



Botala Energy Ltd

ABN 41 626 751 620

24 Hasler Road, Osborne Park, WA 6017

17 February 2025

Dear Shareholder,

EXTRAORDINARY GENERAL MEETING - NOTICE AND PROXY FORM

Botala Energy Ltd (ACN 626 751 620) (ASX: BTE) ("**Botala**") hereby gives notice that the Extraordinary General Meeting ("**EGM**") of Shareholders will be held at Level 2, 18 King's Park Road, West Perth, WA 6005 on Wednesday 19 March 2025 at 11.00am (AWST).

The Board has made the decision that it will hold a physical meeting and will not hold the EGM as a virtual (online) meeting.

Notice of Meeting

The Notice of Meeting ("**NOM**") is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the NOM please contact Botala's share registry, Computershare Investor Services Pty Ltd on, 1300 850 505 (within Australia) or +61 3 9415 4000 (overseas).

In accordance with the *Corporations Act 2001* (Cth) Botala will not be dispatching physical copies of the NOM unless individual shareholders have made a valid election to receive documents in hard copy. Instead, the NOM and accompanying explanatory statement (**Meeting Materials**) are being made available to shareholders electronically and can be viewed and downloaded from:

- Botala's website at <https://www.botalaenergy.com/site/investor-centre/asx-announcements>; and
- the ASX market announcements page under Botala's code "BTE".

If you have nominated an email address and have elected to receive electronic communications from Botala, you will also receive an email to your nominated email address with a link to an electronic copy of the NOM.

For personal use only

Voting at the EGM or by proxy

Shareholders are encouraged to vote online at www.investorvote.com.au or by returning the attached proxy form by:

Post to: Computershare Investor Services Pty Limited GPO Box 242 Melbourne Vic 3001

Or

Fax to: 1800 783 447 within Australia or

+61 3 9473 2555 outside Australia

Even if you plan to attend the EGM, we encourage you to submit a directed proxy vote as early as possible so that your vote will be counted if for any reason you cannot attend.

Your proxy voting instruction must be received by 11.00 am (AWST) on Monday, 17 March 2025, being not less than 48 hours before the commencement of the EGM. Any proxy voting instructions received after that time will not be valid for the EGM.

The Meeting Materials should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

For and on behalf of the Board,

Yours faithfully
BOTALA ENERGY LTD



Craig Basson
Company Secretary

For personal use only



Botala Energy Ltd
ACN 626 751 620

Notice of Extraordinary General Meeting

The Extraordinary General Meeting of the Company will be held as follows:

Time and date: Wednesday, 19 March 2025 at 11am (AWST)

Location: L2/18 King's Park Road, West Perth, WA 6005

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from a suitably qualified professional advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on +61 414 912 540.

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

**Botala Energy Ltd
ACN 626 751 620
(Company)**

Notice of General Meeting

Notice is given that the extraordinary general meeting of Botala Energy Ltd will be held at L2/18 King's Park Road, West Perth, WA 6005 on Wednesday, 19 March 2025 at 11am (AWST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form each form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 17 March 2025 at 7pm (AEDT).

Terms and abbreviations used in the Notice are defined in Schedule 1.

Agenda

1 Resolutions

Resolution 1 – PH2 Sale Agreement

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, pursuant to and in accordance with Listing Rule 10.1, and for all other purposes, Shareholders approve the entry by the Company into the PH2 Sale Agreement with PH2, on the terms and conditions in the Explanatory Memorandum.”

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report in Schedule 2 of this Notice prepared by the Independent Expert for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Acquisition the subject of this Resolution to non-associated Shareholders. The Independent Expert has determined that the Acquisition is fair and reasonable to the non-associated Shareholders.

Resolution 2 – Approval of issue of Remaining Tranche 2 Consideration Shares

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 2,000,000 Shares to PH2 (or its nominee/s) on the terms and conditions in the Explanatory Memorandum.”

2 Voting exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

- (a) **Resolution 1:** by or on behalf of PH2 (or its nominee/s) and any other person who will obtain a material benefit as a result of the Acquisition (except a benefit solely by reason of being a Shareholder), or any of their respective associates; and
- (b) **Resolution 2:** by or on behalf of PH2 (or its nominee/s), and any person who is expected to participate in the issue of the Remaining Tranche 2 Consideration Shares, or who will obtain a material benefit as a result of, the proposed issue of the Remaining Tranche 2 Consideration Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

The above voting exclusions do not apply to a vote cast in favour of a Resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (d) the Chair as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

BY ORDER OF THE BOARD



Craig Basson
Director, CFO and Company Secretary
Botala Energy Ltd
Dated: 17 February 2025

Botala Energy Ltd
ACN 626 751 620
(Company)

Explanatory Memorandum

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at L2/18 King's Park Road, West Perth WA 6005 on Wednesday, 19 March 2025 at 11am (AWST). The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes information about the following to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Voting and attendance information
Section 3	Resolution 1 – PH2 Sale Agreement
Section 4	Resolution 2 – Approval of issue of Remaining Tranche 2 Consideration Shares
Schedule 1	Definitions
Schedule 2	Independent Expert's Report

A Proxy Form is made available with this Notice.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report set out in Schedule 2 of this Notice which concludes that the Acquisition is fair and reasonable.

2. Voting and attendance information

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

Voting on the proposed Resolutions at the Meeting will be conducted by poll. On a poll, each Shareholder has one vote for every fully paid ordinary Share held in the Company.

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

2.2 Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section

For personal use only

250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

2.3 Voting by proxy

A Proxy Form is made available with this Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon.

Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The available Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the chair of the meeting;
- (c) at the meeting, a poll is duly demanded, or is otherwise required under section 250JA on the resolution; and
- (d) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting. Your proxy voting instruction must be received by 11am (AWST) on 17 March 2025, being not later than 48 hours before the commencement of the Meeting.

2.4 **Chair's voting intentions**

Subject to the following paragraph, the Chair intends to exercise all available proxies in favour of the Resolutions, unless the Shareholder has expressly indicated a different voting intention.

2.5 **Submitting questions**

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at info@botalaenergy.com by Monday, 17 March 2025 at 11am (AWST).

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

2.6 **Conditional Resolutions**

Each of Resolution 1 and Resolution 2 are inter-conditional, meaning that each of them will only take effect if they are both approved by the requisite majority of Shareholders' votes at the Meeting. If either or both of Resolution 1 and Resolution 2 are not approved at the Meeting, neither of the Resolutions will take effect and the Acquisition and other matters contemplated by Resolution 1 and Resolution 2 will not proceed.

3. **Resolution 1 – PH2 Sale Agreement**

3.1 **The Acquisition**

On 4 April 2024, the Company announced that it had entered into a binding share sale agreement (**PH2 Sale Agreement**) with Pure Hydrogen Corporation Limited (ACN 160 885 343) (**PH2**) pursuant to which PH2 agreed to sell its remaining 30% interest in Sharpay Enterprises (Pty) Ltd (**Sharpay**) to the Company, making the Company the 100% owner of Sharpay (the **Acquisition**).

Sharpay is a company incorporated in accordance with the Companies Act of the Republic of Botswana and is the 100% owner of the Serowe Project.

3.2 **Serowe Project**

The Serowe CBM Project is a coal bed methane project in Botswana.

On 8 and 10 July 2024, the Company announced a 42% increase in contingent resources of the project resulting from enhanced mapping techniques and exploration drilling. Recent gas

desorption tests revealed high methane purity, reaching up to 94%, with minimal impurities, enhancing the project's efficiency and cost-effectiveness.

The Company is the operator of the project and believes there is considerable opportunity to commercialise the project due to the demand for stable power supply in Botswana and Southern Africa.

Further information regarding the Serowe Project is at section 6.5 and Appendix E of the Independent Expert's Report at Schedule 2.

3.3 Summary of material terms of the PH2 Sale Agreement

In exchange for acquiring the remaining 30% interest in Sharpay, the Company agreed to pay to PH2 (or its nominee/s) aggregate consideration of A\$2,055,000 (**Purchase Price**) comprising:

- (a) 6,000,000 Shares (**Tranche 1 Consideration Shares**);
- (b) up to 8,500,000 Shares (**Tranche 2 Consideration Shares**), subject to the issue not breaching section 606 of the Corporations Act; and
- (c) a milestone payment of A\$750,000, subject to and conditional upon the achievement of gas reserves certification of 50PJ or 50bcf of 2P on the Serowe Project (**Milestone Payment**).

The ASX escrow application to the Tranche 1 Consideration Shares and Tranche 2 Consideration Shares is 12 months from the relevant date of issue in accordance with the Listing Rules.

The Company confirms:

- (a) it has issued PH2 a restriction notice in respect of the 6,000,000 Tranche 1 Consideration Shares (issued on 16 April 2024) and the 6,500,000 Tranche 2 Consideration Shares (issued on 16 September 2024) which have been issued to PH2; and
- (b) the Company will issue a subsequent restriction notice to PH2 in respect of the remaining outstanding 2,000,000 Tranche 2 Consideration Shares (**Remaining Tranche 2 Consideration Shares**), subject to shareholder approval under Resolution 1.

The PH2 Sale Agreement otherwise contains terms and conditions, including mutual obligations and warranties considered standard for an agreement of this nature.

3.4 Advantages of the Acquisition

As set out in the Independent Expert's Report, the following is a non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on this Resolution 1:

- (a) Acquisition is fair

ASIC Regulatory Guide 111 Content of Experts Reports states that a transaction is reasonable if it is fair. The Independent Expert found the Acquisition to be fair to non-associated shareholders.

- (b) Full ownership

Following the completion of the Acquisition, Botala will own 100% of the share capital in Sharpay. This provides Botala with full control over Sharpay's assets, operations, and future decision-making processes. The consolidation of Sharpay into Botala's portfolio eliminates any potential conflicts with other stakeholders and allows Botala to fully capitalise on the benefits of the project.

(c) Minimal Cash Outflows

A significant portion of the consideration payable under the Acquisition is non-cash, which reduces the immediate financial strain on Botala. By structuring the deal in this way, Botala can preserve its cash reserves for other critical operational needs or future projects, ensuring the company maintains sufficient liquidity while expanding its asset base.

Further information in relation to the advantages of the Acquisition is set out in sections 11.4 to 11.6 of the Independent Expert's Report.

3.5 Disadvantages of the Acquisition

As set out in the Independent Expert's Report, the following is a non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1.

(a) Dilution to current non-associated shareholders

The issuance of new Shares as part of the consideration for the Acquisition has diluted the voting power of Botala's existing shareholders. This dilution results in a reduction of control for the current shareholders, as the vendors of Sharpay will hold a greater proportion of the Company's equity. While the overall ownership dilution may be limited, it nevertheless reduces the influence of non-associated shareholders over key decisions within the Company.

(b) Increased exposure to Sharpay

Upon completing the Acquisition, Botala will significantly increase its exposure to the risks and performance of Sharpay. This concentrated exposure introduces potential challenges, as the Company becomes more reliant on Sharpay's operations and success to achieve overall financial stability and growth. If Sharpay underperforms or encounters operational difficulties, it could adversely impact Botala's financial results and shareholder value.

(c) An increased geographic concentration in Botswana

The Acquisition further consolidates Botala's asset base in Botswana, increasing the Company's dependence on the region. While the Serowe Project offers promising potential, the geographic concentration exposes Botala to region-specific risks, such as political instability, regulatory changes, and infrastructure challenges unique to Botswana. This lack of diversification in project locations could limit the company's ability to mitigate these risks and increase its vulnerability to adverse local conditions.

Further information in relation to the disadvantages of the Acquisition is set out in sections 11.7 to 11.9 of the Independent Expert's Report.

3.6 Capital structure

The capital structure of the Company on completion of the Acquisition is set out below:

	Shares	Options	Issued (Y/N)?
Issued capital without the Acquisition	235,656,009	84,175,953	Y
Issue of Tranche 1 Consideration Shares ¹	6,000,000	-	Y
Issue of Tranche 2 Consideration Shares ²	6,500,000	-	Y
Issue of remaining Tranche 2 Consideration Shares ³	2,000,000	-	N
Total	250,156,009⁴	84,175,953	-

Notes:

1. Issued on 16 April 2024.
2. issued on 16 September 2024.
3. Remaining to be issued.
4. For the avoidance of doubt, this figure represents Shares on issue as at the date of this Notice plus 2,000,000 remaining Tranche 2 Consideration Shares, the subject of Resolution 2.

3.7 Independent expert report

Listing Rule 10.5.10 requires a notice of meeting containing a resolution to approve a transaction under Listing Rule 10.1 to include a report on the acquisition from an Independent Expert. The Independent Expert's report was prepared by Moore Australia Corporate Finance (WA) Pty Ltd and is set out in Schedule 2 of this Notice and sets out a detailed independent examination of the Acquisition to enable Shareholders to assess the merits and decide whether to approve the Resolution 1.

The Independent Expert has concluded that the Acquisition the subject of Resolution 1 is fair and reasonable.

3.8 Listing Rule 10.1

Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to:

- (a) a related party (Listing Rule 10.1.1);
- (b) a child entity (Listing Rule 10.1.2);
- (c) a person who is, or was at any time in the 6 months before the acquisition, a substantial (10%+) holder in the Company (Listing Rule 10.1.3);
- (d) an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3 (Listing Rule 10.1.4); or
- (e) a person whose relationship with the Company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders (Listing Rule 10.1.5),

unless it obtains the approval of its shareholders.

For the purposes of Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration being paid or received for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules.

At the time of the PH2 Sale Agreement, PH2 had a 16.49% voting power in the Company's shares, such that PH2 falls into the category stipulated by Listing Rule 10.1.3. Given the value of the Purchase Price exceeds 5% of the Company's equity interests of \$14,940,243 (as stated in the Company's half year accounts announced on 13 March 2024), Listing Rule 10.1 approval is required.

Accordingly, the purpose of Resolution 1 is for Shareholders to consider and, if thought fit, to approve the entry into the PH2 Sale Agreement under and for the purpose of Listing Rule 10.1.

If Resolution 1 is passed, the PH2 Sale Agreement will remain on foot and the Company will remain the 100% owner of the Serowe Project, and will issue the Remaining Tranche 2 Consideration Shares within 3 months of the date of the Meeting.

If Resolution 1 is not passed, the Company will be required to terminate the PH2 Sale Agreement in order to comply with the Listing Rules, to cancel the Shares that have already been issued to PH2 (being 6,000,000 Tranche 1 Consideration Shares and 6,500,000 Tranche 2 Consideration Shares) and return the 30% interest in Sharpay to PH2 (refer Section 11.2 of the Independent Expert's Report for further details). In addition, the Company will not be able to proceed with the issue of the Remaining Tranche 2 Consideration Shares the subject of Resolution 2 given Resolution 1 and Resolution 2 are inter-conditional (refer Section 2.6 of this Explanatory Memorandum and Section 11.2 of the Independent Expert's Report for further details for further details).

3.9 **Specific information required in accordance with Listing Rule 10.5**

The following information is provided in accordance with Listing Rule 10.5:

- (a) The Company is proposing to acquire the remaining 30% interest in Sharpay from PH2.
- (b) PH2 was a substantial (10%+) holder in the Company in the 6 months prior to the Acquisition, meaning that it falls into the category stipulated by Listing Rule 10.1.3.
- (c) The asset agreed to be acquired under the PH2 Sale Agreement is the remaining 30% interest in Sharpay, which owns 100% of the Serowe Project. Further information about the Serowe Project is at Section 3.2.
- (d) The consideration agreed to be paid under the PH2 Sale Agreement is set out at Section 3.3. When and if the Milestone Payment becomes payable, the Company may be required to conduct a capital raising to fund such payment.
- (e) The Company completed the Acquisition on 3 April 2024.
- (f) A summary of the material terms of the PH2 Sale Agreement is in Section 3.3 above.
- (g) A voting exclusion statement is included in the Notice.

- (h) The Company engaged Moore Australia Corporate Finance (WA) Pty Ltd to prepare an Independent Expert's Report in connection with the Acquisition, which is in Schedule 2. The Independent Expert has determined the Acquisition is fair and reasonable to Shareholders.

3.10 **Additional information**

Resolution 1 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 1.

4. **Resolution 2 – Approval of issue of Remaining Tranche 2 Consideration Shares**

4.1 **General**

The background to the proposed issue of the Remaining Tranche 2 Consideration Shares and the PH2 Sale Agreement is summarised in Section 3.3 above.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Remaining Tranche 2 Consideration Shares to PH2 (or its nominee/s).

4.2 **Listing Rule 7.1**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Remaining Tranche 1 Placement Shares does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Remaining Tranche 1 Placement Shares.

The effect of Shareholders passing Resolution 2 will be to allow the Company to retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without the requirement to obtain prior Shareholder approval.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Remaining Tranche 2 Consideration Shares.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Remaining Tranche 2 Consideration Shares. In addition, the Company will be required to terminate the PH2 Sale Agreement in order to comply with the Listing Rules, to cancel the Shares that have already been issued to PH2 (being 6,000,000 Tranche 1 Consideration Shares and 6,500,000 Tranche 2 Consideration Shares) and return the 30% interest in Sharpay to PH2 given Resolution 1 and Resolution 2 are inter-conditional (refer Section 2.6 of this Explanatory Memorandum and Section 11.2 of the Independent Expert's Report for further details).

