the Subsidiary had only one shareholder until 14 December 2020.
Latest Annual Returns filed	06 September 2021	06 September 2021

¹ In terms of the Companies Re-registration Act, No. 24 of 2018 as read with the Companies Re-Registration Act (Extension of Transitional Period of Re-Registration of Existing Companies) Order, 2020 S.I. 83 of 2020, by 02 December 2020, all existing companies (including the Subsidiary) must have been re-registered with CIPA in such form as may be prescribed and must be registered on CIPA's online business registration system. Failure to do so would result in de-registration of the company.

Information	Results from search on CIPA website	Results from review of documents from Company Secretary
Annual Returns held on file	1. 2020; and 2. 2021	3. 2019; 4. 2020; and 5. 2021
Increases/decreases in issued shares or share capital and date of such change	None	None
Special Resolutions	This information is not published on the website.	The unanimous resolution of the sole shareholder from 14 November 2017 resolving: <ul style="list-style-type: none"> • to consent to the acceptance of certain property into the Subsidiary; and • that the Company will sponsor the proposed prospecting program.

Company Constitution of the Subsidiary

7. Our search of the CIPA website revealed that the Subsidiary has registered a corporate constitution. We have reviewed the constitution and no material issues arise therefrom that may hinder the Proposed Transaction.

Change in Controlling Interest of the Subsidiary

8. We are advised that subsequent to the Proposed Transaction, the current shareholding in the Subsidiary will be altered, with the Company acquiring an additional twenty-one per cent (21%) of the issued share capital from Strata-X, resulting in the following share allocation:

- 8.1. Strata-X – 30%; and
- 8.2. The Company – 70%.

9. The above will result in a change to the controlling interest in the Company.

Competition Approval

10. In terms of the Competition Act, No. 4 of 2018 (“**the Competition Act**”) a merger occurs when one or more enterprises directly or indirectly acquires or establishes direct or indirect control over the whole or part of the business of another enterprise.
11. A merger is notifiable to the Competition and Consumer Authority (“**the Authority**”) where such merger meets the prescribed threshold.
12. The assets of the Subsidiary as detailed in its annual financial statements and management accounts exceed the prescribed threshold of BWP10,000,000.00 (ten million Botswana Pula). This means that on the face of it, the merger is notifiable and the approval of the Authority is to be obtained before implementation of the change in control.
13. However, there exists a gap in interpretation regarding whether an entity like the Subsidiary, which is currently not trading, has no income and with assets whose value is largely dependent on whether the prospecting activities will result in identification of resources in the future, is subject to the provisions of the Competition Act.
14. In light of the above, we sought guidance from the Authority on whether this merger is notifiable. In terms of its letter dated 22 April 2022, the Authority has advised that notwithstanding that the Proposed Transaction constitutes a merger in terms of the Competition Act, it is not notifiable considering that the parties are still at a prospecting stage and no business has been carried on for gain or reward in the supply or distribution of goods in Botswana.

Ministry of Minerals and Energy Approval

15. In terms of section 23(1) of the Mines Act, a prospecting licence or any interest therein or any controlling interest in the holder thereof may be transferred to any other person provided that the Minister of Minerals and Energy (“**the Minister**”) is notified not less than thirty (30) days before the intended transfer.
16. Once satisfied that the transferee is not disqualified under any provisions of the Mines Act from holding a prospecting licence, the Minister may approve such transfer and shall notify the applicant of the approval.²
17. In terms of a letter from the Minister to the Subsidiary dated 26 April 2022, the change in controlling interest in the Subsidiary has been approved in accordance with the provisions

² Section 23(3) of the Mines Act.

of section 23(3) of the Mines Act.

THE LICENCES

18. In terms of our due diligence conducted with the Department of Mines (as confirmed by their letters dated 29 July 2021, 14 September 2021, 22 February 2022 and 29 April 2022 respectively), the Subsidiary is the holder of seven (7) prospecting licences. The table below contains information in respect of each licence:

