

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

botalaenergy.com
ASX & BSE: BTE

Highlights

Pitse Pilot:

- Commercial production well, Serowe-3.5B drilling and stimulation scheduled to commence in the March quarter.
- Serowe-3.1 well continued to provide valuable low-cost reservoir and operational learnings, while well 3.4 remained online and dewatering the Serowe seam.
- Serowe-3.5A well was perforated, completed and equipped with a downhole pump.

Corporate:

- The Mineral Development Company of Botswana (MDCB) confirmed its intention to acquire a 15% interest in the Serowe CBM Project, signing an indicative, non-binding Term Sheet to increase its proposed investment by 40% to approximately A\$4 million (BWP35 million).



Letter from the CEO

Dear Shareholders

During the quarter, Botala continued advancing the Serowe Coal Bed Methane (CBM) Project through a disciplined, staged pathway toward LNG production, supporting Southern Africa's growing need for locally produced, lower carbon energy. The project holds a dominant acreage position in Botswana's gas rich Serowe region and is well aligned to help address the region's forecast gas shortfall. With key groundwork now completed, we look forward to flowing our first production well and finalising our partnership with the Minerals Development Company Botswana (MDCB), which includes a proposed A\$4 million investment into the project.



Our Phase 1 pilot, Project Pitse, continued to generate the critical reservoir and operational data required for the Bankable Feasibility Study (BFS) and subsequent development phases targeting up to 3.5 petajoules (PJ) per year of LNG production. Significant progress was achieved across the pilot, including dewatering support wells and preparation for drilling the main production well, 3.5B. This structured approach stabilises reservoir conditions, reduces risk, and improves data quality for long term production planning. Wells 3.1, 3.4, and 3.5A provided valuable reservoir insights and pressure drawdown capability essential for the multi well interference testing program.

These results confirm the Pitse wells can be developed cost effectively, preserving capital while enabling scalable growth toward LNG development. With preparatory wells now complete and reservoir behaviour better understood, the first targeted production drilling will commence in the March quarter.

A major milestone was signing an indicative Term Sheet with MDCB, increasing its proposed investment by 40% to approximately A\$4 million for a 15% project level stake and a 1% royalty on future LNG production. The Company expects to close out the binding agreements and bank the funds during the March quarter. This investment supports upcoming drilling, testing and BFS activities while ensuring no dilution at the listed company level. It also deepens alignment with Botswana and reinforces the broader national and regional benefits of developing domestic gas resources.

Looking ahead to early 2026, planned activities include completing Serowe 3.2, stimulating Serowe 3.3, and drilling and stimulating Serowe 3.5B. These steps are designed to establish sustainable commercial flow rates—an essential milestone for recertifying resources and completing the BFS. Ongoing integration of field data will continue to refine reservoir models, development planning and feasibility work. Botala will also drill two new exploration wells to support future resource upgrades and maintain licence obligations.

Botala enters 2026 with a clear plan, strong in country alignment and growing technical confidence. We remain committed to advancing the Serowe CBM Project with discipline, technical rigor and a focus on long term value creation for shareholders.

Yours sincerely

Kris Martinick
Chief Executive Officer
Botala Energy

Serowe CBM Project

Botswana, Africa
100% ownership

The Southern African region, particularly South Africa, is facing an impending gas shortage, commonly referred to as the "gas cliff," which is expected to take effect from mid-2028. This looming supply gap has created an urgent need for alternative sources of natural gas to ensure energy security and continuity for industries across the region. Botala is growing a world-class regionally advantaged gas resource to supply this surging energy demand.