4.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Remaining Tranche 2 Consideration Shares:

- (a) The Remaining Tranche 2 Consideration Shares will be issued to PH2 (or its nominee/s), none of whom is a related party of the Company. PH2 is a Material Investor of the Company by virtue of being a substantial Shareholder.
- (b) A maximum of 2,000,000 Remaining Tranche 2 Consideration Shares will be issued.
- (c) The Remaining Tranche 2 Consideration Shares are fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Remaining Tranche 2 Consideration Shares will be issued no later than 3 months after the date of the Meeting.
- (e) The Remaining Tranche 2 Consideration Shares will be issued for nil cash consideration as they are being issued as partial consideration for the Acquisition. Accordingly, no funds will be raised by their issue.
- (f) The material terms of the PH2 Sale Agreement are set out above at Section 3.3.
- (g) A voting exclusion statement is included in the Notice.

4.4 **Additional information**

Resolution 2 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 2.

Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ or A\$	means Australian Dollars.
Acquisition	has the meaning given in Section 3.1
ASX	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
AWST	means Western Standard Time, being the time in Perth, Western Australia.
Board	means the board of Directors.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Company	means Botala Energy Ltd (ACN 626 751 620).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
Independent Expert	means Moore Australia Corporate Finance (WA) Pty Ltd.
Listing Rules	means the listing rules of ASX.
Meeting	has the meaning given in the introductory paragraph of the Notice.
Milestone Payment	has the meaning given at 3.3(c)
Notice	means this notice of general meeting.
PH2	means Pure Hydrogen Corporation Limited (ACN 160 885 343).
PH2 Sale Agreement	means the share sale agreement between the Company and PH2 dated on or about 3 April 2024.
Proxy Form	means the proxy form attached to the Notice.
Purchase Price	has the meaning given at Section 3.3.
Remaining Tranche 2 Consideration Shares	has the meaning given in Section 3.3.
Resolution	means a resolution referred to in the Notice.
Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.

For personal use only

Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.
Sharpay	means Sharpay Enterprises (Pty) Ltd.
Tranche 1 Consideration Shares	has the meaning given in Section 3.3(a).
Tranche 2 Consideration Shares	has the meaning given in Section 3.3(b).

For personal use only

Schedule 2 Independent Expert's Report

[Page left blank intentionally]

For personal use only

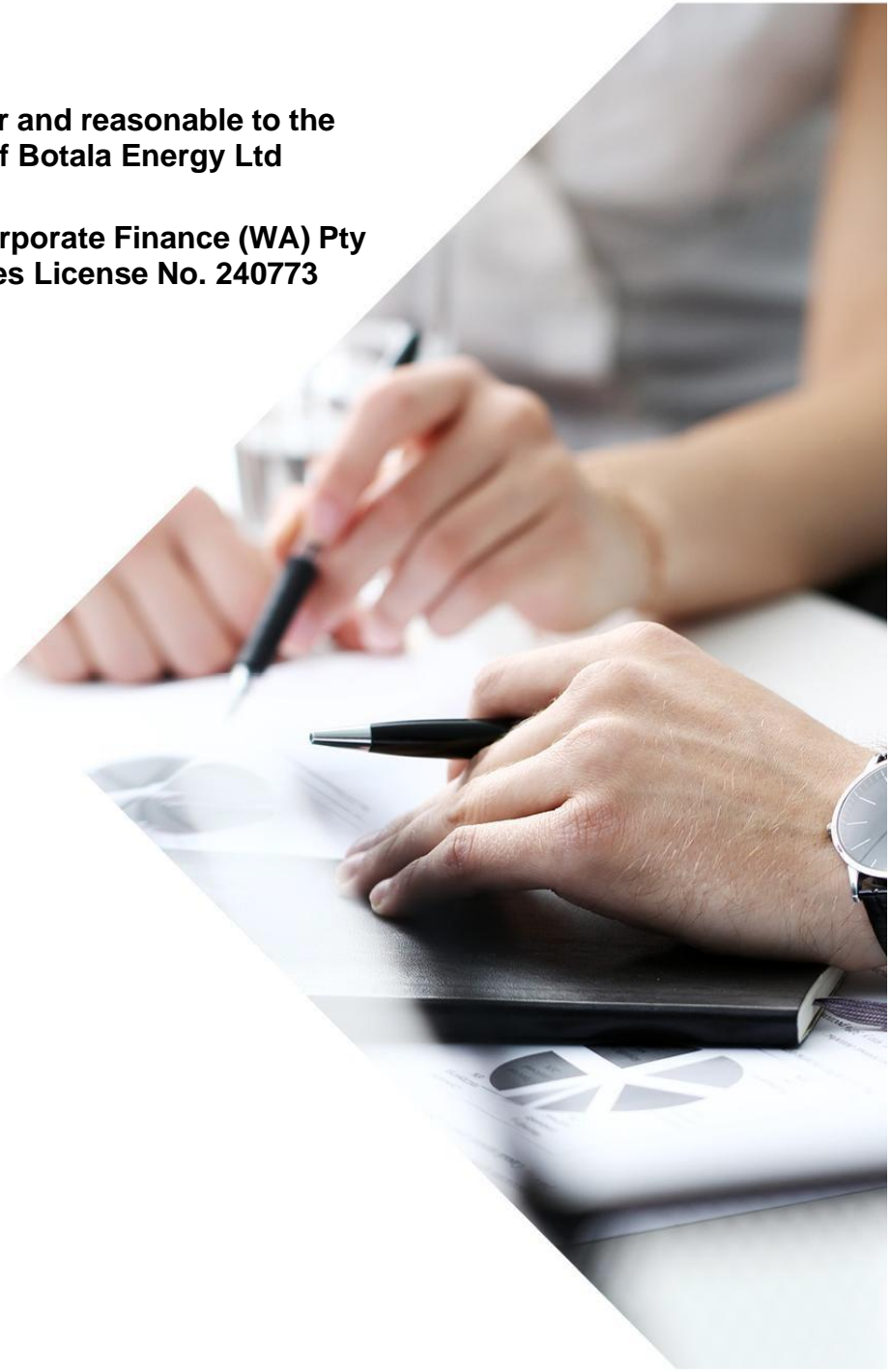
Botala Energy Ltd

Independent Expert's Report and Financial Services Guide

4 February 2025

**The Proposed Transaction is fair and reasonable to the
Non-Associated Shareholders of Botala Energy Ltd**

**Prepared by Moore Australia Corporate Finance (WA) Pty
Ltd. Australian Financial Services License No. 240773**



MOORE AUSTRALIA CORPORATE FINANCE (WA) PTY LTD

Australian Financial Services Licence No. 240773

FINANCIAL SERVICES GUIDE

This Financial Services Guide is issued in relation to our Independent Expert's Report on the acquisition of 30% of the ordinary share capital of Sharpay Enterprises (Pty) Ltd ("Sharpay") in exchange for the issue of 14.5m ordinary shares in Botala Energy Ltd ("Botala") and a future cash payment of A\$750,000 ("Proposed Transaction"). Our report has been prepared at the request of the Directors of Botala with the purposes of determining whether or not the transaction is fair and reasonable to the Non-Associated Shareholders of Botala.

Moore Australia Corporate Finance (WA) Pty Ltd

Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") has been engaged by the directors of Botala to prepare an independent expert's report expressing our opinion as to whether or not the Proposed Transaction is "fair and reasonable" to the shareholders of Botala other than those associated with the Proposed Transaction.

MACF holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the proposed transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately \$20,000 plus GST.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

MACF is the licensed corporate advisory arm of Moore Australia Perth, Chartered Accountants. The directors of MACF may also be partners in Moore Australia Perth Chartered, Accountants.

Moore Australia, Chartered Accountants is comprised of a number of related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MACF's contact details are set out on our letterhead.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Moore Australia Corporate Finance (WA) Pty Ltd, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Australian Financial Complaints Authority Ltd ("AFCA"). AFCA is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MACF is a member of AFCA. AFCA may be contacted directly via the details set out below.

Australian Financial Complaints Authority Ltd

GPO Box 3
Melbourne VIC 3001
Toll free: 1800 931 678
Facsimile: 03 9613 6399
Email: info@afca.org.au

For personal use only

TABLE OF CONTENTS

1.	INTRODUCTION.....	4
2.	SUMMARY AND OPINION	4
3.	SUMMARY OF THE TRANSACTION	6
4.	SCOPE OF THE REPORT.....	7
5.	INDUSTRY ANALYSIS – OIL & GAS EXTRACTION.....	7
6.	PROFILE OF BOTALA.....	8
7.	VALUATION APPROACH.....	14
8.	VALUATION OF CONSIDERATION	16
9.	VALUATION OF 30% INTEREST IN SHARPAY.....	19
10.	IS THE PROPOSED TRANSACTION FAIR TO BOTALA SHAREHOLDERS?	19
11.	IS THE PROPOSED TRANSACTION REASONABLE?.....	20
12.	INDEPENDENCE.....	21
13.	QUALIFICATIONS	22
14.	DISCLAIMERS AND CONSENTS.....	23
	APPENDIX A – SOURCE OF INFORMATION.....	24
	APPENDIX B – VALUATION METHODOLOGIES.....	25
	APPENDIX C – GLOSSARY.....	27
	APPENDIX D – WACC DISCOUNT RATE	29
	APPENDIX E – GEO VALUATION REPORT: SHARPAY.....	32

4 February 2025

The Directors
Unit 2, 22 Mounts Bay Road,
Crawley WA 6009
Australia

Dear Directors

Independent Expert's Report

1. INTRODUCTION

- 1.1 On 3 April 2024 Botala Energy Ltd ("Botala" or "the Company") acquired from Pure Hydrogen Corporation Ltd ("PH2", "Vendor") an additional 30% interest in Sharpay Enterprises (Pty) Ltd ("Sharpay"), a Botswanan registered proprietary company, to increase Botala's ownership in Sharpay to 100% ("Proposed Transaction").
- 1.2 This Independent Expert's Report ("IER") has been prepared to ascertain whether the acquisition by Botala, in exchange for 14.5m Botala shares and a future payment of A\$750,000, was fair and reasonable to the Non-Associated Shareholders of Botala.
- 1.3 We have valued all components of the Proposed Transaction based on the information at the time of the transaction announcement, being 3 April 2024, to ensure the valuation reflects the relevant market conditions immediately preceding the Proposed Transaction.
- 1.4 Our assessment of the Proposed Transaction relies on financial information provided by the Company and the Directors. We have not completed an audit or due diligence of the information which has been provided or of the entities which have been valued. We have however, performed a critical analysis of the information provided to us by querying any abnormal or unusual movements, as required by RG 111: Content of Experts Reports.
- 1.5 This report does not contain any accounting or taxation advice. Further details of the Proposed Transaction are set out in Section 3 of our report.

2. SUMMARY AND OPINION

Purpose of the Report

Listing Rule 10.1

- 2.1 Listing Rule 10.1 requires the approval of the Company's shareholders where it has proposed to acquire a "substantial asset" from:
 - A related party, or an associate of a related party of the Company; or
 - A subsidiary, or an associate of a subsidiary of the Company; or
 - A substantial shareholder, or an associate of a substantial shareholder of the Company. A substantial shareholder is defined under ASX listing rules as a shareholder with a relevant interest at any time in the previous six months prior to the transaction, in at least 10% of the total votes attaches to the voting securities in the entity.
- 2.2 A substantial asset includes those with a value greater than 5% of the total equity interests of the entity at the date of the last set of financial statements provided to the ASX.
- 2.3 The Directors of Botala have engaged Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") being independent and qualified for the purpose, to prepare an Independent Expert's Report to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the shareholders of Botala not associated with the Proposed Transaction (the "Non-Associated Shareholders").

- 2.4 Our assessment of the Proposed Transaction relies on financial information and instructions provided by the Company and the Directors. We have critically analysed the information provided to us, but we have not completed any audit or due diligence of the information which has been provided for the entities which have been valued. This report does not contain any accounting or taxation advice.

Approach

- 2.5 Our report has been prepared having regard to Australian Securities & Investments Commission (“ASIC”) Regulatory Guide 111 Content of Expert’s Reports (“RG 111”) and Regulatory Guide 112 Independence of Expert’s (“RG 112”).
- 2.6 In arriving at our opinion, we have assessed the terms of the Proposed Transaction, as outlined in the body of our report, by considering the following:
- Compare the value of the asset being acquired, Sharpay, with the value of the Consideration;
 - Advantages and disadvantages of approving the Proposed Transaction;
 - The likelihood of a superior alternative Proposed Transaction being available to Botala;
 - Other factors which we consider to be relevant to the shareholders of Botala in their assessment of the Proposed Transaction; and
 - The position of the shareholders of Botala should the Proposed Transaction not be successful.
- 2.7 Further information on the approach we have employed in assessing whether the Proposed Transaction is “fair and reasonable” is set out at Section 4 of this Report.

Opinion

- 2.8 We have considered the terms of the Proposed Transaction as outlined in the body of our report and have concluded that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Botala, as set out in Sections 9 and 10 of this Report.

Fairness

- 2.9 In Section 9 we determined the value of the Consideration and the value of the interest in Sharpay being acquired, as detailed below:

BTE - Transaction Conclusion		Low	Preferred	High
3 April 2024	Ref	\$AUD	\$AUD	\$AUD
Total Consideration Value		1,601,448	1,728,751	1,863,525
Value of Assets Acquired		5,093,422	5,659,358	6,225,294
Conclusion		Fair	Fair	Fair

Source: MACF Analysis

- 2.10 The above assessment indicates that, in the absence of any other relevant information, the Proposed Transaction is fair to the Non-Associated Shareholders of Botala.

Reasonableness

- 2.11 RG 111 establishes that an offer is reasonable if it is fair. It may also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the Proposed Transaction in the absence of a higher bid before the Proposed Transaction closes. We have considered the analysis in Section 10 of this report, in terms of both;
- Advantages and disadvantages of the Proposed Transaction; and
 - Other considerations, including the position of the Non-Associated Shareholders of Botala if the Proposed Transaction is not successful.
- 2.12 In our opinion, if the Proposed Transaction is successful, the position of the Non-Associated Shareholders of Botala is more advantageous than their position if the Proposed Transaction was

not successful. Accordingly, in the absence of a superior Proposed Transaction, and any other relevant information, we believe that the Proposed Transaction is reasonable for Non-Associated Shareholders of Botala.

2.13 The advantages and disadvantages considered are summarised below:

Advantages

- The Proposed Transaction is fair.
- Botala will own all of the share capital in the Serowe Project.
- The majority of the consideration payable is non-cash and thus significant cash outflows will not be incurred.

Disadvantages

- There would be a dilution to current Non-Associated Shareholders.
- An increased exposure to the Serowe Project may expose shareholders to additional risks.
- In addition, an increased geographic concentration in Botswana may also expose shareholders to additional risks.

2.14 Another key consideration for reasonableness was the potential legal impact of rejecting a transaction that has already been affected.

3. SUMMARY OF THE TRANSACTION

3.1 Under the Proposed Transaction, Botala acquired an additional 30% interest in Sharpay. On completion of the Proposed Transaction, Sharpay became a wholly owned subsidiary of Botala.

3.2 The key terms of the Consideration payable were as follows:

- Botala committed to issue the Sharpay vendors 14,500,000 fully paid ordinary shares in Botala ("Consideration shares"), split into the following 3 tranches:
 - Tranche 1 issued on 16 April 2024 ("T1"): 6,000,000 shares; and
 - Tranche 2: 8,500,000 shares (6,500,000 of which were issued on 6 September 2024).
- Botala will make a future payment of A\$750,000 to the Sharpay vendors ("Cash Consideration") when a certified reserve of 50Pj of 2p has been defined.

3.3 As the additional 30% interest in Sharpay constitutes a "classified asset" under the Listing Rules, all shares issued to PH2 are and will be subject to mandatory ASX escrow for 12 months from the date of issue.

Rationale for the Proposed Transaction

3.4 The Proposed Transaction provides Botala a 100% interest in Sharpay. The decision to increase ownership in the Sharpay CBM Project from 70% to 100% allows the Company to gain full control over development and operational decisions, maximising its financial returns and securing all potential economic benefits. Full ownership simplifies decision-making and eliminates complexity with the minority shareholder, positioning the Company for future growth and expansion opportunities in the region.

3.5 Refer also to our analysis of advantages of the Proposed Transaction set out in Section 10.

4. SCOPE OF THE REPORT

Regulatory Guidance

- 4.1 The Listing Rules do not define the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider assisting security holders to make informed decisions about transactions.

Adopted Basis of Evaluation

- 4.2 RG 111 provides guidance that a transaction is fair if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 4.3 Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for Non-Associated Shareholders to accept the Proposed Transaction in the absence of any higher bid.
- 4.4 Having regard to the above, MACF has completed this comparison in two parts:
- A comparison between the value of the Consideration and the value of a 30% interest in Sharpay (fairness – see Section 9 - Assessment of Fairness); and
 - An investigation into other significant factors to which Non-Associated Shareholders might give consideration, prior to accepting the Proposed Transaction, after reference to the value derived above (reasonableness – see Section 10 - Assessment of Reasonableness).