Prospecting Licence No.	Commodity	Validity	Location	Area Size (Km ²)	Rentals	Exploration Operations
PL016/2018	Coal-bed methane	Valid From 01/01/2021 until 31/12/2022	Central District	648.4	In good standing	In good standing
PL018/2018	Coal-bed methane	Valid From 01/01/2021 until 31/12/2022	Central District	694.3	In good standing	In good standing
PL019/2018	Coal-bed methane	Valid From 01/01/2021 until 31/12/2022	Central District	648.1	In good standing	In good standing
PL356/2018	Coal-bed methane	Valid From 01/10/2021 until 30/09/2023	Central District	919	In good standing	In good standing
PL357/2018	Coal-bed methane	Valid From 01/10/2021 until 30/09/2023	Central District	892	In good standing	In good standing
PL400/2018	Coal-bed methane	Valid From 01/10/2021 until 30/09/2023	Central District	193.3	In good standing	In good standing

Prospecting Licence No.	Commodity	Validity	Location	Area Size (Km²)	Rentals	Exploration Operations
PL055/2021	Coal-bed methane	Valid From 01/04/2021 until 31/03/2024	Central District	267.5	In good standing	In good standing

19. The letters from the Department of Mines confirmed that:

19.1. the Subsidiary is the holder of the Licences;

19.2. all lease rentals are up to date;

19.3. the Licences are active and in good standing in terms of lease rentals and prospecting operations; and

19.4. all quarterly reporting in terms of submissions only is up to date.

PROSPECTING LICENCES UNDER THE MINES ACT

20. Rights with respect to prospecting or mining for minerals in Botswana are governed by the Mines Act. The Minister has powers to grant and renew licences over tenements as well as suspend or cancel any licence subject to default, fraud or any other contravention of the Mines Act. In such an event, the Minister is obliged to serve on the registered holder of a licence, a default notice specifying the grounds on which the licence is liable to be suspended or cancelled and indicating a specified period, not less than thirty (30) days, during which the default may be remedied, failure of which may result in forfeiture. The powers of the Minister are exercisable in accordance with the Mines Act.

21. Rights to minerals that may be granted under the Mines Act include a prospecting licence, retention licence and mining licence.

22. Specifically, prospecting licences are granted for a period not exceeding three (3) years under which various obligations including, but not limited to, expenditure will be attached.³ Thereafter, the holder is entitled to the grant of no more than two (2) renewals, for a period not exceeding two (2) years under each renewal, provided that the holder is not in default of its obligations thereunder. Accordingly, subject to the Mines Act, a prospecting licence may

³ Section 21 of the Mines Act.

be granted for a maximum cumulative period of seven (7) years.⁴

23. We confirm that the Licences entitle the Subsidiary to undertake exploration works in accordance with the Company's proposed use of funds as set out in clause 2.6 of the Prospectus.
24. In terms of section 37 of the Mines Act, the holder of a prospecting licence may apply for a mining licence (or, upon meeting certain conditions stated in the Mines Act, a waiver of the requirement for a mining licence) for an area within their prospecting area in respect of the mineral covered by such prospecting licence. Such an application must be made not less than three (3) months prior to the expiry of the prospecting licence. The issue of such a mining licence shall have the effect of reducing the prospecting area by the area in respect of which the mining licence (or exemption) is granted.
25. Considering the above, it is our finding that the Licences are valid and current. Each of the Licences, with the exception of PL055/2021, have been renewed for a period of two (2) years. Meaning that as at January 2022, each of the Licences, with the exception of PL055/2021, is on their first renewal and the Subsidiary is entitled to renew them one (1) more time in terms of the Mines Act following the end of their most recent validity period as mentioned above. In other words, all licences issued in 2018 are eligible for renewal up until the year 2025, provided all other obligations contained in the licensing conditions have been fulfilled.

CONCLUSION

26. It is our assessment that the Licences are valid and in good standing and the corporate information of the Subsidiary as held with CIPA is, in as far as is possible and required by statute, in line with the information held by the Subsidiary's company secretary.
27. Therefore, nothing was revealed from our due diligence exercise that may likely hinder the Proposed Transaction.

QUALIFICATIONS AND LIMITATIONS THE REPORT

28. This report is for the benefit of the Company, it being understood that it is given as of the date hereof and may not be relied upon as of any later date.
29. This report is not to be transmitted to anyone else nor is it to be relied upon by anyone else without our express consent.

⁴ Section 17 of the Mines Act.

30. Please contact the undersigned should you have any further queries in relation to this limited due diligence report.

31. We trust the above is in order

Yours faithfully

A handwritten signature in black ink, appearing to read 'Onalenna Otladisa Diloru', with a stylized flourish at the end.

OTLAADISA LAW

Per: Onalenna Otladisa Diloru

onalenna@otladisa.law



Botala Energy Ltd