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



Figure 1. Serowe CBM Project location

Project Status

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

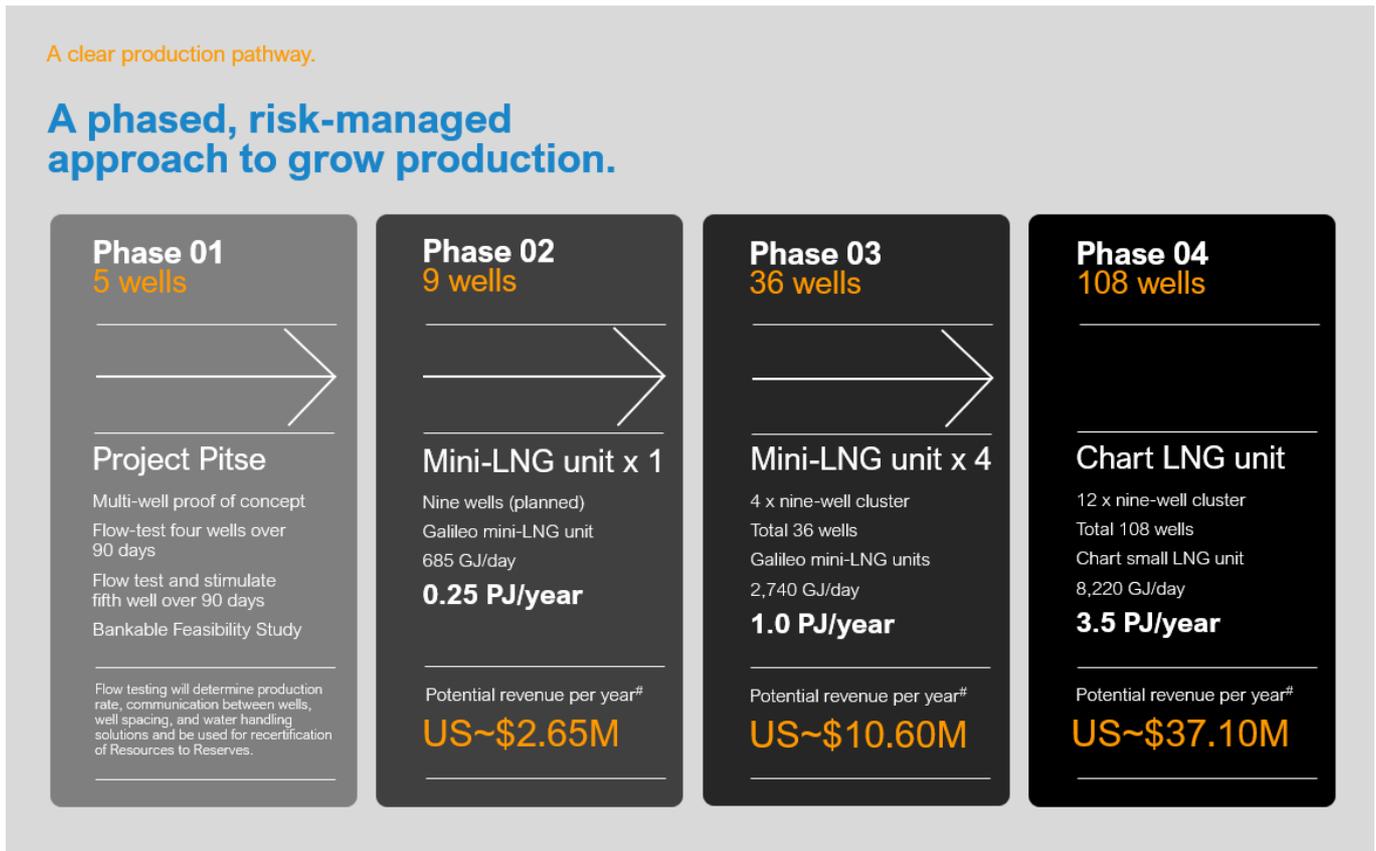


Figure 2. Botala Energy has a phased, risk managed approach to grow gas production at its Serowe CBM Project in Botswana to serve Southern Africa’s emerging industrial gas supply crisis¹.

Project Pitse

The first phase of development at the Serowe CBM Project involves the establishment of Project Pitse, a multi-well pilot designed to act as a proof-of-concept for reservoir behaviour, operational performance and commercial deliverability.

Five wells have been drilled to date across the pilot area. Production outcomes are being assessed across low (40 GJ/day), medium (80 GJ/day) and high (100 GJ/day) well performance scenarios to complete development planning and economic sensitivity analysis. The objective of this phase is to gather sufficient technical and operational data to support the design of a subsequent Phase-2 nine-well cluster, targeting annual gas production of approximately 0.5 PJ (500,000 GJ).

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

Gas from the Phase-2 cluster is intended to supply a modular, plug-and-play, in-situ LNG production system, using a Cryobox® LNG Production Station manufactured by Galileo Technologies. This staged approach allows gas deliverability, well spacing, water handling and surface operations to be validated before committing to larger-scale infrastructure.



Figure 3. Project Pitse showing commercial well pilot locations.