5. INDUSTRY ANALYSIS – OIL & GAS EXTRACTION

Overview

- 5.1 The oil and gas production industry encompasses companies engaged in the exploration, extraction, and production of crude oil and natural gas. This includes operations in both onshore and offshore fields, with a significant focus on natural gas production to supply global markets and liquefied natural gas (LNG) export facilities.
- 5.2 The industry has experienced significant revenue volatility over the past five years due to fluctuating oil and gas prices, exchange rate movements, and production volumes. Revenue is expected to negligibly decline through 2024-25. While rising oil and gas prices during the Russia-Ukraine conflict temporarily boosted revenue and profitability, the industry is forecast to face a moderate to significant decline in 2029-2030 as prices recede and output volumes decrease.
- 5.3 Over the past decade, natural gas production has expanded significantly as new gas fields were developed to supply LNG export facilities. Global LNG trade has grown, with increasing demand in Asian markets and a weakened Australian dollar supporting competitiveness. However, recent declines in both prices and production volumes have placed downward pressure on revenue.

Key Drivers

- 5.4 Export Prices of Liquefied Natural Gas (LNG) – The export price of LNG directly impacts domestic gas prices and LNG export revenue. LNG has become the industry's largest revenue source, with major export facilities shipping gas cargoes to Asia. Higher natural gas export prices boost industry revenue, while lower export prices negatively affect revenue.
- 5.5 Global Crude Oil Prices – Global crude oil prices influence domestic revenue for oil and gas producers. Oil and gas production is highly globalised, with exports representing a significant share of industry revenue. Higher crude oil prices provide producers opportunities to increase revenue. LNG producers also benefit from higher oil prices, as LNG contracts are often tied to oil prices.
- 5.6 Exchange Rate Fluctuations – Although US dollar-based contracts dominate, some countries are shifting to settle contracts in other currencies, such as China's yuan or UAE dirhams.

Overview

- 5.7 Looking ahead, industry operators are expected to navigate ongoing challenges such as price volatility and declining production volumes. Efforts to capitalise on growing LNG demand in Asian markets and maintain operational efficiency will be critical. Continued investment in innovation and export-focused infrastructure may provide long-term support, but falling revenue in the short term highlights the need for strategic adjustments.
- 5.8 Industry revenue is forecasted to moderately decline through 2029-30, driven by ongoing price reductions and falling oil production volumes. Despite recent high prices leading to the revival of some projects and the initiation of new ones, the industry faces significant challenges that are expected to limit growth.
- 5.9 Major oil and gas producers have responded to shifting market dynamics by divesting lower-quality assets to futureproof their portfolios in the face of rising public concern over environmental issues. This trend, coupled with intensified merger and acquisition activity, highlights efforts to consolidate market positions and strengthen financial stability.
- 5.10 Government intervention in domestic gas markets has introduced regulatory uncertainty, further constraining investment in the sector. As a result, producers are expected to focus on maintaining operational efficiency and exploring strategic opportunities while navigating a challenging investment landscape.

6. PROFILE OF BOTALA

Background

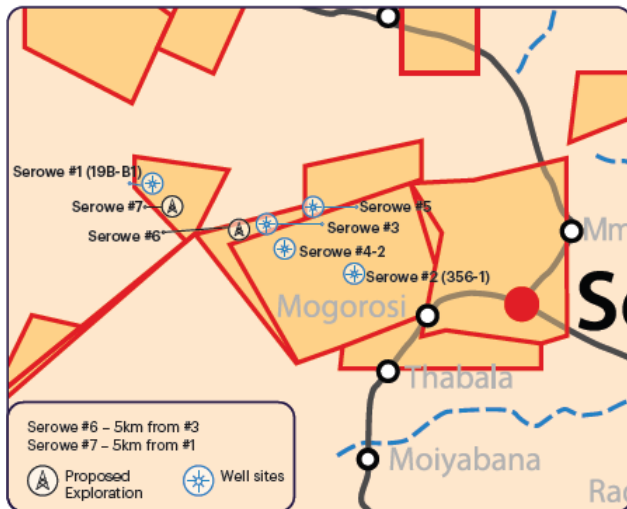
- 6.1 Botala is an Australian-based company focused on the exploration and development of coal-bed methane (CBM) and renewable energy opportunities in Southern Africa, primarily in Botswana. The Company now holds a 100% interest in the Serowe CBM project (via Sharpay), which spans 420,000 hectares in the central Kalahari Karoo Basin of Botswana, and also holds an interest in the Pitse Project. Botala aims to be a diversified energy producer, delivering reliable and dispatchable energy from renewable sources backed by CBM to meet domestic energy needs, support energy exports to neighbouring countries, and attract industries seeking reliable renewable energy.
- 6.2 The Company is expanding its activities with the establishment of the Leupane Energy Hub and Industrial Park, located near the Morupule coal-fired power station, and has made significant progress with its Serowe CBM project. In 2024, Botala's exploration efforts resulted in a 42% increase in the independently certified 2C contingent resource. Botala is also pursuing opportunities in solar energy, hydrogen production, and the development of new-age materials and products, including high-tech carbon-based products like synthetic graphite and graphene, although these projects are at an early stage.
- 6.3 Botala is also exploring the development of a solar panel manufacturing facility in Botswana as part of its broader renewable energy initiatives. The Company, in partnership with Solar Finland and other potential funding partners, aims to capitalise on Botswana's Special Economic Zone incentives, which include favourable tax rates, streamlined land allocation, and duty-free import benefits. The proposed facility would produce high-quality solar PV panels to serve markets in Southern Africa and integrate with Botala's hybrid gas and solar energy projects. While the business case has progressed to the next phase of development, it remains in its early stages, with key risks and uncertainties yet to be fully addressed.
- 6.4 Botala's initiatives are aligned with Botswana's energy strategy, focusing on diversifying electricity generation, decarbonising the energy mix, and reducing reliance on imported electricity. The Company's energy hub and industrial park are expected to support Botswana's economic development, job creation, and efforts to transition to renewable energy. Additionally, Botala is exploring the production of compressed or liquefied natural gas (CNG/LNG) as an alternative fuel for the mining sector. The Company's projects aim to contribute to energy reliability, reduce electricity costs, and support the potential for electricity exports. Botala is listed on both the Australian Securities Exchange and the Botswana Stock Exchange.

Sharpay

- 6.5 The Serowe Project, wholly owned by Sharpay, is in the Central District of Botswana near the town of Serowe and consists of ~420,000 hectares of prospecting licences in the coal rich Karoo-Kalhari Basin. It holds a 2C contingent resource of 454Bcf in the vicinity of 11 wells drilled within the tenements. In addition, the project holds a prospective resource of over 7.1Tcf representing significant exploration potential. The project is positioned near existing infrastructure in Botswana. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both a 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 recoverable hydrocarbons.
- 6.6 Botala is currently exploring and developing the CBM potential with a focus on high grade areas which are economically viable. Since drilling the first well, Botala has seen exploration success via additional wells within the project tenements increasing initial resource estimates from 23.8bcf to 454bcf. The project is estimated to sit in the lowest quartile in the cost curve which implies low hurdle rates.
- 6.7 One of the most advanced wells of the Serowe Project is Serowe 7 which was successfully drilled to target depth of 510m which yields 35m of gas-bearing coal seams. Flow testing of the well is set to commence soon which will be a milestone in determining the viability of the well and broader project. Another notable well is Serowe 3 with increasing annulus pressure. Botala has completed 4 new pilot wells in the surrounds of Serowe 3 to gain better understanding of the area's geology with core sample testing conducted in 2024.

Resource Estimate				
Classification	Unit	Low	Best	High
Contingent	Bcf	363	454	544
Prospective	Bcf	5,334	7,112	8,890

Source: Botala



Source: Botala

Group Structure

- 6.8 At the date of this report, we have assumed Botala only has the 70% interest in Sharpay.

Group Structure	Country	Class of Shares	% Held
As at 03/04/2024			
Sharpay Enterprises (Pty) Ltd	Australia	Ordinary	70%

Source: Botala

6.9 Botala have the following directors:

Name	Title	Experience
Wolf Gerhard Martinick	Executive Director & Chairman	Dr. Wolf Gerhard Martinick, B.Sc. (Agric), Ph.D., FAusIMM, has served as Executive Chairman of Botala since 18 June, 2018. He was the Managing Director of Oro Verde Ltd from 2011 to 2014 and has held various leadership roles in mineral exploration and mining, including Chairman of Windimurra Vanadium Ltd and Weatherly International PLC. Dr. Martinick co-founded Puku Minerals Ltd and has been involved in over 30 mineral sands projects, including the Douglas Project. He has extensive experience in environmental planning, land access, and due diligence studies in Australasia, Africa, China, India, and other regions. He is the Founding Director of MBS Environmental Pty Ltd and has served as a director for several companies, including Precious Metals Australia Ltd, and Azure Minerals Ltd. Dr. Martinick is retired Corporate Member and Chartered Professional of the Australian Institute of Mining and Metallurgy and is a Fellow of the Australian Institute of Mining and Metallurgy.
Craig Basson	Executive Director & CFO	Mr. Craig Basson, B. Com (Hons), FCA, FGIA, GAICD is the Chief Financial Officer, Company Secretary, and Executive Director of Botala, since June 18, 2020. He previously served as CFO & Company Secretary at Little Green Pharma Ltd. until July 2020 and as CFO and Company Secretary of Sun Resources NL from 2009 to 2018. Mr. Basson was also Company Secretary of Basin Minerals Ltd (ASX: BMS) from 1999 to 2002. He is a Fellow of the Chartered Accountants Australia and New Zealand, a Fellow of the Governance Institute of Australia and holds a Bachelor of Commerce (Hons) Degree in Accounting and Finance. He is a graduate of the Australian Institute of Directors' Course.
Peter Grant	Non-Executive Director	Mr. Peter Desmond Grant is a Non-Executive Director of Botala since December 2021. He has previously served as a Non-Executive Director of Symbol Mining Ltd and an Independent Non-Executive Director of Swala Energy Ltd from 2013 to 2017. Mr. Grant's career in the energy sector includes roles at Woodside Energy, where he was General Manager of International Ventures, General Manager of Woodside UK, and held several exploration management positions. He also worked at BHP Petroleum for 13 years in senior exploration roles across Africa, the Middle East, Yemen, and Myanmar. Mr. Grant founded International Energy Solutions, a strategic advisory company. He is a National Director of the Arab Australian Chamber of Commerce and Industry, Chairman of the Australia Korea Business Council of Western Australia, and President of the Asia Pacific chapter of the American Association of Petroleum Geologists. Mr. Grant holds a Bachelor of Science (Hons) in Geology from Nottingham University.

Historical Financial Information

- 6.10 The financial information has been extracted from the audited consolidated financial statements of Botala for the years ended 30 June 2022 and 2023 and the reviewed consolidated financial statements for the six months ended 31 December 2023. The auditors report attached to the financial statements for the periods ended 30 June 2023 and 31 December 2023 included an emphasis of matter paragraph regarding the going concern position of the Company.

- 6.11 The table below sets out a summary of the consolidated financial performance of Botala for the years ended 30 June 2022 and 2023 and the six months ended 31 December 2023.

Botala Energy Ltd - Financial Performance	FY2022	FY2023	HYDec-24
	Audited	Audited	Audited
<u>Other Income</u>	\$AUD	\$AUD	\$AUD
Interest Received	186	86,905	17,250
Total Other Income	186	86,905	17,250
<u>Expenses</u>			
Share Based Payments	558,781	24,131	-
Share of Losses of JVs Accounted for (Equity Method)	37,120	445,205	495,618
Employment Costs	311,665	402,496	136,643
Finance Costs	599	38,809	37,395
Consultancy Costs	34,246	60,972	104,978
Marketing Costs	69,142	136,737	13,914
Depreciation	-	7,601	8,045
Administration Costs	93,859	267,991	211,336
Total Expenses	1,105,412	1,383,942	1,007,929
Loss Before Income Tax	(1,105,226)	(1,297,037)	(990,679)
Income Tax Expense	(7,455)	68,899	-
Loss After Income Tax	(1,097,771)	(1,365,936)	(990,679)
<u>Other Comprehensive Gain/(Loss)</u>			
Gain Revaluation of Equity Instruments	993,079	44,254	-
Share of Comprehensive Income from JV	325,933	-	-
JV Foreign Currency Translation	-	(49,649)	145,337
Foreign Currency Translation	-	300	3,614
Total Other Comprehensive Gain/(Loss)	1,319,012	(5,095)	148,951
Total Comprehensive Gain/(Loss)	221,241	(1,371,031)	(841,728)
<u>EBITDA</u>			
Interest Earned	186	86,905	17,250
Interest Expense	599	38,809	37,395
Tax Expense	(7,455)	68,899	-
Depreciation	-	7,601	8,045
Amortisation	-	-	-
Total EBITDA	(1,104,813)	(1,337,532)	(962,489)

Source: Botala Energy Ltd 2024

Commentary on Financial Performance

- 6.12 We note the following in relation to the financial performance of Botala:
- i. Interest Income: Interest income significantly increased from A\$186 in FY2022 to A\$86,905 in FY2023 before declining to A\$17,250 in HYDec-24, reflecting variations in interest-earning assets and interest rates.
 - ii. Share Based Payments: Share-based payments decreased dramatically from A\$558,781 in FY2022 to A\$24,131 in FY2023 as only a small amount of rights were issued for the year.

Financial Position

6.13 The information below provides a summary of the financial position of Botala as at 30 June 2022, 2023, and 31 December 2023.

Botala Energy Ltd - Financial Position	Jun-22	Jun-23	Dec-23
	Audited	Audited	Audited
	\$AUD	\$AUD	\$AUD
Assets			
Current Assets			
Cash & Cash Equivalents	5,825,416	1,866,802	1,926,484
Trade & Other Receivables	47,217	150,427	121,377
Prepayments	70,008	53,622	69,697
Total Current Assets	5,942,641	2,070,851	2,117,558
Non-Current Assets			
Investment in JV	8,681,625	11,622,225	13,220,316
Investment in Shares of Pure Hydrogen Corporation Ltd	880,000	-	-
Property, Plant & Equipment			
Computer Equipment	-	3,160	2,625
Assets Under Construction	-	82,561	103,523
Equipment	-	-	400,000
Total Property, Plant & Equipment	-	85,721	506,148
Right-of-Use Assets	-	557,592	545,775
Deferred Tax Assets	68,899	-	-
Other Receivables	-	-	258,401
Total Non-Current Assets	9,630,524	12,265,538	14,530,640
Total Assets	15,573,165	14,336,389	16,648,198
Liabilities			
Current Liabilities			
Current Trade & Other Payables	726,769	474,940	1,111,091
Total Current Liabilities	726,769	474,940	1,111,091
Non-Current Liabilities			
Non-Current Trade & Other Payables	14,996	-	-
Lease Liabilities	-	585,280	596,864
Deferred Tax Assets	192,000	-	-
Total Non-Current Liabilities	206,996	585,280	596,864
Total Liabilities	933,765	1,060,220	1,707,955
Net Asset Value	14,639,400	13,276,169	14,940,243
Equity			
Issued Capital	13,388,571	13,372,240	15,745,051
Reserves	1,150,541	677,759	959,701
Accumulated Losses	100,288	(773,830)	(1,764,509)
Total Equity	14,639,400	13,276,169	14,940,243

Source: Botala Energy Ltd 2024

Commentary on Financial Position

6.14 We note the following in relation to the financial position of Botala:

- i. Cash & Cash Equivalents: Large decrease between Jun-22 and Jun-23 due to losses incurred from the Serowe Project.
- ii. Trade & Other Receivables: relates to primarily GST receivables as well as other receivables.
- iii. Investment in JV: relates to existing investment in shares of the Sharpay project as a joint venture with Pure Hydrogen Corporation Ltd.
- iv. Right of Use Assets relates to land right of use assets as well as land accumulated depreciation.

- v. Reserves: include financial assets, foreign currency, share based payments, options and JV foreign currency translations. The largest of these categories is option reserves.