Current status of Project Pitse wells:

- Serowe-3.1 continues to provide valuable reservoir, dewatering and operational data at a very low well cost, supporting the evaluation of economic well performance under modest flow scenarios.
- Serowe-3.4 is online and dewatering the Serowe seam, contributing to the understanding of reservoir pressure response and water-handling characteristics.
- Serowe-3.5A has been completed and equipped to support controlled pressure drawdown across the pilot area. This centrally located well forms a key component of the multi-well interference testing program required for the Bankable Feasibility Study (BFS).

Together, these wells establish the dewatering and pressure-management framework ahead of bringing the main production well online, reducing uncertainty and improving data quality for the next stage of appraisal.

Early 2026 program

The fully funded work program planned for early 2026 is designed to build on the dewatering and reservoir preparation work completed to date and to deliver the core production data required for the BFS.

Planned activities include:

- Perforation of Serowe-3.2, an outer production well that has been drilled and cased but not yet completed, to expand the active well set.
- Stimulation of Serowe-3.3, an outer production well, to enhance permeability and contribute to interference testing across the pilot area.
- Drilling and stimulation of Serowe-3.5B, the central production well, which is expected to provide the primary long-term production reference for BFS modelling.

- Continued integration of field results into reservoir models, development planning and LNG feasibility workstreams.

This sequence reflects Botala's disciplined and risk-managed approach to appraisal—establishing pressure drawdown, operational stability and data confidence before committing to the higher-value central production well, while maintaining alignment with the longer-term LNG development pathway.

Mineral Development Company of Botswana (MDCB)

In October, Botala announced that the MDCB had confirmed its intention to acquire 15% equity in the Serowe CBM Project. Subsequently, in December, Botala reported that the MDCB had signed a non-binding Term Sheet to increase its proposed investment in the project by 40% to BWP35 million (~A\$4 million).

This transaction, which will not dilute Botala Energy Ltd's share capital, is subject to approval by the MDCB Board and shareholder. The decision followed positive due diligence, granting of Mining Licence 0052/2025 and receipt of environmental approvals.

The proposed investment by the MDCB is intended to support the project through BFS and toward a Final Investment Decision (FID) on Phase 04 of the Project. It is structured on a back-in rights basis linked to historical costs incurred and does not represent a valuation of the Serowe CBM Project.

The MDCB's plans to invest at the Project level follow a comprehensive economic and technical review by the agency which demonstrated the project's commercial viability. Botala has received an initial Term Sheet which remains confidential at this stage². Completion of the transaction with MDCB remains subject to execution of commercial and operating agreements and approval by the MDCB Board and Shareholder.

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

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

Key Transaction terms

- a. MDCB Equity: BWP30,000,000 in exchange for 15% equity in the Serowe CBM Project via a shareholding in Botala's 100% owned subsidiary, Botala Gas (Pty) Ltd); and
- b. MDCB Royalty: BWP5,000,000 for a 1% royalty of the "Received Price" (ex-works) paid annually, over a 20-year term from commercial production.

² ASX Listing Rule 3.1 requires immediate disclosure of all information a reasonable person would expect to have a material effect on the price or value of the company's securities. ASX Guidance Note 8 makes it clear you can withhold specific terms if they remain confidential under Listing Rule 3.1A. Botala believes disclosure would prejudice negotiations. This announcement serves as an update to investors based on a deadline previously disclosed to the market on the 31st of July 2025.

Corporate

Cash Position

As at 31 December 2025, the Company held A\$322,875 cash at bank.

Tenement Directory at 31 December 2025

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

Prospecting Licence Number	Expiry Date	Area (KM ²)	Comments
016/2018	31/03/2027	648.12	Current
018/2018	31/03/2027	694.35	Current
019/2018	31/03/2027	511.39	Current
356/2018	-	918.97	Mining Licence
357/2018	31/12/2027	892.23	Current
400/2018	-	192.79	Mining Licence
055/2021	31/03/2026	267.14	Current

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

Gas Production

There was no gas production for the December 2025 Quarter.

Additional ASX Listing Rule Disclosure

Pursuant to ASX Listing Rule 5.4.5, Botala includes a description of and an explanation for payments to related parties and their associates as disclosed in the Appendix 5B in Section 6 as follows:

6. Payments to related parties of the entity and their associates quarter	Current
	\$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	42
6.2 Aggregate amount of payments to related parties and their associates included in item 2	51

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Item 6.1: The aggregate amount of payments to related parties and their associates during the December 2025 quarter was A\$42k in Director and CEO consulting fees for Botala administration.

Item 6.2: The aggregate amount of payments to related parties and their associates during the December 2025 quarter was A\$51k in Director and CEO consulting fees for exploration and evaluation activities.