Capital Structure

- 6.15 As at 3 April 2024 Botala had 165,225,146 ordinary shares on issue. Details of the top 10 shareholders are as follows:

ASX:BTE - Top 10 Shareholders		Units Held	% Held
As at 03/04/2024			
1	Dr Wolf-Gerhard Martinick	40,152,249	24.3%
2	Pure Hydrogen Corporation Ltd	27,236,557	16.5%
3	Mr Kris Francis Martinick	11,716,151	7.1%
4	Corpserv Pty Ltd	5,920,000	3.6%
5	Sixth Erra Pty Ltd <The I Collie Family A/C>	4,444,444	2.7%
6	Wellpro Services Pty Ltd	4,444,444	2.7%
7	Mr Ronal Prefontaine + Mrs Annabel Frances Prefontaine <Prefontaine Super Fund A/C>	3,833,333	2.3%
8	Martinick Investments Pty Ltd	3,000,000	1.8%
9	JCM1 Pty Ltd <AH and JK Family A/C	2,860,000	1.7%
10	Vic Bullo Super Pty Ltd <The Bullo Super Fund A/C.	2,305,000	1.4%
Other Shareholders		59,312,968	35.9%
Total		165,225,146	100%

Source: Botala Energy Ltd 2024

Securities

- 6.16 As at 3 April 2024 Botala had the following unquoted Options and Performance Rights. Details of these securities are as follows:

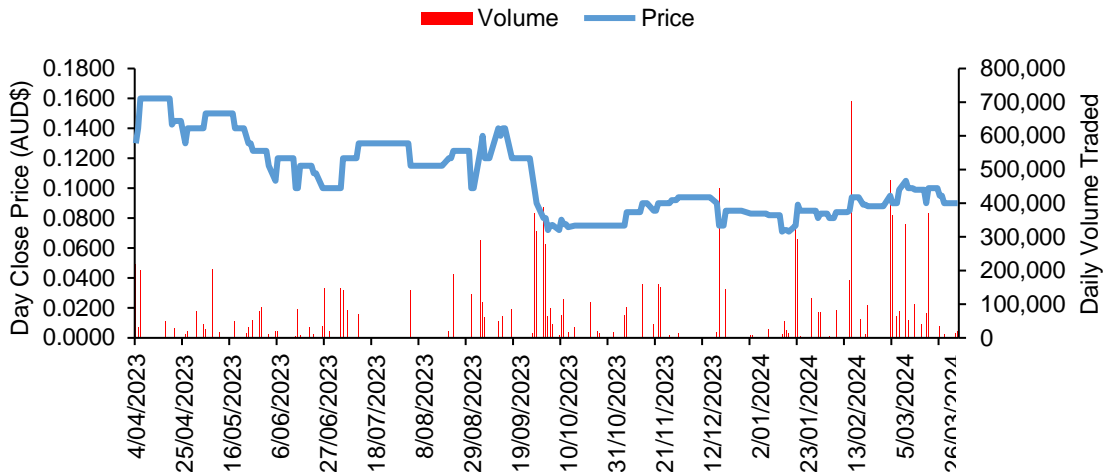
ASX:BTE - Securities on Issue	
As at 3 April 2024	
Ordinary Shares	165,225,146
Tranche A PRs	1,000,000
Tranche C PRs	1,000,000
Tranche D PRs	1,000,000
Tranche E PRs	1,100,000
Tranche F PRs	1,100,000
Tranche G PRs	550,000
Options with strike @\$0.25, exp 28/02/2025	18,757,000
Options with strike @\$0.25, exp 12/07/2025	4,688,957
Options with strike @\$0.135, exp 31/12/2025	3,694,444
Options with strike @\$0.15, exp 31/12/2025	14,777,777

Source: Botala Energy Ltd 2024

Share Price Performance

- 6.17 The figure below sets out a summary of the closing share price and volume of Botala shares traded for the year ending 3 April 2024. The share price of the Company has been moderately trending downwards since the beginning of the year but has been stable in recent months.

ASX:BTE Trading History



Source: S&P Capital IQ

6.18 Over the twelve months ending 3 April 2024, the Company's share price ranged from a minimum of A\$0.071 in January 2024 to a maximum of A\$0.160 in April 2023. In the month leading up to 3 April 2024, the price fluctuated between a low of A\$0.090 and a high of A\$0.105. The spike in trading volume observed on 16 February 2024 could not be attributed to any announcement or news article. While the increased trading activity led to a modest uptick in the share price, this was short-lived, and the price reverted within a few days, ultimately having no material impact.

Traded Volumes of Botala Shares to 3 April 2024

6.19 The table above shows the VWAP of Botala shares for periods to the last trading day prior to suspension of the Company's shares. 1.32% of the Company's shares were traded in the 30 days prior. This is indicative of an illiquid stock.

VWAP Summary - ASX:BTE							
Up to 03/04/2024 (A\$)	1 Day	5 Days	7 Days	10 Days	30 Days	60 Days	90 Days
VWAP \$	0.090	0.092	0.092	0.097	0.096	0.091	0.090
Total Volume	20,000	77,442	77,442	521,350	2,184,151	4,174,719	5,121,461
Total Outstanding Shares	165,225,146	165,225,146	165,225,146	165,225,146	165,225,146	165,225,146	165,225,146
% of Total Shares	0.01%	0.05%	0.05%	0.32%	1.32%	2.53%	3.10%
Low Price \$	0.090	0.090	0.090	0.090	0.088	0.071	0.071
High Price \$	0.090	0.095	0.100	0.100	0.105	0.105	0.105

Source: CapIQ

Other Information

6.20 Botala is a listed disclosing entity for the purposes of the Corporations Act and therefore is subject to continuous disclosure obligations and listing rules. A substantial amount of information about Botala, including its ASX announcements, can be obtained from its website www.botalaenergy.com.

7. VALUATION APPROACH

Definition of Value

7.1 RG 111 guides that a transaction is fair if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Valuation Approach Adopted

7.2 There are a number of methodologies which can be used to value a company. The principal methodologies which can be used are as follows:

- Capitalisation of maintainable earnings ('CME');
- Discounted cash flow ('DCF');
- Quoted market price basis ('QMP');
- Net asset value ('NAV'); and
- Market approach method ('Comparable market Transaction').

7.3 A summary of each of these methodologies is outlined in Appendix B.

Value of Consideration

7.4 In our assessment of the shares being issued to the PH2 as Consideration, we have determined that the NAV methodology is the most appropriate primary method. Given that the business is an exploration and development company, we have obtained an independent specialist valuation for the exploration assets held by Botala.

7.5 We have instructed Geochemex Australia to act as independent specialist and provide an independent market valuation of the Company's Serowe Project. All other assets and liabilities included in the net assets of Sharpay have been valued at book value. We have attached the Geochemex Australia report at Appendix E.

7.6 Additionally, we have chosen to employ the QMP methodology as a secondary measure of value. Despite the current lack of profitability, the QMP reflects the readily tradable value of a Botala share in an open market, incorporating market perceptions of the company's future potential. While QMP is often influenced by external factors, it is a useful supplementary methodology for assessing consideration in the context of a publicly traded entity.

7.7 We are of the opinion that other methodologies included within Appendix B are less relevant, as the Company's loss-making position and the early stage of its operations make approaches like discounted cash flow or earnings-based valuations less applicable at this time. Together, the NAV and QMP methodologies provide a comprehensive assessment of the value of the Consideration.

7.8 We have valued the cash portion of the Consideration at face value but with adjustment for any assumed time value due to the deferral of the payment until a reserve of 50PJ is defined.

Value of Sharpay Interest Acquired

7.9 In assessing the value of a 30% interest in Sharpay, we have adopted the valuation of the Serowe Project prepared by Geochemex Australia. We have instructed Geochemex Australia to act as independent specialist and provide an independent market valuation of the Serowe Project. We have attached the Geochemex Australia report at Appendix E.

8. VALUATION OF CONSIDERATION

8.1 We have assessed the Consideration in two parts. The first being the shares in Botala that have been offered to PH2 and the second being the deferred cash payment. When assessing the value of the shares, we have considered two valuation methodologies, being the NAV methodology and the QMP methodology. Our valuation of the Consideration is set out below.

Valuation of share Consideration

Primary Valuation Methodology: NAV

8.2 As previously stated in this Report, we have assessed the value of a Botala share prior to the Proposed Transaction using the NAV methodology.

8.3 The NAV has been summarised in the table below, using the net assets of Botala as at 31 December 2023, being the closest available statement of financial position to 3 April 2024:

BTE - Net Asset Value (Pre)		Low	Preferred	High
3 April 2024	Ref	\$AUD	\$AUD	\$AUD
Net Assets		14,940,243	14,940,243	14,940,243
Add 70% Market NAV of Sharpay Enterprises (Pty) Ltd	8.4	11,884,652	13,205,169	14,525,686
Less Book Value of 70% Interest In Sharpay Enterprises (Pty) Ltd	8.4	(13,220,316)	(13,220,316)	(13,220,316)
Net Asset Value (Pre) CONTROL		13,604,579	14,925,096	16,245,613
Minority Discount	8.7	23%	20%	17%
Net Asset Value (Pre) MINORITY		10,465,061	11,959,211	13,538,010
Ordinary Shares on Issue		165,225,146	165,225,146	165,225,146
BTE - Value Per Share (Pre)		0.063	0.072	0.082

Source: MACF Analysis

8.4 The net assets of Botala as at 3 April 2024 includes the book value for the Company's interest in Sharpay. To incorporate fair value, we have deducted the book value of this asset and added back a revalued amount as assessed by Geochemex Australia included in Appendix E of this report. Based on the 30% valuation estimate in Sharpay we have grossed the value up to determine a 100% valuation and then multiplied this estimate by 70%.

8.5 Botala also has a number of arrangements related to solar energy. These include a joint venture to build a 4MW solar farm, a joint venture to potentially build up to 500MW in solar energy as part of an energy hub and a joint venture to build a photovoltaic panel manufacturing plant. Each of these projects requires the financial participation of Botala and still have hurdles to achieve before any development progresses, including sourcing funding. As such, we have not included any value for these projects in our valuation and have solely relied on the interests of the Sharpay project as a means to value BTE on a per share basis.

8.6 The net assets of Botala have been extracted from the financial statements for the six months ended 31 December 2023. We consider that the carrying values of these net asset's approximate fair values at the date of the announcement of the Proposed Transaction.

Minority Discount

8.7 We have considered PH2's interest in Botala before and after the Proposed Transaction to determine whether it reflects a control transaction. The Sale Agreement between PH2 and Botala, and the notice of meeting dated 29 May 2024, during which the Proposed Transaction was approved by shareholders, stated that a portion of the consideration shares could be delayed for 90 days to enable Botala to obtain approval under s611 of the Corporations Act, if required. During the same meeting shareholders approved the placement of 8,333,333 shares to unrelated parties and 8,611,111 shares to directors to raise over A\$1.5m. Shortly after this, during August 2024, Botala raised an additional A\$850,000 through the issue of an additional 11,333,333 shares. At the date of this report, PH2 has

a holding of 16.01% in Botala with the remaining 2m Consideration Shares still to be issued. Since the announcement of the Proposed Transaction, PH2's holding in Botala has not exceeded 20% and given the capital raisings and deferred issue of the remaining shares, it is not expected that PH2 will exceed 20% holding, even after the issue of the remaining 2,000,000 Consideration Shares. As such, we do not consider that the Proposed Transaction is a control transaction.

8.8 The NAV method implies a premium for control has already been factored into the value. Therefore, our calculation of the fair value of a Botala share needs to include an adjustment to reflect a minority interest.

8.9 We have reviewed the control premiums paid in recent years by companies listed on the ASX. There is significant variability in control premiums paid which are affected by such factors as:

- Nature and magnitude of non-operating assets;
- Quality of management;
- Nature and magnitude of business opportunities/assets not currently being exploited;
- Degree and confidence in future synergies;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities; and
- The stage in the economic cycle.

8.10 A review of control premiums paid by acquirers of companies listed on the ASX in recent years indicates a range of premiums between 20% and 30% is reasonable.

8.11 A minority interest discount is the inverse of a premium for control and is calculated using the formula $1 - [1 / (1 + \text{control premium})]$. Therefore, the minority interest discount is between 17% and 23%.

Secondary Valuation Methodology: QMP

8.12 In order to provide a cross check and comparison to our valuation of an Botala share using the NAV methodology, we have also assessed the value of an Botala share using the QMP valuation methodology.

Traded Volumes of Botala Shares to 3 April 2024

8.13 The table below shows the VWAP of Botala shares for certain periods to the last trading day prior to this report of the Company's shares. 1.32% of the Company's shares were traded in the 30 days prior. This is indicative of an illiquid stock.

VWAP Summary - ASX:BTE						
Up to 03/04/2024 (A\$)	1 Day	5 Days	10 Days	30 Days	60 Days	90 Days
VWAP \$	0.090	0.092	0.097	0.096	0.091	0.090
Total Volume	20,000	77,442	521,350	2,184,151	4,174,719	5,121,461
Total Outstanding Shares	165,225,146	165,225,146	165,225,146	165,225,146	165,225,146	165,225,146
% of Total Shares	0.01%	0.05%	0.32%	1.32%	2.53%	3.10%
Low Price \$	0.090	0.090	0.090	0.088	0.071	0.071
High Price \$	0.090	0.095	0.100	0.105	0.105	0.105

Source: CapIQ

8.14 To rely on the QMP valuation methodology there is a requirement for the security to trade in a 'deep' market. RG111.69 indicates that a 'deep' market should reflect a liquid and active market.

8.15 Characteristics of a 'deep' market are:

Deep Market - Characteristics	
Hurdle	Botala Energy Ltd
Regular trading in a company's securities	Not Met - 3.10% shares traded over 90 days equates to 0.004% per week.
An average of 1% of a company's securities traded on a weekly basis.	Not Met - 2.53% shares traded over 30 days equates to 0.003% per week.
Non-significant spread of the stock.	Partially Met - Small spread for shorter periods that increase with time.
A significant spread of ownership of the securities	Met - More than 500 shareholders
There are not regular unexplained movements in the share price.	Partially Met - High & low prices are somewhat stable over time.

Source: MACF Analysis

8.16 For a security to be considered 'deep' it should fit with all the above characteristics. Although if it does fail to meet all the above characteristics it does not automatically characterise the share price trading as irrelevant for valuation purposes, rather it means that it should not purely be relied upon and should be considered within this context.

8.17 Just prior to the suspension date, there was an increase in the traded volume and the share price. As such we consider a range of values between \$0.097 to \$0.091 (the range of values between 10- and 60-day VWAP), with a preferred of 0.096 (30-Day VWAP) is a reasonable reflection of the QMP valuation of a Botala share on a minority basis prior to the Offer.

Valuation conclusion for a Botala share

BTE - Valuation Conclusion	Low	Preferred	High
3 April 2024	Ref \$AUD	\$AUD	\$AUD
Assessed fair value of an BTE share prior to the Proposed Transactions on a minority basis using NAV methodology	0.063	0.072	0.082
Assessed fair value of an BTE share prior to the Proposed Transactions on a minority basis using QMP methodology	0.096	0.096	0.096

Source: MACF Analysis

8.18 Our assessed value of a Botala share on a minority basis is between \$0.063 and \$0.082, with a preferred value of \$0.072. We have relied on the NAV methodology over the QMP methodology because we do not consider there to be a deep and liquid market in Botala shares. However, we note that the values are not significantly different.

Discounted Future Cash Payment

8.19 As part of the consideration for the acquisition, a future payment of A\$750,000 must be made by Botala to the vendors of Sharpay Enterprises conditional on a certified reserve of 50Pj of 2p being proven.

8.20 The future cash payment of A\$750,000, contingent on the certification of 50PJ of 2P reserves, has been discounted back by one year to reflect its present value. We have applied a 12 month discount because we assume that the target reserve will be met but that it will take some time to upgrade some or all of the current 2C resource of 454 Bcf to a reserve. This approach ensures the valuation accounts for the time value of money and the likelihood of meeting the specified condition

8.21 Using Botala's estimated discount rate range of 11.038% and 9.803%, with a preferred rate of 10.420%, as illustrated in Appendix D our discounted cash payment value is between A\$675,442 and A\$683,044, with a preferred valuation of A\$679,222.

Valuation Conclusion for Consideration of Proposed Transaction

8.18 Our assessed values of a Botala share on a minority interest basis is summarised in the table below.

BTE - Consideration Conclusion (NAV)		Low	Preferred	High
3 April 2024	Ref	\$AUD	\$AUD	\$AUD
Share Value of Botala (NAV)		0.063	0.072	0.082
Number of Consideration Shares		14,500,000	14,500,000	14,500,000
Total Consideration Share Value		918,404	1,049,529	1,188,083
Discount Future Cash Payment		683,044	679,222	675,442
Total Consideration Value (NAV)		1,601,448	1,728,751	1,863,525

Source: MACF Analysis

8.19 We have summarised the total consideration for the Proposed Transaction above using the NAV methodology, estimating a low of \$1.60m a high of \$1.86m, with preferred value of \$1.73m.

9. VALUATION OF 30% INTEREST IN SHARPAY

9.1. The table below summarises the value of the Consideration Shares based on the NAV. We have provided an explanation below as to how we have derived our NAV

9.2. Exploration and evaluation assets have been valued by Geochemex. The valuation is included in appendix E. Geochemex has used the cost to date method, which we have relied on, and a market value method which uses the transaction values Botala paid for the remaining 30% interest in Sharpay as a means of valuing the project. The range of values is narrow. It is preferred to provide as narrow a range of values as possible to provide a more useful analysis for shareholders.

9.3. Based on the cost recovery analysis undergone by Geochemex the remaining 30% interest in Sharpay is valued at \$5,659,358. It would be customary to estimate a preferably tight range of values around a single figure valuation to take account of the inevitable imprecision of that single value. Accordingly, Geochemex proposed an application of +/- 10% either side of this value to provide a range of values between a lower value of \$5,093,422 and a higher value of \$6,225,294.

Sharpay - Value of Assets Acquired		Low	Preferred	High
3 April 2024	Ref	\$AUD	\$AUD	\$AUD
30% NAV of Sharpay Enterprises (Pty) Ltd	9.3	5,093,422	5,659,358	6,225,294

Source: Geochemex & MACF Analysis

9.4. We have not adjusted the value of Sharpay for a minority interest because Botala Energy will be acquiring control of the company and its assets. There are no other material assets or liabilities in Sharpay.

10. IS THE PROPOSED TRANSACTION FAIR TO BOTALA SHAREHOLDERS?

10.1 Our assessed values of the Consideration and the interest in Sharpay acquired are summarised in the table and figure below.

Assessed Values of the Proposed Transaction

BTE - Transaction Conclusion		Low	Preferred	High
3 April 2024	Ref	\$AUD	\$AUD	\$AUD
Total Consideration Value	1,601,448	1,728,751	1,863,525	
Value of Assets Acquired	5,093,422	5,659,358	6,225,294	
Conclusion	Fair	Fair	Fair	

Source: MACF Analysis

10.2 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with Section 10.1 of the ASX Listing Rules, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of Botala as the value of the Consideration paid by Botala is less than the value of the 30% interest in Sharpay acquired.

11. IS THE PROPOSED TRANSACTION REASONABLE?

11.1 RG111 establishes that a Proposed Transaction is reasonable if it is fair. If a Proposed Transaction is not fair it may still be reasonable after considering the specific circumstances applicable to it. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of Botala if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders of Botala as a consequence of the Proposed Transaction proceeding.

Future prospects of Botala if the Proposed Transaction do not proceed

11.2 If the Proposed Transaction does not proceed then Botala will likely be required to cancel the shares that have already been issued to PH2 and return the 30% interest in Sharpay. This could create legal uncertainty with regard to events that have taken place between the implementation of the Proposed Transaction and the date of the meeting which is the purpose of this Report.

Advantages and disadvantages

11.3 In assessing whether the Non-Associated Shareholders of Botala are likely to be better off if the Proposed Transaction proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

11.4 Advantage 1 – The Proposed Transaction is fair

RG111 states that a transaction is reasonable if it is fair. We have found the Proposed Transaction to be fair to the Non-Associated Shareholders.

11.5 Advantage 2 – Full Ownership

Following the completion of the Proposed Transaction, Botala will own 100% of the share capital in Sharpay. This provides Botala with full control over Sharpay's assets, operations, and future decision-making processes. The consolidation of Sharpay into Botala's portfolio eliminates any potential conflicts with other stakeholders and allows Botala to fully capitalise on the benefits of the project.

11.6 Advantage 3 – Minimal Cash Outflows

A significant portion of the consideration payable under the Proposed Transaction is non-cash, which reduces the immediate financial strain on Botala. By structuring the deal in this way, Botala can preserve its cash reserves for other critical operational needs or future projects, ensuring the company maintains sufficient liquidity while expanding its asset base.

Disadvantages of Approving the Proposed Transaction

11.7 Disadvantage 1 – Dilution of Shareholdings of Non-Associated Shareholders

The issuance of new shares as part of the consideration for the Proposed Transaction has diluted the voting power of Botala's existing shareholders from 83.5% down to 76.7%. This dilution results in a reduction of control for the current shareholders, as the vendors of Sharpay will hold a greater proportion of the Company's equity. While the overall ownership dilution may be limited, it nevertheless reduces the influence of Non-Associated Shareholders over key decisions within the Company.

11.8 Disadvantage 2 – Increased Exposure to Sharpay

Upon completing the Proposed Transaction, Botala will significantly increase its exposure to the risks and performance of Sharpay. This concentrated exposure introduces potential challenges, as the Company becomes more reliant on Sharpay's operations and success to achieve overall financial

stability and growth. If Sharpay underperforms or encounters operational difficulties, it could adversely impact Botala's financial results and shareholder value.

11.9 Disadvantage 3 – Increased Geographic Concentration in Botswana

The Proposed Transaction further consolidates Botala's asset base in Botswana, increasing the Company's dependence on the region. While the Serowe Project offers promising potential, the geographic concentration exposes Botala to region-specific risks, such as political instability, regulatory changes, and infrastructure challenges unique to Botswana. This lack of diversification in project locations could limit the company's ability to mitigate these risks and increase its vulnerability to adverse local conditions.

Alternative Proposal

11.10 We are not aware of any alternative proposal that is being considered or has been presented by Botala at the current time which might provide a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

11.11 In our opinion, the position of the Non-Associated Shareholders of Botala if the Proposed Transaction is approved is more advantageous than the position if it is not approved. We are of this reason because it provides Botala with the Proposed Transaction is fair and it provides Botala with an increased interest in a project it understands intimately. In addition, the uncertainty created by not approving the Proposed Transaction could be material.

11.12 Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of Botala.

11.13 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

12. INDEPENDENCE

12.1 Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") is entitled to receive a fee of approximately \$20,000, excluding GST and reimbursement of out-of-pocket expenses. Except for this fee MACF Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

12.2 Neither Moore Australia, a related entity of MACF, nor MACF, has previously provided any services to either Botala or Sharpay.

12.3 Prior to accepting this engagement MACF has considered its independence with respect to Botala and Sharpay and any of their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of MACF that it is independent of both Botala and Sharpay and their respective associates.

12.4 MACF and Moore Australia have not had at the date of this report any relationship which may impair their independence.

12.5 We have held discussions with management of Botala regarding the information contained in this report. We did not change the methodology used in our assessment as a result of discussions and our independence has not been impaired in any way.

13. QUALIFICATIONS

- 13.1 MACF is a professional practice company, wholly owned by the Perth practice of Moore Australia, Chartered Accountants. The firm is part of the National and International network of Moore Global Network Ltd independent firms and provides a wide range of professional accounting and business advisory services.
- 13.2 MACF holds an Australian Financial Services License to provide financial product advice on securities to retail clients (by way of experts reports pursuant to the listing rules of the ASX and the Corporations Act) and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.
- 13.3 The director responsible for the preparation and signing of this report is Mr Peter Gray who is a director MACF. Mr Gray is a Chartered Accountant and is RG146 compliant. Mr Gray has approximately 20 years' experience in capital markets and corporate finance and has significant experience in the preparation of independent expert's reports, valuations, valuation methodology and related advice. Mr Gray has previously worked as an oil and gas analyst at a major stock broking firm in Perth.
- 13.4 At the date of this report neither Mr Gray, nor any member or Director of MACF, has any interest in the outcome of the Offer.

14. DISCLAIMERS AND CONSENTS

- 14.1 MACF has been requested to prepare this report, to be included in the Notice of Meeting which will be sent to Botala's shareholders.
- 14.2 MACF consents to this report being included in the Notice of Meeting to be sent to shareholders of Botala. This report or any reference thereto is not to be included in, or attached to any other document, statement or letter without prior consent from MACF.
- 14.3 MACF has not conducted any form of audit, or any verification of information provided to us, and which we have relied upon in regard to Botala, however we have no reason to believe that any of the information provided, is false or materially incorrect.
- 14.4 The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading or incomplete.
- 14.5 Neither MACF nor Mr Gray take any responsibility for, nor have they authorised or caused the issue of, any part of this report for any third-party other than the shareholders of Botala in the context of the scope and purpose defined in Section 4 of this report.
- 14.6 With respect to taxation implications, it is recommended that individual shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own specific circumstances. The advice provided in this report does not constitute legal or taxation advice to shareholders of Botala or any other party.
- 14.7 The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and with regard to all of the circumstances pertaining to the Proposed Transaction.
- 14.8 In regard to any projected financial information noted in this report, no member or director of MACF has had any involvement in the preparation of the projected financial information.
- 14.9 Furthermore, we do not provide any opinion whatsoever as to any projected financial or other results prepared for Botala, and in particular do not provide any opinion as to whether or not any projected financial results referred to in the report will or will not be achieved.

Yours faithfully



Peter Gray
Director

[Moore Australia Corporate Finance \(WA\) Pty Ltd](#)

APPENDIX A – SOURCE OF INFORMATION

In preparing this report we have had access to the following principal sources of information:

- Financial Statements for the periods FY22/FY23 and HYDec-23;
- Notice of Meeting for the Proposed Transaction;
- Term Sheet between Botala & Sharpay;
- Share registry information for Botala as at 3 April 2024;
- ASIC certificate and annual return for Botala;
- Information in the public domain;
- Ibis World;
- ASX announcements;
- S&P Capital IQ database; and
- Discussions with directors and management of Botala.

For personal use only

APPENDIX B – VALUATION METHODOLOGIES

We have considered which valuation methodology is the most appropriate in light of all the circumstances and information available. We have considered the following valuation methodologies and approaches:

- Discounted cash flow methodology ('DCF');
- Capitalisation of maintainable earnings methodology ('CME');
- Net assets value method ('NAV');
- Quoted market price methodology ('QMP'); and
- Market approach method (Comparable market Transaction)

Valuation Methodologies and Approaches

Discounted Cash Flow Method

Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Capitalisation of Maintainable Earnings Method

The capitalisation of maintainable earnings method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business.

It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future.

The measure of earnings will need to be assessed and can include, net profit after taxes (NPAT), earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA).

The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market Transaction involving comparable companies.

An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity.

Net Assets Value Method (Orderly Realisation of Assets)

The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

Liquidation of assets

The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame.

Net assets

The net assets method is based on the value of the assets of a business less certain liabilities at book values, adjusted to a market value.

The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill.

The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies.

Cost Based Approach

The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices.

Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly, this approach is only useful in Ltd circumstances, usually associated with intangible asset valuation.

For personal use only

APPENDIX B – VALUATION METHODOLOGIES (Continued)

Valuation Methodologies and Approaches

Quoted Market Price Methodology

The method relies on the pricing benchmarks set by sale and purchase Transaction in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell.

Consequently, this approach provides a “fair price”, independently determined by a real market. However, the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole.

In taking a quoted market price based assessment of the consideration to both parties to the proposed transaction, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated.

Market Approach Method

The market based approach estimates a company’s fair market value by considering the market prices of Transaction in its shares or the market value of comparable assets.

This includes, consideration of any recent genuine offers received by the target for an entire entity’s business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets

For personal use only

APPENDIX C – GLOSSARY

In this report, unless the context requires otherwise:

Term	Meaning
Act	Corporations Act 2001
APES	Accounting Professional & Ethics Standards Board
ASIC	Australian Securities and Investments Commission
Assets Acquired	30% of the ordinary share capital of Sharpay
Associated Non-Associated Shareholders	Non-Associated Shareholders in Botala who are party to, or associated with a party to, the Proposed Transaction
ASX	Australian Securities Exchange or ASX Ltd ACN 008 624 691
A\$	Australian Dollar
Board	The Board of Directors of Botala
Botala	Botala Energy Ltd
Business Day	Has the meaning given in the Listing Rules
Company	Botala Energy Ltd
Consideration	Total consideration payable by Botala to Vendors of Sharpay, consisting of shares in Botala plus a cash reimbursement
Control basis	Assuming the shareholder/s have control of the entity in which equity is held
CPR	Competent Persons Report
CY	Calendar year
Directors	The Directors of Botala
Explanatory Statement	The explanatory statement accompanying the Notice
FY	Financial Year
HY	Half Year
IER	This Independent Experts Report
Income Tax Assessment Act	The Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997
ITSR	Independent Technical Specialist Report
LTM	Last 12 months
Moore Australia or MACF	Moore Australia Corporate Finance (WA) Pty Ltd
Notice or NOM	The notice of meeting in relation to the Proposed Transaction
Option	Means an option to acquire shares
PH2	Pure Hydrogen Corporation Ltd
Proposed Transaction	The proposed acquisition of 30% of the ordinary share capital of Sharpay by Botala in exchange for the issue of 14.5m Botala Shares and a future cash payment \$750,000
Relevant interest	Shareholding or the power to control the right to vote or dispose of shares
Resolutions	Means the resolutions set out in the notice, or any one of them, as the context requires
RG111	ASIC Regulatory Guide 111 <i>Content of Experts Reports</i>

For personal use only

For personal use only

Term	Meaning
S&P Capital IQ	Third party provider of company and other financial information
Share	Means a fully paid ordinary share in the capital of the Company
Sharpay	Sharpay Enterprises (Pty) Ltd
WACC	Weighted average cost of capital

APPENDIX D – WACC Discount Rate

When assessing an appropriate discount rate to use in a discounted cash flow valuation, due regard must be given to rates of return available in the marketplace, the degree of risk attached to the business, shares or project and the required rate of return.

Businesses are normally funded by a mix of debt and equity. The Weighted Average Cost of Capital (“WACC”) is widely used and accepted basis to calculate the “representative” rate of returns required by debt and equity investors. We have applied the WACC methodology to determine an appropriate discount rate to be used in assessing the Fair Value of cashflows.

The Capital Asset Pricing Model (“CAPM”) is the most frequently used model in determining the cost of equity of an investment or project and the required rate of return for debt funding is determined having regard to current borrowing costs and prevailing credit ratings. The cost of equity and cost of debt are weighted by the respective proportions of equity and debt funding to arrive at the WACC.

WACC

The generally accepted WACC formula is the post-tax WACC as shown below:

$$\text{WACC} = [\text{Re} * \text{E}/\text{V}] + [\text{Rd} * (1 - \text{t}) * \text{D}/\text{V}]$$

Where:

Re = Expected equity investment return or cost of equity

Rd = Interest rate on debt (pre-tax)

t = Corporate tax rate

E = Market value of equity

D = Market value of debt

V = Market value of debt plus equity

CAPM

The CAPM is based on the theory that the prudent investor will price investments so that the expected return is equal to the risk-free rate of return plus a premium for risk. CAPM assumes that there is a positive relationship between risk and return; that is, investors are risk averse and therefore demand higher returns for accepting higher levels of risk.

The CAPM calculates the cost of equity through the following formula:

$$\text{Ke} = \text{Rf} + \beta[\text{E}(\text{Rm}) - \text{Rf}]$$

Where:

Ke = Cost of equity capital or expected return on the investment.

Rf = Risk free rate of return

E(Rm) = Expected return on the market

E(Rm) - Rf = Market risk premium

β = Beta

We have considered each component of the CAPM below.

Risk Free Rate – Rf

We have assumed a risk-free rate of 3.713%, representing the average yield on Australian government 3-year bonds as at the Valuation Date, sourced from the Reserve Bank of Australia. The 3-year bond rate was selected as it aligns with the 3-year timeframe used in the beta data applied in our analysis.

Market Risk Premium – E(Rm) – Rf

Market risk premium represents the level of return investors require over and above the risk-free rate in order to compensate them for the non-diversifiable risks associated with an investment in market portfolio. Strictly speaking, the market risk premium is equal to the expected return from holding shares over and above the return from holding risk-free government securities.

We have assumed a market risk premium range of 5% and 7% in our determination of the discount rate.

Beta – β

The beta coefficient measures the systematic risk of the company compared to the market as a whole. A beta of 1 indicates that the company's risk is comparable to that of the market.

The choice of a beta requires judgement and necessarily involves subjective assessment as observations of beta in comparable companies may be subject measurement issues and other variations. Accordingly, depending upon circumstance, a sector average, or a basket of comparable companies may present a more reliable beta, rather than relying on a single comparable company.

Beta can be expressed as an equity beta (which includes the effect of gearing on equity returns) or as an asset beta (where the impact gearing is removed). The asset beta will be lower than the equity beta for any given investments, with the difference dependent upon the level of gearing in the capital structure.

The selection of an appropriate beta involves a degree of professional judgement, particularly where the performance drivers of the company being valued are not directly aligned with the most comparable listed companies. The comparable company data included in the table below illustrates the observed beta coefficients for public listed companies we consider most comparable to companies that provide similar service and goods to Botala.

It is not possible to compare betas of different companies without considering their leverage levels. Thus, we have compared "levered" betas below. Based on our analysis, we consider an appropriate average ungeared beta at the Valuation Date to be 0.62.

Company Betas		3-yr Levered Beta	Total Debt (\$'000)	Total MC (\$'000)	D/E	3-yr Unlevered Beta
As at 3 April 2024						
Australian Oil Company Ltd	ASX:AOK	0.24	1,120	9,356	0.12	0.22
Australis Oil & Gas Ltd	ASX:ATS	0.61	11,969	18,992	0.63	0.42
AXP Energy Ltd	ASX:AXP	1.17	-	11,649	0.00	1.17
Bass Oil Ltd	ASX:BAS	0.21	230	19,060	0.01	0.20
Blue Star Helium Ltd	ASX:BNL	0.93	-	15,538	0.00	0.93
Emperor Energy Ltd	ASX:EMP	0.20	-	4,430	0.00	0.20
Galilee Energy Ltd	ASX:GLL	0.27	28	10,872	0.00	0.27
Gas2Grid Ltd	ASX:GGX	0.08	1,272	4,089	0.31	0.07
Grand Gulf Energy Ltd	ASX:GGE	1.33	-	14,667	0.00	1.33
Hydrocarbon Dynamics Ltd	ASX:HCD	1.00	-	2,426	0.00	1.00
Icon Energy Ltd	ASX:ICN	0.78	445	4,608	0.10	0.73
IPB Petroleum Ltd	ASX:IPB	0.33	-	6,216	0.00	0.33
Key Petroleum Ltd	ASX:KEY	1.37	-	2,263	0.00	1.37
Lion Energy Ltd	ASX:LIO	0.72	-	13,110	0.00	0.72
Metgasco Ltd	ASX:MEL	0.60	2,662	8,511	0.31	0.50
Prominence Energy Ltd	ASX:PRM	1.23	22	1,561	0.01	1.21
TMK Energy Ltd	ASX:TMK	0.78	-	20,267	0.00	0.78
Vintage Energy Ltd	ASX:VEN	0.49	8,842	10,439	0.85	0.31
Whitebark Energy Ltd	ASX:WBE	0.56	548	2,880	0.19	0.49
Winchester Energy Ltd	ASX:WEL	0.11	113	3,061	0.04	0.11
	Min	0.08	-	1,561	0.00	0.07
	Q1	0.26	-	3,832	0.00	0.26
	Median	0.61	25	8,934	0.01	0.49
	Mean	0.65	1,363	9,200	0.13	0.62
	Q3	0.95	691	13,499	0.14	0.95
	Max	1.37	11,969	20,267	0.85	1.37
Relevered Mean Beta						0.62

Alpha Risk

Alpha risks, or non-systemic risks, are risks that are concerned with a particular company that doesn't affect other companies. After assessing the risks specific to Botala, we are of the opinion that an alpha risk of 3% is applicable for this discount. This rate is consistent with general market practice for companies with comparable risk profiles, reflecting industry standards for capturing unique operational, financial, and market risks."