Environmental regulation, sustainability and governance

Botala's environmental and occupational health and safety ("OHS") obligations are regulated under both State and Federal Law or in the case of Botala's overseas interests, by the governing laws of that country. All environmental and OHS performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. Botala has a policy of complying, and in most cases exceeding its performance obligations. Botala ensures that it complies with all necessary conditions while exploring its permits, which is governed by the terms of respective joint operating agreements. Botala has established environmental and OHS Board policies under which all exploration is carried out. Both policies ensure all employees, contractors and other service providers are fully acquainted with the Botala environment and OHS programs. Botala's primary goal in the environmental management of exploration activities is to prevent unnecessary environmental impact and reinstate sites where disturbance cannot be avoided, whilst its goal in OHS is to provide and foster a culture of carrying out exploration activities in a safe working environment at best exploration practice. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007, which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2025 to 31 December 2025 the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

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

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

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

Kris Martinick
Chief Executive Officer
info@botalenergy.com.au

Gareth Quinn
Investor Relations
gareth@republicir.com.au
0417 711 108

Forward-looking Statements

This document may contain certain statements that may be deemed forward-looking statements. Forward looking statements reflect Botala's views and assumptions with respect to future events as at the date of the Announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth due to various factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the gas industry, including environmental regulation; economic conditions in Botswana and globally; geological technical and drilling results; predicted production and reserves estimates; operational delays or an unanticipated operating event; physical, environmental and political risks; liabilities inherent in gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Botala, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Announcement sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise.

About Botala Energy Ltd

Botala Energy Ltd (ACN 626 751 620) is an ASX-listed Coal Bed Methane (**CBM**) exploration and development company focused on developing production from its 100% owned Serowe CBM Project located in a high-grade CBM region of Botswana (and related early-stage renewable energy opportunities). Botala (as Operator) is focused on developing the Serowe CBM Project and believes that there is a considerable opportunity for it to commercialise the project due to the demand for stable power supply in Botswana and elsewhere in Southern Africa. Botala is listed on the Australian Securities Exchange and the Botswana Stock Exchange.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

BOTALA ENERGY LTD

ABN

41 626 751 620

Quarter ended ("current quarter")

31 DECEMBER 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(128)	(255)
(e) administration and corporate costs	(217)	(376)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(345)	(629)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(666)	(1,543)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(666)	(1,543)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	50	1,550
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(27)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – placement advance from directors	500	500
3.10	Net cash from / (used in) financing activities	550	2,023

4.	Net increase / (decrease) in cash and cash equivalents for the period	(461)	(149)
4.1	Cash and cash equivalents at beginning of period	784	472
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(345)	(629)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(666)	(1,543)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	550	2,023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	323	323

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	323	784
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	323	784

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	42
6.2	Aggregate amount of payments to related parties and their associates included in item 2	51

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1,000	-
7.2 Credit standby arrangements	50	1
7.3 Other (please specify)	80	-
7.4 Total financing facilities	1,130	-
7.5 Unused financing facilities available at quarter end		1,129
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>7.1 Available Converting Loan facility for A\$1,000,000 from Martinick Investments (Pty) Ltd at an interest rate of around 8.5% per annum, secured with a maturity date of 30 June 2027.</p> <p>7.2 Credit standby facilities are for a credit card facility of A\$50,000 from the NAB at commercial interest rates, which is secured.</p> <p>7.3 Bond deposit secured refund of A\$80,000 from Botswana Power Corporation anticipated to be received in March 2026.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(345)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(666)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,011)
8.4 Cash and cash equivalents at quarter end (item 4.6)	323
8.5 Unused finance facilities available at quarter end (item 7.5)	1,129
8.6 Total available funding (item 8.4 + item 8.5)	1,452
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.4
<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: Yes.</p>	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: Sole ownership of the Serowe CBM Project is important for engagement with prospective strategic partners as Botata advances towards development. Botata is currently in advanced negotiations with a number of development partners (though for completeness, no binding terms have been agreed and there is no guarantee that any such transaction will materialise on terms favourable to Botata, or at all). Botata is currently completing the binding agreements with the Minerals Development Company Botswana as detailed in the ASX announcement released on the 8 December 2025.</p>	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, refer to the Company's response provided under item 8.8.2 above.

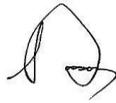
Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

30 January 2026

Date:



Authorised by:

Craig Basson
(Company Secretary)

Authorised by: The Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.