Cost of Debt

We note that Botala has no structured / interest bearing debt in its capital structure. Therefore, no adjustments have been made to estimate the cost of debt.

Debt to Equity Ratio

Using the balance sheet as at 31.12.23 we have calculated a debt-to-equity ratio of nil.

WACC Summary

We set out the detailed calculation of the WACC in the table below.

ASX:BTE Discount Rate (WACC)			
As at 3 April 2024	Low	Mid	High
Risk Free Rate	3.713%	3.713%	3.713%
Expected Market Return	4.165%	4.165%	4.165%
Market Risk Premium	5.000%	6.000%	7.000%
Beta-Co-Efficient (3 Year)	0.62	0.62	0.62
Alpha Risk	3.000%	3.000%	3.000%
Cost of Equity	9.803%	10.420%	11.038%
Pre-Tax Cost of Debt	-	-	-
Tax Rate	30.000%	30.000%	30.000%
Post-Tax cost of Debt	0.000%	0.000%	0.000%
Equity	14,870,263	14,870,263	14,870,263
Total Debt	0.00	0.00	0.00
Equity-to-Value Ratio	1.00	1.00	1.00
Debt-to-Value Ratio	0.00	0.00	0.00
Debt / Equity	0.00	0.00	0.00
Pre-Tax WACC	9.803%	10.420%	11.038%
Post-Tax WACC	9.803%	10.420%	11.038%

Source: MACF Analysis

Based on the assumptions set out above, we have assessed the WACC to be between 9.80% and 11.04%.

For personal use only

APPENDIX E – GEO VALUATION REPORT: SHARPAY

**GEOLOGICAL &
GEOCHEMICAL
EXPLORATION
CONSULTANTS**



29A Bombard Street,
ARDROSS, WA, 6153
AUSTRALIA.

Tel: +61-8-9364 3609
Mobile: +61 -(0)403 575 498

E-Mail: trident@q-net.net.au

The Directors
Botala Energy Ltd
Unit 2/22 Mounts Bay Rd,
CRAWLEY WA 6009
21st January, 2025

RE: INDEPENDENT EXPERT OPINION

Re:

**BOTALA ENERGY'S ACQUISITION OF 30% OF SHARPAY
FROM PURE HYDROGEN AND RELATED MATTERS**

Gentlemen,

Thank you for your commission to prepare an Independent Expert Opinion on matters pertaining to Botala Energy's acquisition from Pure Hydrogen of the remaining 30% of Sharpay, formerly a wholly-owned subsidiary of Botala and Pure Hydrogen, on or about 3 April 2024.

Accordingly, I am pleased to provide herewith my opinion on those matters in the accompanying report.

I trust that you find the following review and opinion satisfactory.

With thanks,

Sincerely,

GEOCHEMEX AUSTRALIA



Douglas V. Bright B.Sc. (Geology, Zoology); MAusIMM
Managing Director

For personal use only



INDEPENDENT EXPERT OPINION

CONCERNING

**BOTALA ENERGY'S ACQUISITION OF
30% OF SHARPAY FROM PURE HYDROGEN
AND RELATED MATTERS**

For personal use only

Douglas V. Bright
B.Sc. (Geo; Zoo), M.Aus.I.M.M
21th January 2025
Ver. 4.0_230125_1130

EXECUTIVE SUMMARY

On 3 April 2024, Botala Energy (Botala) acquired the entirety of Pure Hydrogen's remaining 30% interest in the two companies' previously wholly-owned Botswana subsidiary Sharpay, via an unconditional share sale agreement.

The purpose of this commission is to review and consider supplied documentation, other verbally-provided information and, through relevant independent research, to form an expert opinion, particularly with respect to:

- a) the context of ASX Listing Rule 10.1 and a realistic valuation of the property implied by or imputed to Botala's acquisition of Pure Hydrogen's remaining 30% interest in Sharpay.
- b) assessing whether or not – in the foregoing context - the independently certified coal and gas resources estimated by Sproule are essentially correct within the reasonable and normally-accepted bounds of estimation, at the particular data scale indicated.

This review concludes with the author's opinion that:

- a) The resource data supplied by Botala and reflecting resource estimations by Sproule, including its modelling and interpretation appears impeccable, with reasonable consideration of all relevant factors and exhibits no apparent material errors of procedure or other inconsistencies or errors.
- b) Accordingly, the data supplied constitutes a reasonable basis for any subsequent studies as may be required, such as scoping and feasibility studies or any reasonable resource valuation as may be deemed necessary, as long as regard is paid to limitations inherent in the data at the current stage of development of the gas-field and the processes and assumptions behind its estimation.
- c) Any assessment of the Serowe resource as it is currently understood must - for the present - take into consideration Sproule's 6th July 2024 resource estimates - in billions of cubic feet (Bcf) - for the Serowe project's Contingent and Prospective gas resources which are:

Contingent Resources (100%-owned):

Low 1C 363 Bcf; **Best 454 2C Bcf**; High 544 3C Bcf

Prospective Resources (100%-owned)

Low 1U 5,334 Bcf; **Best 7,112 2U Bcf**; High 8,890 3U Bcf

- d) Any broad scoping valuations of Sproule's in-ground gas resource must take into account the various risk factors associated with the foregoing Contingent and Prospective Resources, with reference to riders offered by Sproule that the resources still require a considerable amount of de-risking through further evaluation, including flow-tests.
- e) Commercialisation of part of the Serowe resource has already been covered more appropriately by Botala's January 2024 Feasibility Study on a smaller resource of 317 Bcf defined by Sproule in 2022 and which only deals with the financial returns pertaining to a relatively small part of the overall resource that is consistent with a particular offtake agreement.
- f) The feasibility financials assume a price per gigajoule of gas at the wellhead which is the same as the range of prices put forward in Botala's Feasibility Study of January 2024, namely a range of US\$2.50, US\$3.00 and US\$3.50 per gigajoule.
- g) Any attempt to erect in-ground resource valuations at the current stage of resource definition would serve only to assess the likely scale of gross revenue which could potentially be returned by the resources, and would amount to a range of conceptual or aspirational exploration targets

which could assist Botala to gauge the worthwhileness - or otherwise - of further advancing the project.

- h) The independently certified gas resources estimated by Sproule are beyond reproach in the normal contexts of ranges of variability and risks which accompany all such resource evaluations and which are the precise reason that such ranges as “Low, Best and High” are quoted with their implied degrees of confidence and are entirely within the prescribed standards one would expect from such a long-standing and globally-respected agency in the field of petroleum resource estimation.
- i) As such, and in the absence of any new geological data forthcoming since the subject 30% acquisition, no requirement is considered necessary or justifiable to undertake any partial or full re-evaluation or re-estimation of the resources of the Serowe CSG project, nor would it resolve any matters pertaining to compliance with respect to Listing Rule Section 10 which is seen as procedural issue and not one that could be construed as matter of resource estimation accuracy or data quality.
- j) To derive valuations based on the costs of acquisition of the project and their apportionment to the final 30% component of Sharpay acquired by Botala, three cases were examined within the **Market Value Method**, all from Botala’s recent acquisition transactions.
- k) The three 30% valuations were based on Botala’s respective percentages of Sharpay acquired and also apportioned to each an additional \$560,972 expenditure made on the project solely by Botala, with the following outcomes:
- i) From the total 70% acquisition: $\$4,948,848 + \$560,972 = \$5,509,820$
 - ii) From the single 49% farm-in cost: $\$3,734,694 + \$560,972 = \$4,295,666$
 - iii) From the single 21% purchase cost: $\$7,781,872 + \$560,972 = \$8,342,844$

l) **Total Cost to Date Method (cost recovery)**

Botala paid the following to gain its 70% ownership of Sharpay, prior to acquiring the remaining 30% from Pure Hydrogen.

Acquisition costs

- Acquisition of 21% of Sharpay	\$5,447,311
Subtotal	\$5,447,311

Total costs of exploration prior to 30% sale-purchase

- To earn-in to 49% of Sharpay	\$6,100,000	(considered as exploration)
Additional amount Sharpay spent on exploration (incl, BTE sole funded \$1,897,907)	\$7,317,217	
Subtotal	\$13,417,217	

GRAND TOTAL \$18,864,528

Therefore, the remaining 30% would equate to: \$5,659,358

It would be customary to estimate a preferably tight range of values around a single figure valuation to take account of the inevitable imprecision of that single value. Accordingly, Geochemex proposes application of +/- 10% either side of this value to provide a range of values between a lower value of **\$5,093,422** and a higher value of **\$6,225,294**.

For personal use only

2.0 INTRODUCTION

In April 2022, Pure Hydrogen Ltd (Pure Hydrogen:ASX:PH2) and Botala Energy Ltd (Botala: ASX: BTE) (the Companies) held six prospecting licenses (PLs) encompassing an area of about 3763 sq.km over the Serowe Coal Bed Methane (CSG) Project in the Republic of Botswana in the continent of Africa through their Botswana-registered corporation, Sharpay Enterprises Pty Ltd (Sharpay).

The subject PLs at that time comprised the entirety of Sharpay's principal assets and were issued in 2018, granting Sharpay the right to explore for coal bed methane, methane and coal seam gas (collectively, CSG), which Botala is exploring and developing with the intention of bringing the project into commercial production to sell CSG into Southern Africa.

Botala issued a Prospectus dated **16 May 2022** for an initial public offering (IPO) to raise up to \$7,000,000 (before costs) and was admitted to the Australian Securities Exchange (ASX) on **14 July 2022**.

In the 16 months prior to the Prospectus, during which Botala had been the Operator of the Serowe CSG Project, Botala had raised about \$3.3 million and expended about \$2.3 million on exploration and project development on the Serowe CSG Project and had confirmed the quality of the project by drilling four wells.

Prior to ASX Admission, Botala had acquired a 49% Farm-in interest in the issued capital of Sharpay from Pure Hydrogen on **4 March 2020**, pursuant to an earn-in agreement with Pure Hydrogen on the same date. That agreement included:

- i) ownership of a non-revocable 18% of the issued capital in Sharpay and
- ii) ownership of a revocable 31% of the issued capital of Sharpay, which could be revoked by Pure Hydrogen subject to Botala's expenditure performance on or before an **8 December 2023** minimum commitment deadline.

On **5 July 2021**, also prior to Admission, Botala acquired a further (non-revocable) 21% legal and beneficial interest in the issued capital of Sharpay (Sale Interest) from Pure Hydrogen, pursuant to a joint venture interest sale agreement with Pure Hydrogen, thereby increasing Botala's total interest in the Serowe CSG Project to 70%.

Additionally, on **3 April 2024**, Botala acquired Pure Hydrogen's remaining 30% interest in Sharpay, via an unconditional share sale agreement, thereby increasing Botala's ownership in Sharpay to 100% through the issuance of 14.5 million shares to Pure Hydrogen in two tranches, alongside a milestone payment of A\$750,000, contingent upon agreed gas reserves certifications.

The agreement included a strategic MOU with Pure Hydrogen to embrace the companies' collaborative efforts to investigate and develop hydrogen projects, using the Serowe CSG Project for hydrogen production and expansion of a proposed integrated refuelling business.

Prior to the Prospectus date, an additional prospecting license designated PL055-2021 became part of Sharpay's tenement portfolio, with the effect of Botala eventually acquiring a 100% working interest in seven (7) PL's in the Serowe CSG Project, encompassing a total area of 4,130.8 sq.km, which represented an increase of just under 10% of the total area of Botala's original 49% working interest.

All of the tenements held by Botala's now wholly-owned subsidiary Sharpay are PLs and can be converted to Mining Licenses (MLs) on discovery of commercial hydrocarbons, thereby providing for longer terms, up to 30 years, and which are required for commercial production of natural gas. The company applied for a Mining License (ML) in December 2023 and embarked on a five-well pilot programme in 2024.

Coal seam gas (CSG) is a form of natural gas typically extracted from coal seams at depths ranging between 300-1,000m. CSG, also known as coal bed methane (CBM), is a mixture of a number of gases but is mostly made up of methane (generally 90-97% pure methane).

3.0 GEOLOGY SUMMARY

The geology of the project area and its immediate surrounds has been referred to both briefly and comprehensively in documents written for, by or on behalf of Sharpay and Botala during the evolution of the Serowe CSG Project, and which form part of the Bibliography Section 7.0 herewith, notably documents A, B, C, D and (briefly) E.

4.0 RESOURCE AND RESERVES ESTIMATION

Considering the scope of this commission, it is not considered necessary to undertake a complete geological review and resource re-estimation to verify Sproule's methods or results.

The author has reviewed all of the documents cited in the Bibliography forming Section 7.0 of this opinion and can only conclude that the resource estimation by Sproule has been exemplary, as one might reasonably expect from a globally-renowned energy consultancy with over 70 years' experience.

Rather, based on a detailed review of Sproule's geological considerations, calculation parameters and assumptions, in hand with the detailed attention paid by Sproule to the attendant risks of any analogous development project, this opinion is better viewed as testimony to the soundness of Sproule's resource estimation and is assisted greatly by it.

Additionally, it is worth referring to the detail and clarity of Sproule's presentations as to geological and sovereign risk and - most notably - regarding the very basis of its block model for the most important aspect of the venture, which is of course the actual coal volume that in this case has already been proven by drilling and/or geophysics and mapping to be the source of the CSG in Botala's tenements.

4.1 General

Coal seams can be remarkably persistent over great distances if they have not been excessively disturbed by geological processes such as extreme folding, faulting, shearing or penetration by later geological bodies such as dikes and sills, cross-cut by volcanic flows or scouring by natural drainage.

Essentially, the genesis of coals beds and their more-or-less intact survival rely on relatively quiescent geological environments over epochs of geologic time, with gentle basin formation, extended durations of vegetation accumulation and more still for their ultimate burial, compression, biochemical decay and metamorphic transformation of the original plant material, which are all factors leading to their ultimate "coalification".

Coal bed thicknesses and volumes are often relatively straightforward due to their common uniformity of thickness and are typically calculated from available drill data, other geophysical data and geological interpretations and are often assisted by reference to nearby relevant current or historic boreholes.

Relevant drillhole spacings (density) for coal measures can often be of the order of several kilometres, quite unlike the closer hole spacings (increased hole density) employed for many mineral projects.

Accordingly, coal beds are often categorised as being of "*simple structure : simple grade distribution*" which is an indication that they likely only require broad-spaced drilling to gain a reasonable grasp of the extent and uniformity of a bed or containing formation and the reliability of finding it at similar reduced levels up to many kilometres away.

This style of categorisation for typical coal measures contrasts starkly with the increasingly difficult-to-estimate resources which are “*simple structure : complex grade distribution*” (such as a porphyry copper body or a sedimentary uranium deposit) and the more difficult *complex structure : complex grade distribution*” (such as a sheared, folded, faulted and even overturned and possibly also intruded Archaean gold deposit).

With each increase in complexity, the required drilling density increases in order to gain sufficient understanding of the mineral deposit to mine it with confidence.

However, despite this apparent simplicity of coal beds when compared with other forms of geological resources, in many cases, accurate estimates of their continuity and the productive capacity of their various potentially economic components invariably still require additional information from multiple sources, including other nearby bore holes, geological mapping and airborne, surface or downhole geophysics.

4.2 Resource Classification

Sproule’s 6 July 2024 report entitled “*Updated Contingent and Prospective Resources - Botlala Energy’s Coalbed Methane Project in Botswana, Africa*” forms Bibliography Document D.

Appendix B of that report comprises a detailed five-page summary of the classification of petroleum resources provided by the Petroleum Resource Management System (PRMS) – 2018.

The PRMS provides transparency by requiring the assessment of various criteria that allow for the classification and categorisation of a project’s resources. Evaluation elements consider the risk of geologic discovery and related technical uncertainties, along with a determination of the possibility of achieving commercial maturation of a petroleum project.

Accordingly, no useful purpose is believed to be served by repeating Sproule’s coverage of the subject and the reader’s attention is drawn to that Appendix B for additional information.

However, the reader’s interest may be partly assuaged by the inclusion of following Figure 1 which provides a graphical summary of the PRMS classification system, drawn from Sproule’s more comprehensive summary.

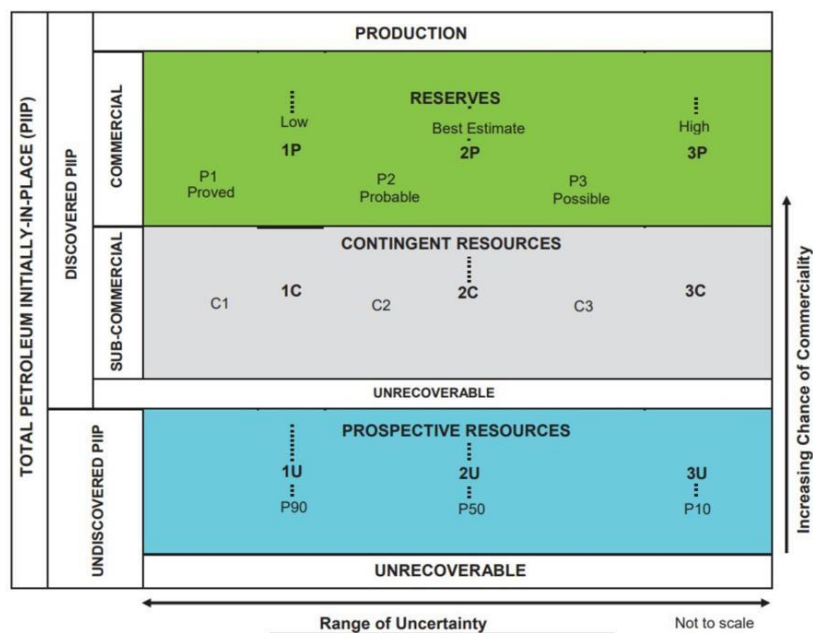


Figure 1 - PRMS Resources Classification System

4.3 Serowe Resource Estimate - April 2022

Contingent Resources (as defined in the Society of Petroleum Engineers/American Association of Petroleum Geologists standard Petroleum Resource Management System, PRMS) were classified on the Serowe CSG Project from the 2019 19B-1 CSG well which intersected the Serowe and Upper Morupule Formations, and through the acquisition of valuable geologic and coal characterisation data, including gas saturation.

In 2020, additional digital data was obtained from about 50 regionally-dispersed wells which also penetrated coals in the area.

Additionally, four more CSG wells were drilled in 2021 (Serowe #2 through Serowe #5 inclusive) 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.

Botala undertook 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 and has also conducted two geophysical surveys to obtain data relating to the structural fabric of the project area.

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, whose volumes were calculated from net coal maps for the region.

Average coal density values drawn from Nuclear Magnetic Resonance (NMR) logs were used to determine the coal tonnage, while average gas concentrations were used to determine the coal bed methane initially in place, and a conservative 75% gas recovery factor was then applied to arrive at the recoverable coal bed methane resource.

NMR logging is a subcategory of electromagnetic logging and measures the induced magnet moment of hydrogen nuclei (protons) contained within the fluid-filled pore space of porous media such as reservoir rocks.

Unlike conventional logging measurements (e.g., acoustic, density, neutron, and resistivity), which respond to both the rock matrix and fluid properties and are strongly dependent on mineralogy, NMR-logging measurements respond to the presence of hydrogen protons.

Because these protons primarily occur in pore fluids, NMR effectively responds to the volume, composition, viscosity, and distribution of these fluids, such as oil, water and gas.

NMR logs provide information about the quantities of fluids present, the properties of those fluids, and the sizes of the pores containing them. From this information, it is possible to infer or estimate the volume (porosity) and distribution (permeability) of the rock pore space, including rock composition, type and quantity of fluid hydrocarbons and hydrocarbon production potential.

Botala has undertaken core desorption test-work from time to time and has found that results correlate strongly with its NMR analyses. Accordingly, the company has continued to apply the technology where relevant as the former can be very time consuming.

For purposes of resource estimation, a 2.5km “radius of influence” of coal was centred on the bore-hole pierce-points and assigned to the model from five referenced wellbores.

Resource volumes calculated from these data and assumptions were taken as the high case (3C), while 80% of that volume was used as a medium case (2C), and 60% of the high volume was established as a low (1C) estimate.

Botala’s January 2024 Feasibility Study (Bibliography, Document C) was undertaken using Sproule’s April 2022 resource estimation results (refer Bibliography documents by Sproule (Bibliography Documents A and B) which are reproduced in following Table 1.

TABLE 1 – Sproule Resource Estimate for Sharpay’s Naledi CSG Project, as at 1 April 2022

VOLUMES IN Bcf*	GROSS (100% OWNERSHIP) - NET OF ROYALTIES		
(*billions of cubic feet)	LOW ESTIMATE	BEST ESTIMATE	HIGH ESTIMATE
CONTINGENT RESOURCES (2C)	238	317	396
PROSPECTIVE RESOURCES (3C)	6006	8008	10,010

The prospective resources information was estimated and prepared using the deterministic method.

Botala’s January 2024 Feasibility Study (Bibliography, Document C), reproduces Sproule’s own table as Table 2 in its Study, further referring to it as “*The Independent Technical Expert (Sproule) has provided a best estimate relating to the Naledi CBM Project of contingent CBM resources of approximately 317 Bcf and prospective CBM resources of approximately 8,008 Bcf ...*” and, describes the gas resource as “substantial”.

Compared with its previous **November 2021** estimate, Sproule’s **April 2022** resource estimate yielded an increase of **156.1 Bcf** (billion cubic feet) for the 100% ownership **Contingent Resource Best Estimate** volume, lifting it to a total of **317 Bcf**.

The increase is attributed to an increased area of 34.6 sq.km of coal intercepted in new wells and also to an increase in the average thickness of the coals compared with those used in the previous report.

It should be noted that estimated **Contingent Resources** cannot be classified as Reserves until adequate production tests are carried out.

The resource estimate also took account of the partial replacement of some of the **Prospective Resource** volume by intrusive rocks – thought to be sills or dykes - which effectively reduced Sproule’s previous 100% ownership Best Estimate by 2,064 Bcf to the current 8008 Bcf (see following Table 2).

The then-current well control did not allow those intrusions to be mapped but later statistical analysis on the frequency of coal replacement by intrusives has estimated that the net coal thicknesses are reduced by an average of about 3m per well.

4.4 Serowe Resource Estimate - July 2024

More importantly, Sproule’s **6 July 2024** report entitled “*Updated Contingent and Prospective Resources - Botala Energy’s Coalbed Methane Project in Botswana, Africa*” forms Bibliography Document D which describes the assets more than adequately and derives its estimates from six additional wells drilled since its previous **1 April 2022** report.

These estimates were prepared by Sproule 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 July 2022 Guidelines for Application of the PRMS, approved by the SPE.

The updated estimate, as previously, represents unrisks volumes of contingent and prospective resources. It was prepared in accordance with ASX Listing Rules Chapter 5 and is in compliance with requirements on reporting on mining, oil and gas production and exploration activities.

For personal use only

As with the previous estimate, Sproule retained a radius of influence around each well of 2.5 km and immediately tangential to each well.

The later addition of another PL increased the land area to 4,130.8 sq.km and at the time of estimation, Botala had also acquired a 100% interest in its Botswana-based subsidiary Sharpay.

By the time of the resource estimate update, combined drilling by the company and its predecessor amounted to a total of 11 wells and three stacked coal sequences in the area had been mapped between 245m and 545m depth with an average depth to the top of the coal of 360m and a gross thickness of the coal measures of about 163m, with up to 41m of net coal within that interval.

Botala has been utilizing NMR technology developed by Perth (Australia) – based NMRSA Services to log the coal intervals in most of its wells, allowing Botala to measure gas content in the coals without resorting to the expensive and time-consuming method of coring and desorbing the coals.

As noted above, Botala says that independent research reveals a strong correlation and reliability of the results achieved from NMR logging when compared to traditional coring methods. This has been substantiated by the comparison of the gas content results from cores taken at S3-4 and NMR logs.

Consistent with the previous estimate, the newly-updated Contingent Resources were classified on the project based on the 2109 19B-1 CSG and additional data from open file wells penetrating the coals in the region, along with the four additional CSG wells (Serowe 2 to Serowe 5) which were drilled to intersect the Serowe Coal, Upper Morupule and Lower Morupule Formations, leading to additional geological, coal characterization and gas content data.

Finally, since Sproule’s April 2022 resource estimate, six additional wells (two step-out and four patterned infill wells) were drilled in 2023 and 2024.

Sproule’s update expands considerably on the findings of the latest holes, but based on the most recent work, the influence of the intrusive dolerite had been resolved to an average net reduction in coal thickness per hole amounting to 3.88m. In all other respects, the latest coal volumes were estimated by Sproule as for its previous report.

Therefore, as previously, the latest **Contingent Resource** estimate gas 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.

Coal volumes were calculated from net coal maps and from the data from the 11 wells associated with the estimate, while average coal density values from NMR logs were used to determine the coal tonnage.

Average gas concentrations were used to determine the coal bed methane initially in place, while a 75% gas recovery factor was estimated to yield the recoverable coal bed methane resource. **Contingent Resources** were assigned over a radius of 2.5 km from the five referenced wellbores.

In its **6 July 2024** resource estimate update, Sproule identified gross 100% ownership **Contingent Resources** – Net of royalties – of (2C) **454 Bcf** and gross 100% ownership **Prospective Resources** – Net of royalties – of (2U) **7112 Bcf** as outlined in following Table 2.

TABLE 2 – Sproule resource estimate for Sharpay’s Naledi CBM Project, as at 6 July 2024

VOLUMES IN Bcf*	GROSS (100% OWNERSHIP) - NET OF ROYALTIES		
	LOW ESTIMATE	BEST ESTIMATE	HIGH ESTIMATE
(*billions of cubic feet)			

CONTINGENT RESOURCES (1,2 & 3C respectively)	363	454	544
PROSPECTIVE RESOURCES (1,2 & 3U respectively)	5334	7112	8,890

The prospective resources information was estimated and prepared using the deterministic method.

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.

As with the previous (2022) resource estimate, the project will still need various stages of exploration and testing to elevate the resource estimates in its properties to a Reserves classification.

Those stages would typically 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.

However, the **Contingent Resources** are not contingent on the development of any additional or new technology and it is expected that technologies already under development in Australia and other places will ultimately be of value in maximising the project's potential.

Sproule estimates that as much as three more years are required to achieve a complete feasibility determination.

With respect to the **Prospective Resources**, Sproule offers a precautionary statement that the estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations, adding that such 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 unrisks volumes of both contingent and prospective resources and the resource categorisation conveys the relative degrees of certainty, as outlined in Sproule's Bibliography Document D, Appendix B, referred to in the foregoing Section 4.2.

5.0 FEASIBILITY STUDY

Prior to the acquisition of Pure Hydrogen's remaining 30% interest in Sharpay by Botala, a Feasibility Study dated 30th January 2024 was undertaken by Sharpay. At that time, Botala held a 70% interest and was the Operator while Pure Hydrogen, with its 30% interest, was the non-Operator.

The study dealt with the Prospecting Licenses held within Sharpay and outlines the geological understanding of the project, its development plans, designs, costs and revenues, and timelines towards commerciality and includes details of the tenements owned by Sharpay, the geology of the area and the certification of the gas resource by an independent certifier.

The Study was compiled specifically for the development of the CSG resource to a commercial scale for the local and regional energy sector, the initial objective being to develop commercial production at a small scale and then to develop the field in a modular and sustainable manner.

The study was therefore confined to the well-field only and assumes off-take at the well-head, with the intent that mid-stream and down-stream options have been or are being assessed as part of broader studies and will be further developed as additional commercial gas flows become apparent, are rate-tested and progressively generated as viable wells.

Sproule offered that the exploration results available and the Contingent resources determined for the Serowe CSG project at the time were sufficient to warrant Botala's proposed exploration and development programme in accordance with Botala's use of funds as laid out in its mid-2022 prospectus - on both minimum and maximum subscription bases.

Test work in 2023 included flow-testing the Serowe-3 well, reaching a daily water flow rate of 75 barrels (bbl) during drawdown. Flow-testing the Serowe-3 well continued during the year with the programme reaching the milestone of building down-hole gas pressure.

Pressure build-up in the downhole annulus indicates desorption of gas from the coals is taking place, with surface valves remaining closed to allow pressure build-up.

This process enabled gas flaring by September 2023, with developments being sufficient to support the company's investment decision to proceed with its planned Commercial Pilot Project at Serowe-3, referred to as Project "Pitse".

The first phase of Project Pitse was the development of the 5-well production facility Serowe-3 well cluster which was completed in January 2024 and is ready for commissioning and start-up of commercial operation, with a gas off-take agreement for the sale of that gas being subject to negotiation.

The results achieved, coupled with design and costing information, have enabled the finalisation of the feasibility study into the early stages of commercial operation of the Serowe CSG gas resource.

As noted above, the Feasibility Study is limited to the well-field only, with an assumed gas production sufficient to produce 10MW of electricity or the equivalent converted to liquified Natural Gas (LNG).

The main driver of the model is the gas demand for the off-taker, which is of the order of 570 million cubic feet (Mmcf) per annum, with a demand profile based on the forecast demand from downstream operations to meet the 10 MW power generation target contemplated in the Sharpay offtake agreement.

A gas price of **US\$3.00**/gigajoule (GJ) is assumed as a median position for the Feasibility Study, with built-in provision to cover a potential high and low gas price deviation of US \$0.50 above and below the selected median, accordingly US\$ 2.50, US\$3.00 and US\$3.50 per gigajoule.

The following Figures 2, 3 and 4 depict pages excerpts from Botala's January 29th 2024 Feasibility Study with their assigned US\$2.50; US\$3.00 and US\$3.50 price bracket per gigajoule at the wellhead.

For personal use only

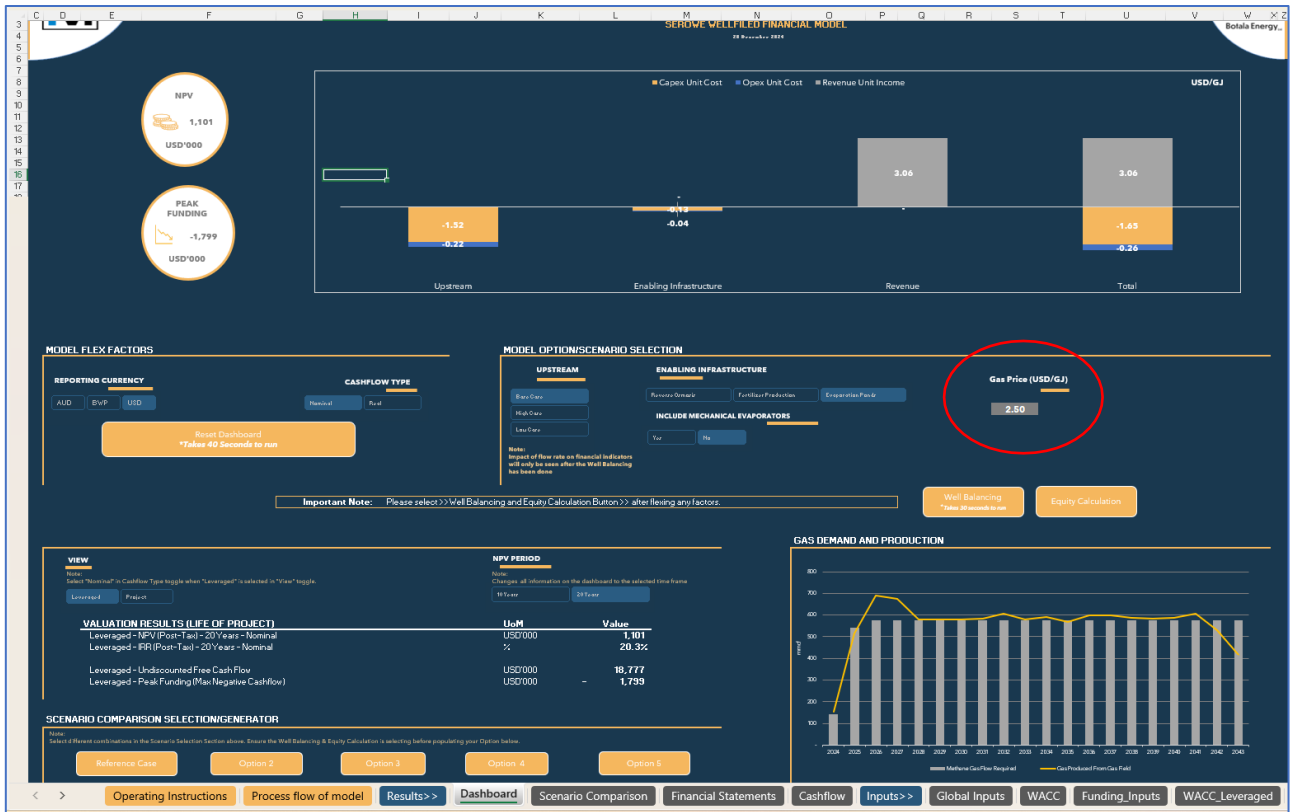


Figure 2 – US\$2.50 gas price bracket for Feasibility Study

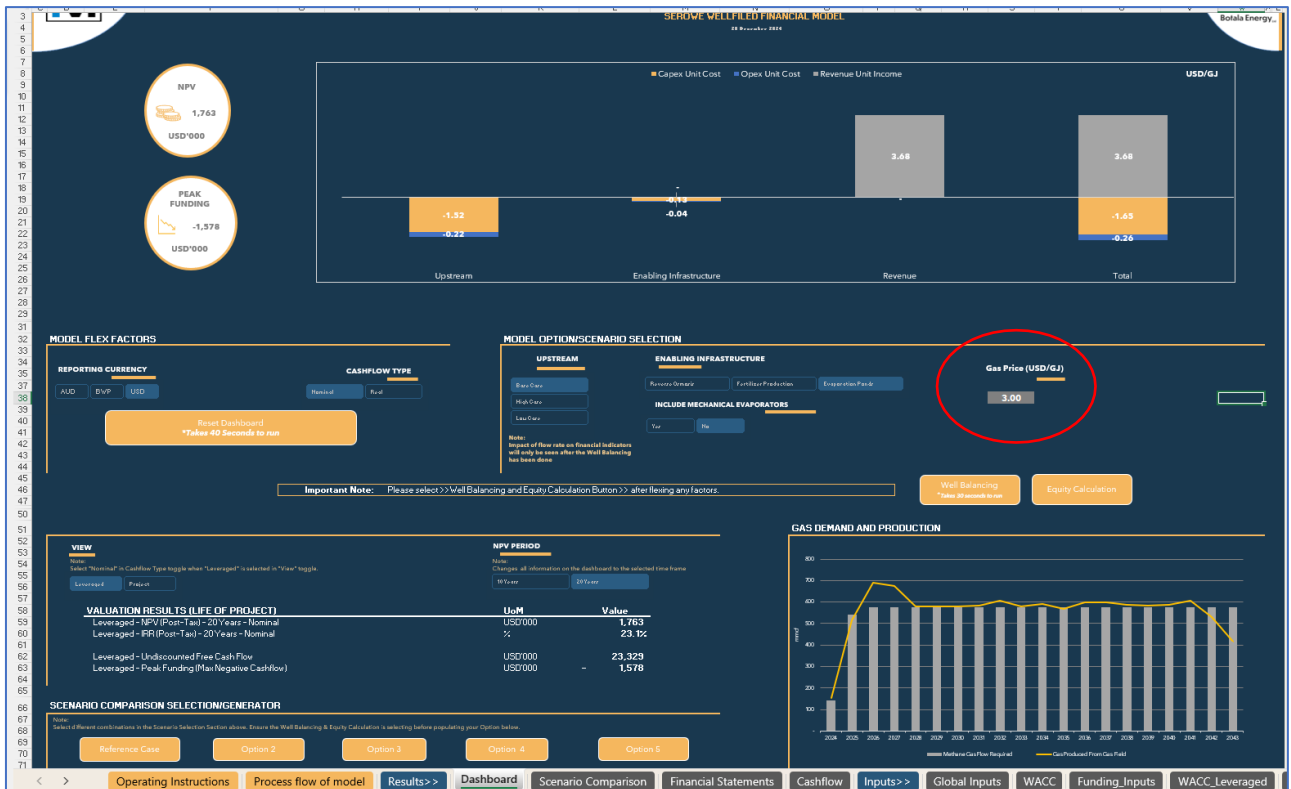


Figure 3 – US\$3.00 gas price bracket for Feasibility Study

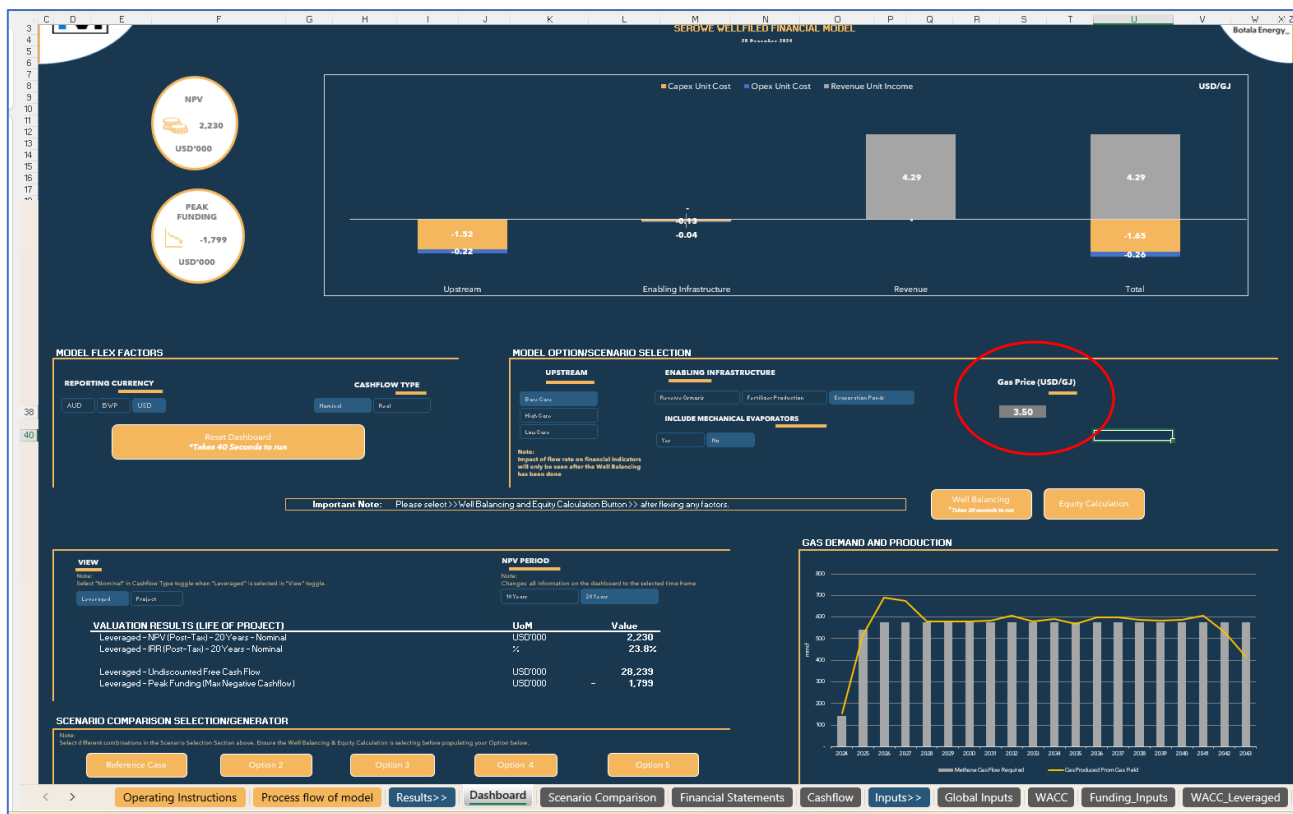


Figure 4 – US\$3.00 gas price bracket for Feasibility Study

6.0 VALUATIONS

Subsection 6.1 deals with valuations of the project on the basis of various costs related to its acquisition.

6.1 Market Value Method - from acquisition transactions.

Bibliography Document E comprises a detailed summary of the commercial and technical considerations by Botala prior to negotiating the acquisition of the remaining 30% of Sharpay. All financial considerations quoted in this section are expressed in Australian dollars, unless specified otherwise.

As noted in the Introduction Section 2.0, on **3 April 2024**, Botala acquired Pure Hydrogen’s remaining 30% interest in Sharpay, via an unconditional share sale agreement, thereby increasing Botala’s ownership in Sharpay to 100% through the issuance of 14.5 million shares to Pure Hydrogen in two tranches, with the additional consideration of a following milestone payment of A\$750,000, contingent upon agreed gas reserves certifications.

The additional 30% acquisition from Pure Hydrogen cost Botala \$2,055,000. It comprised:

- a) 14.5 million BTE shares at \$0.09 each, valued at A\$1,305,000 which was paid in the following tranches:
 - i) 16 April 2024: 6 million shares (\$540,000)
 - ii) 16 September 2024: 6.5million shares (\$585,000) and
 - iii) 2 million shares to be issued in the first half of 2025 (\$180,000) and
- b) A future milestone cash payment of 750,000 would follow when a certified 50PJ-2P Reserve was discovered.

For personal use only

Botala's review of a realistic price payable for the remaining 30% acquisition from Pure Hydrogen examined all information collated by Botala prior to negotiating acquisition of the 30% equity, including all of Botala's technical, financial and historic data.

As with the majority of valuations, a significant consideration often involves examination of recent prior acquisitions of a similar nature, as well as the degree to which buyers and sellers are sufficiently informed of the details of the transaction and the degree to which they can be considered to be "at arm's length" and willing parties to the transaction.

For Botala, the obvious valuation precedent lies in Botala's two prior acquisitions of, initially, 49% of Sharpay, followed by a further 21% interest for a total of 70%, for which Botala paid a total price of \$11,547,311 in two separate transactions, 18.5 months apart.

- a) One valuation approach would look at the overall consideration for 70% and say that an equivalent 30% interest share therefore calculate to $\$11,547,311 \times 30/70 = \mathbf{\$4,948,848}$.
- b) Alternatively, the 49% acquisition on 7 December 2020 constituted a Farm-in for Botala, involving earning 49% by expending \$6,100,000 over 2 years, which is equivalent to **A\$3,734,694** for a 30% farm-in.
- c) However, as the second payment was made 18 months after the first and is hence temporally closer to the date of the 30% acquisition and arguably more appropriate to the calculation, a third valuation approach could examine the 14 July 2022 acquisition of 21% on its own that was acquired for \$5,447,311, for which a 30% equivalent acquisition calculates to $\$5,447,311 \times 30/21 = \mathbf{\$7,781,872}$.

Not only was the second date (b, above) closer to the later 30% transaction, but Botala correctly assessed the second deal as an outright purchase and not as a farm-in like the 49% acquisition which would bring with it other ongoing commitments such as dilution clauses and penalties in cases where – for example - exploration contributions were not forthcoming.

Furthermore, Botala had already funded Sharpay with a further \$1,869,907 for exploration (without Pure Hydrogen contributing). Botala took the view that, while that funding was entirely separate and not considered in the context of the 30% acquisition, if 30% of that sum (\$560,972) were added to each of the three values it would produce the following outcomes:

- i) Total 70% acquisition: $\$4,948,848 + \$560,972 = \$5,509,820$
- ii) Individual 49% farm-in: $\$3,734,694 + \$560,972 = \$4,295,666$
- iii) Individual 21% purchase: $\$7,781,872 + \$560,972 = \$8,342,844$

6.2 Total Cost to Date Method (cost recovery)

From Bibliography Document E, and from above Section 7.1, Botala paid the following to gain its 70% ownership of Sharpay, prior to acquiring the remaining 30% from Pure Hydrogen.

Acquisition costs

- Acquisition of 21% of Sharpay	\$5,447,311
Subtotal	\$5,447,311

Total costs of exploration prior to 30% sale-purchase

- To earn-in to 49% of Sharpay	\$6,100,000	(considered as exploration)
Additional amount Sharpay spent on exploration (incl, BTE sole funded \$1,897,907)	\$7,317,217	
Subtotal	\$13,417,217	

GRAND TOTAL \$18,864,528

Hence the remaining 30% would equate to: \$5,659,358

It would be customary to estimate a preferably tight range of values around a single figure valuation to take account of the inevitable imprecision of that single value. Accordingly, Geochemex proposes application of +/- 10% either side of this value to provide a range of values between a lower value of **\$5,093,422** and a higher value of **\$6,225,294**.

For personal use only

7.0 BIBLIOGRAPHY - DOCUMENTS SUPPLIED & REVIEWED FOR THIS OPINION

The accompanying reference letters ‘A’ to ‘F’ are used as required in the text of this report to refer to specific documents. The alphabetical order is consistent with date order in keeping with the evolution and progress of work and reporting.

DOCUMENT REF.	DATE	DOCUMENT TITLE	PREPARED BY OR AUTHOR	PREPARED FOR
A.	1st April 2022	Botala Energy’s Coalbed Methane Project, Botswana, Africa, Final Report: 2.5 111068	Sproule 1700 Broadway Suite 1000 Denver, Colorado USA 80290	Botala Energy’s IPO
B.	1st April 2022	Audit of Contingent and Prospective Resources, Serowe Coal Seam Gas (“CSG”) Project, Republic of Botswana, - Certification Letter and Prospect Review. Prepared in accordance with ASX Listing Rules Ch. 5	1st April 2022 Timothy Hower, Senior Technical Adviser Meghan Klein, (P.Eng.) Senior Manager, Engineering, Sproule	ASX
C.	29th January 2024	Sharpay Enterprises (Pty Ltd) (Botswana) Naledi Coal Bed Methane (CBM) Project Feasibility Study	Botala Energy	Botala
D.	6th July 2024	Updated Contingent and Prospective Resources, Botala Energy’s Coalbed Methane Project Botswana, Africa, Update: 240706_BTE	Sproule	Botala Energy Update
E.	26th November 2024	Commercial and Technical considerations by Botala, prior to negotiating buying the remaining 30% of Sharpay 241126_BTE	Botala Energy	Independent Valuer
F.	12 th January 2025	ASX Release Botala: Novo Energy MOU	Botala Energy	ASX

For personal use only

8.0 - TESTAMENT OF AUTHOR'S QUALIFICATIONS

I, **Douglas V Bright**, Geologist, resident in Perth, Western Australia hereby attest:

1. THAT I am a Professional Geologist and Zoologist and member of the Australian Institute of Mining and Metallurgy (AusIMM).

2. THAT I have 53 years' geological experience since graduation in 1972 with a B.Sc. in Geology and Zoology from Victoria University in New Zealand.

3. THAT following initial professional employment in various contract and salaried positions between the early 1970's and 1980's, including for an Australian explorer on the island of Malaita in the British Solomon Islands, and for a subsidiary of Bendix Corporation, along with Greenbushes Tin and Greenbushes-related Pilgan Mining specialising in alluvial tin, tantalite and gold operations, I began independent contract and consulting geological work, mainly on West Australian eastern goldfields mine sites.

These included extended principal roles for Forsayth Mining and Sundowner Minerals at Lawlers and Lake Darlot, including responsibility for maiden exploration, resource estimation and early reporting on the development of the Mount Gibson surficial laterite gold mine and significant expansion of open-pits at the Lawlers and Darlot gold mine sites between early 1980 to 1992.

Roles for Forsayth-Sundowner included Senior Exploration Manager and Mine Geologist at Lawlers and Darlot and short stints as Caretaker/Stand-in Mine Manager at both mines and subsequently involved establishment of JV's and early field studies in North Sumatra and Malaysia.

4. THAT in 1992, I established respected Perth-based geochemical consultancy Trident Geological Services T/as Geochemex Australia. Geochemex' clientele included a host of Australian and international companies, mostly in the mining and exploration sphere. The role included extensive international work on multiple projects.

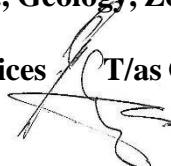
5. THAT I possess considerable relevant experience in resource estimation and valuations to the extent that they are applicable to this opinion.

6. THAT I undertook this review of and opinion on the subject assets and preparation of this Expert Opinion for Botala Energy, completing it on 12th January, 2025, and it is provided completely independently, without coercion or inducement of any kind and solely on the basis of a normal consulting relationship for which fees in the normal commercial range have been or are proposed to be charged in the course of or upon completion of this particular commission.

8. THAT I do not have and have never had any other commercial relationship with Botala Energy and hold no past, present or proposed pecuniary or other vested interest in Botala or any entity known or believed likely to be connected directly or indirectly to Botala, Pure Hydrogen or Sharpay.

9. THAT I have examined the documents referred to in this Opinion pertaining to the project as defined in the Bibliography in foregoing Section 7.0 but I have not independently verified property title, encumbrances or regulations that apply to these assets. I have not reviewed the projected exploration and development costs or any other economic considerations associated with the Project, not have I performed a field examination of these properties.

Douglas V. Bright (B.Sc., Geology, Zoology; MAusIMM)
Managing Director
Trident Geological Services T/as Geochemex Australia
ABN 89 060 786 610



For personal use only

For personal use only

CONTACT US

Level 15, 2 The Esplanade,
Perth WA 6000

T +61 8 9225 5355

F +61 8 9225 6181

E perth@moore-australia.com.au

www.moore-australia.com.au



Botala Energy Ltd

Botala Energy Ltd
ABN 41 626 751 620

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 11:00am (AWST) on Monday, 17 March 2025.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 184670

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Botala Energy Ltd hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Botala Energy Ltd to be held at L2/18 King's Park Road, West Perth, WA 6005 on Wednesday, 19 March 2025 at 11:00am (AWST) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	PH2 Sale Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of issue of remaining Tranche 2 Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For personal use only

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
<input type="text"/>	<input type="text"/>	<input type="text"/>	/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details (Optional)

Mobile Number	Email Address
<input type="text"/>	<input type="text"/>

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically