



**Botala Energy** Ltd

# Botala Energy Ltd

Botala Energy Ltd (ACN: 626 751 620)



**30 June 2023**

**Annual Report**

**ASX Code: BTE**

Dear Fellow Shareholders,

Just over twelve months have lapsed since we successfully listed on the ASX after having explored the Serowe coal bed methane (CBM) Project in Botswana as a public unlisted company for approximately two years. It is pleasing that most of our original shareholders continue to support our efforts, I look forward to all shareholders being rewarded by the important milestones we expect to achieve over the coming twelve months.

On listing we raised A\$5,000,000 since then, we have done considerable work and met our A\$6,100,000 farm-in commitment for 70% of the Serowe Project and still have ~A\$1,800,000 in cash at the end of financial year 2023. Pure Hydrogen Corporation Limited (ASX: PH2) which owns the remaining 30% of the Serowe Project are expected to contribute pro-rata in the coming financial year 2024.

CBM gas remains our core business and we view it as essential in the worldwide transition to renewables, in our case solar. CBM gas in conjunction with solar energy will allow us to produce reliable and affordable energy 24 hours per day, all year round.

During the year we: observed continuous gas flow during dewatering of our Serowe-3 well; drilled two more exploration wells; undertook extensive geophysical surveys; significantly increased our understanding of the CBM potential of the Serowe Project (more than 420,000ha in area); built an in-Botswana exploration and development team; attended to solar energy developments; and submitted Environmental Impact Assessments (EIA) for the development of three separate projects.

At the time of listing, the immediate surrounds of the five drilled wells (~ 5% of the total project area) had an independently certified 2C contingent CBM resource of 317 billion cubic feet (bcf) whilst the total Serowe Project area had an estimated prospective resource of ~8 trillion cubic feet (tcf). We have since drilled two more exploration wells (Serowe-6 and 7), observed ever increasing gas flow in Serowe-3, and have similar expectations for our recently drilled Serowe-7 well which is being readied for dewatering and gas flow testing. Serowe-6 showed good gas potential and contributed substantially to our regional understanding of CBM occurrences.

In mid-September we expect to flare gas from the Serowe-3 well and to drill a pilot production cluster of four additional wells all within ~800m. These wells will evaluate gas flow enhancement options and subject to sufficient gas flows, may become our first commercial production wells early in 2024. By then we should have secured environmental approval to develop the Serowe CBM project complete with a proposed gas pipeline to our 1520 ha Leupane Energy Hub and Industrial Park on the outskirts of Palapye.

In parallel with our gas developments, we have made considerable advances in solar. We expect to shortly confirm our decision to proceed with a Solar Photovoltaic (PV) Panel Manufacturing Plant in our Leupane Energy Hub and Industrial Park. This will be in partnership with Solar Finland, a world leader in solar technology. This will allow us to manufacture high quality solar panels for export to energy-hungry countries of the Southern African Development Community (SADC) at competitive prices and to supply our own panel needs for gas/solar hybrid plants within Botswana and elsewhere in SADC.

In addition to converting CBM to reliable electricity and selling it into the Southern African Power Pool of SADC via wheeling agreements, there is the opportunity to sell liquified natural gas (LNG) to SADC as an alternative to diesel. Preliminary discussions with several industries confirm immediate interest in gas/solar hybrid plants and converting generators and diesel trucks to LNG to meet demand for clean and reliable energy, reduce carbon emissions and lower costs. Small to medium-sized LNG plants can be readily bought off-the-shelf and installed near a producing CBM fields.

A major attraction of the Serowe CBM Project is its central location within SADC. Nearby highways, rail and electricity networks link it to: South Africa's industrial and mining regions; mines of the Copperbelts of Zambia and Democratic Republic of Congo; Zimbabwe; and the important ports of Walvis Bay in Namibia, Durban in South Africa and Maputo in Mozambique. The well-developed towns of nearby Palapye and Serowe, are complete with universities, a large training hospital and various community services well located to recruit and accommodate a skilled and willing workforce in a country noted for its good corporate governance, low crime, and favourable investment environment.

The EIA for the Leupane Energy Hub and Industrial Park is well advanced. We are requesting approval to establish: a 700MW CBM gas/solar hybrid electricity plant; an industrial park for especially new-age industry attracted by availability of gas and reliable electricity in an attractive socio-economic region; a Solar PV Manufacturing Plant; and approval for a Mineral Beneficiation Plant. The latter will be owned and operated by others but will be subject to a binding off-take agreement for gas and electricity supplied by Botala Energy in return for a suitable site with environmental approvals in place.

In a separate EIA we expect to secure approval early in 2024 to develop a 20MW CBM gas/solar hybrid plant and LNG storage and handling facilities on our 110ha site in Serowe. Necessary connection studies into the local electricity grid have been completed and an application for a 20MW power purchase agreement has been submitted.

We aim to list on the Botswana Stock Exchange during October 2023 to allow Botswanan institutions and Botswana to invest in development of Botswana's CBM and energy sector.

A special thank you to our dedicated team in Australia and Botswana for their contributions and our achievements over the past year. I also acknowledge the support we are receiving from the regulators and government agencies in Botswana.

I look forward keeping you regularly informed during what is likely to be another very busy year with potential to achieve company making-milestones.

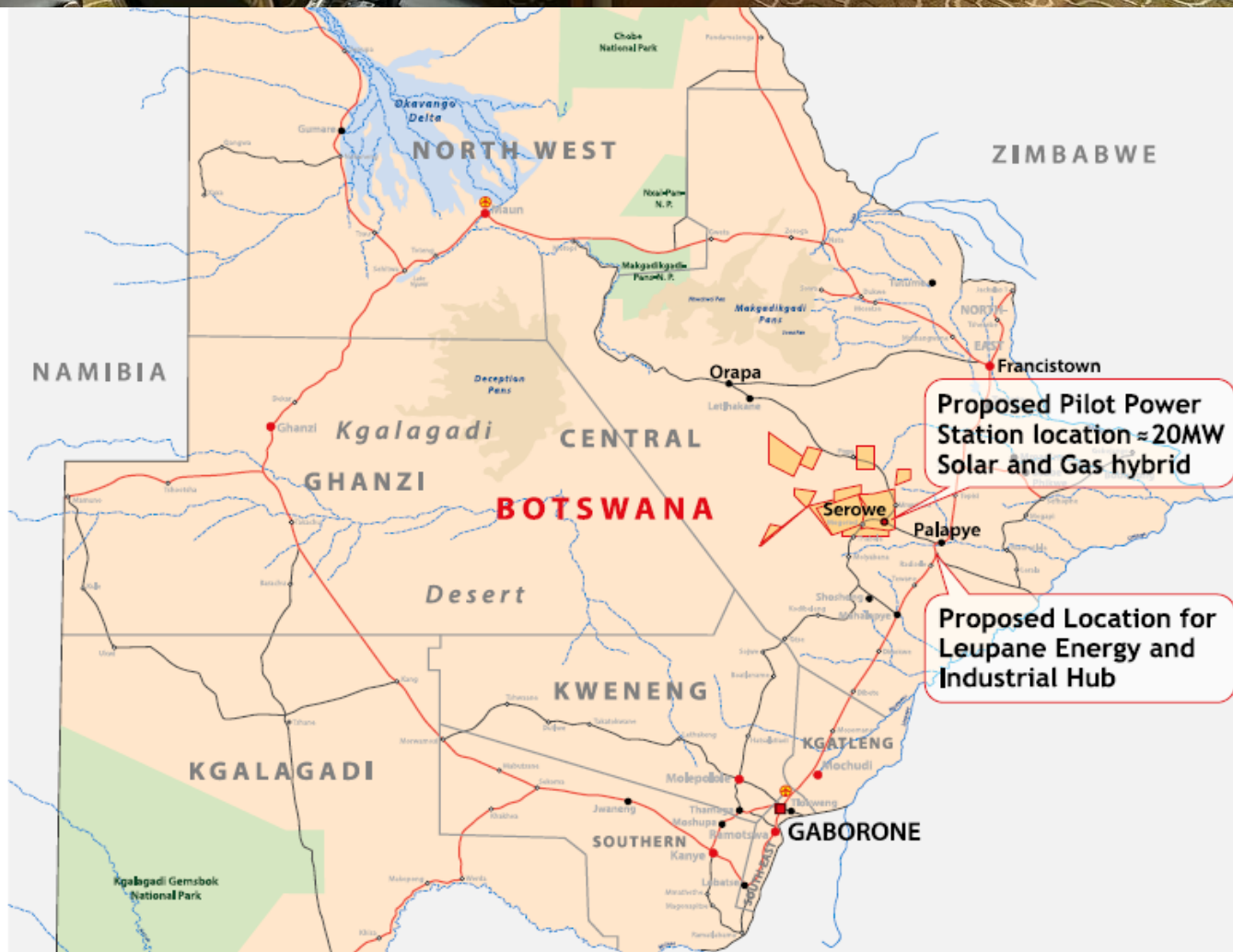
Kindest regards  
Wolf



**Dr Wolf Martinick**  
**Executive Chairman, Botala Energy Ltd**







**Directors**

**Dr. Wolf Gerhard Martinick**  
PhD, BSc (Agric)  
Executive Director and Chairman

**Mr. Craig Basson**  
BCom (Hons) FCA, FGIA, GAICD  
Executive Director and Chief Financial Officer

**Mr. Peter Grant**  
BSc (Hons) Geology  
Non-Executive Director

**Chief Executive Officer**

**Mr. Kris Francis Martinick**  
BChem Eng (Hons), BSc (Chem), BCom

**Company Secretary**

**Mr. Craig Basson**  
BCom (Hons) FCA, FGIA, GAICD

**Registered Office**

24 Hasler Road  
Osborne Park WA 6017  
0431 527 885

**Email:**

info@botalaenergy.com.au

**Website:**

www.botalaenergy.com

**Share Register**

**Computershare Investor Services Pty Ltd**  
Level 17, 221 St Georges Terrace  
Perth WA 6000

**Auditor**

**HLB Mann Judd (WA Partnership)**  
Level 4, 130 Stirling Street  
Perth WA 6000

**Legal Advisors**

**Australia**

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

**Botswana**

**Otlaadisa Law**  
Unit 2C, 36 Square, 30 Plot, 73872  
Phakalane,  
Gaborone, South-East  
District Botswana

**Bankers**

**National Australia Bank Limited**  
Transactional Banking  
Level 12, 100 St Georges Terrace,  
Perth WA 6000

**Accountants**

**Carbon Group**  
24 Hasler Road  
Osborne Park WA 6017

**Corporate Governance  
Statement**

The Company's Corporate Governance disclosure is available on the  
Company's website at:  
[www.botalaenergy.com/site/about/corporate-governance](http://www.botalaenergy.com/site/about/corporate-governance)

**Home Exchange**

**Australian Securities Exchange Ltd**  
Exchange Plaza, 2 The Esplanade  
Perth, Western Australia 6000  
**ASX Code: BTE**  
**ABN: 41 626 751 620**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Botala Energy Ltd (referred to hereafter as the 'Botala' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

### **Directors**

The following persons were Directors of Botala during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr. Wolf Gerhard Martinick  
Mr. Peter Desmond Grant  
Mr. Craig Basson

### **Principal activities**

The principal activities of the Group during the year were the focus on exploring and developing coal-bed methane (CBM) together with renewable energy opportunities in southern Africa, especially Botswana.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group during the financial year.

### **Likely developments and expected results of operations**

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

### **Tenement Directory**

The following tenements are held by the Group and are all in good standing:

| <b>Prospecting Licence Number</b> | <b>Expiry Date</b> | <b>Comments</b>                   |
|-----------------------------------|--------------------|-----------------------------------|
| 016/2018                          | 20/02/2025         | Licence granted                   |
| 018/2018                          | 20/02/2025         | Licence granted                   |
| 019/2018                          | 20/02/2025         | Licence granted                   |
| 356/2018                          | 30/9/2023          | Application for renewal submitted |
| 357/2018                          | 30/9/2023          | Application for renewal submitted |
| 400/2018                          | 30/9/2023          | Application for renewal submitted |
| 055/2021                          | 31/3/2024          | Licence granted                   |

### **Environmental regulation**

Botala's environmental and occupational health and safety ("OHS") obligations are regulated under both State and Federal Law or in the case of Botala's overseas interests, by the governing laws of that country. All environmental and OHS performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. Botala has a policy of complying, and in most cases exceeding its performance obligations. Botala ensures that it complies with all necessary conditions while exploring its permits, which is governed by the terms of respective joint operating agreements. Botala has established environmental and OHS Board policies under which all exploration is carried out. Both policies ensure all employees, contractors and other service providers are fully acquainted with the Botala environment and OHS programmes. Botala's primary goal in the environmental management of exploration activities is to prevent unnecessary environmental impact and reinstate sites where disturbance cannot be avoided, whilst its goal in OHS is to provide and foster a culture of carrying out exploration activities in a safe working environment at best exploration practice. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007, which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2022 to 30 June 2023 the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

### **Review of operations**

The (loss) for the Group after providing for income tax amounted to \$1,365,936 (30 June 2022: \$1,097,771).



### **Successful Initial Public Offering**

Botala successfully completed an initial public offering (IPO) on the ASX through the code BTE and was admitted to the official list of the ASX on 12 July 2022. The official quotation of Botala's securities commenced on 14 July 2022. The IPO was successful in a difficult market and involved the issue of 25,000,000 shares at a price of \$0.20 per share for total funds of approximately \$6,550,000 (before costs).



*Figure 1 - ASX listing debut 14<sup>th</sup> July 2022.*

### **Drilling**

During the period Botala successfully commenced flow-testing the Serowe-3 well, reaching a daily water flowrate of 72bbls/day during drawdown. The water level in the well has been lowered to the bottom coals with gas pressure rising within the annulus. The aim is to flow-test and flare the well in the coming quarter.

Two exploration wells Serowe-6 and Serowe-7 were successfully completed during the period, well logs confirmed the presence of 30m and 35m of coal seams respectively. The Serowe-6 well was a ~5km, westward step-out from the Serowe-3 well extending the regional understanding of the coal seams in a westerly direction. Serowe-7 was 900m South of the original Serowe-1 well and was designed to test the presence of the lower Morupule Seam which was not encountered at Serowe-1 due to an issue with the rig preventing it from reaching the Target Depth.

The logging results of the Serowe-7 well were sufficient for the investment decision to proceed with flow-testing the well. Equipment supplier Akkurat was contracted to fabricate the flow-testing skid in Queensland for shipping to site. The target commissioning period is late October 2023 for the flow-testing.



*Figure 2 - Drilling team in Botswana*

### **Geophysical surveys**

Over the course of the year Botala has completed 35km of geophysical surveys over the proposed exploration well sites. The objective of this was to avoid any potential small faults, fractures and ingenious intrusions not previously identified on Botala's regional database. The focus of the initial phase was on the Serowe-6 and Serowe-7 well sites. A calibration line between the wells was correlated with the previously drilled Serowe-3 and Serowe-4 logging results; this helped to improve our understanding of the geophysical structures. Additional survey work is planned for the Commercial Pilot Project Pitse area.

The resulting Serowe-7 well has validated the interpretation of the survey work. Additional geophysical surveys will continue to be a key component of our exploration programme.

During the year a contract was awarded to a Botswanan company to acquire 84-line kms of ground magnetic and AMT over the Serowe-3 and Serowe-7 sites to optimally locate the pilot wells. The surveys were conducted in July 2023.





*Figure 3 - Serowe 7 site cleared for drilling.*

#### ***EIA progress and stakeholder engagement***

The Environmental Impact Assessment (EIA)'s Scoping Document for development of the Serowe gas field was submitted during the period and is currently under review by the Department of Environmental Affairs (DEA). Botala received conditional planning approval for development of its proposed Leupane Energy Hub and Industrial Park and was subsequently advised by DEA that environmental aspects of the project will be assessed at the EIA level. The planning application for the Serowe Energy Hub is currently being assessed by the Serowe Planning Authority. Following this review, the DEA will nominate the level of environmental assessment.

The Environmental Impact Assessment for development of the Serowe gas field is currently under way after a review by the Department of Environmental Affairs.

Separate Environmental Impact Assessments are progressing for approvals of the following three projects;

- Serowe wellfield development and pipeline to Leupane near Palapye.
- Serowe 20MW solar/gas hybrid power station.
- Development of the Leupane Energy Hub and Industrial Park on which the Solar PV Panel Manufacturing Plant would be located.

### ***Exploration and Appraisal Programme***

The Serowe-7 well was spudded on the 27<sup>th</sup> of January 2023 and was drilled to a total depth of 510m. The well intersected 35m of coal seams. Coals were encountered at 394m, which is 2m higher than the Serowe-1 well located ~1 km to the North-West of Serowe-7. The well was subsequently logged using Nuclear Magnetic Resonance (NMR) technology with the results confirming adsorbed and free gas concentrations with indications of permeability of the targeted coal seams being sufficient to progress with a second flow-test at the well. The well was reamed prior to demobilisation of the drill rig, increasing the hole diameter from 6 to 10 inches.

The logging results have increased the areal extent of the 3 coal seams known to Botala and increased confidence in predicting the presence of dolerites in the coal seams using the AMT technology.

During the year Botala continued flow-testing the Serowe-3 well, reaching a daily water flowrate of 75bbls during drawdown. These results suggest that permeability is improving, and gas flow has increased as supported by the visible bubbling of gas in the produced water.

Flow-testing the Serowe-3 well continued during the year with the programme reaching the milestone of building downhole 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.

The build-up of pressure was sufficient to make the investment decision to proceed with the Commercial Pilot Project at Serowe-3, Project "Pitse".

Botala plans to accelerate the exploration programme over the coming year with a drilling campaign focused on collecting regional core samples to expand the regional database and provide samples for laboratory testing.

Serowe-7 well was spudded and completed during the January Quarter. Nuclear Magnetic Resonance (NMR) logging confirming adsorbed and free gas concentrations, and that the permeability of the targeted coal seams is sufficient to progress with a flow-test; the second well to progress to flow-testing.

Queensland based Akkurat designed and fabricated a flow-testing skid for the well; the second skid, with the first being used at Serowe-3. The skid is awaiting shipment to site.

The logging results have increased the areal extent of the three coal seams known to Botala.

Samples of the coals are currently being tested by Weatherford in Houston to understand the properties of the coal seams.



*Figure 4 - Serowe-3.1 site in preparation for flow-testing.*





*Figure 5 - Serowe-3.1 Flare.*



*Figure 6 - Geologists conducting quality checks during Serowe-7 drilling.*



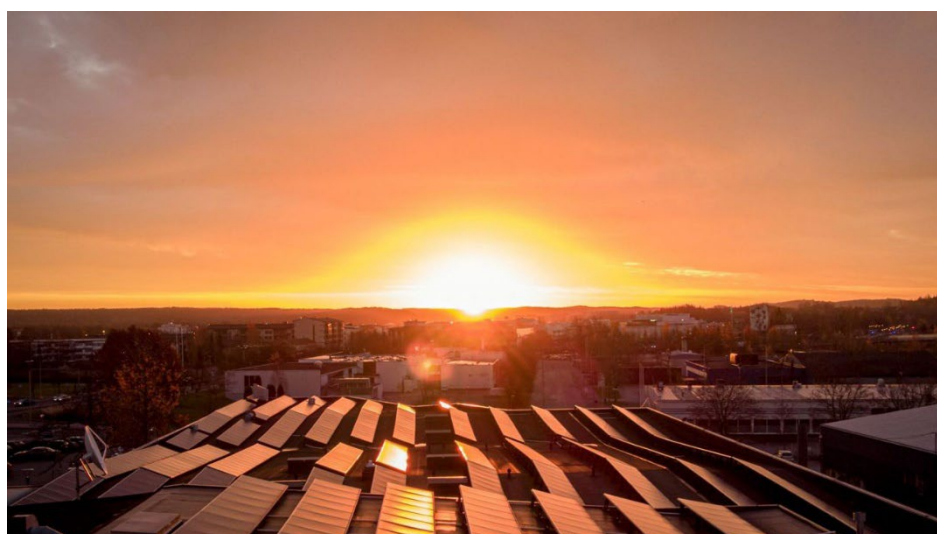


*Figure 7 - Serowe 3 Flow testing evaporation pond.*

### **Solar energy and renewables**

During September 2022 Botala announced it had signed a binding Memorandum of Understanding (MoU) with Solar Finland Ltd (Solar Finland) to jointly investigate providing photovoltaic panels for future solar developments and to complete a business model which includes establishment of a photovoltaic panel manufacturing plant in Botswana. This is in line with the Botswana's aspirations to develop new high technology manufacturing industries in Botswana.

Botala and Solar Finland have been actively developing a business case for establishing a PV Solar Panel manufacturing plant in Botswana. Part of the early investigation focused on identifying potential partners and customers to rapidly grow the solar and energy business. Indications suggest that Botala's intentions to use Solar Finland's extensive technology to jointly produce PV panels in Botswana has attractive commercial and in-country appeal to warrant further, detailed study.



*Figure 8 – Solar Manufacturing goal for Botala Energy Ltd.*

### **Solar Manufacturing**

During the year work continued with the development of a business case for solar panel manufacturing within Botswana.

Botala was granted a *Special Economic Zone Licence* by Botswana's Special Economic Zone Authority for its proposed manufacture of solar PV panels with Solar Finland.

Financial incentives include:

- (i) Corporate Tax rate of 5% for first 10 years and subsequently 10%.
- (ii) Fast tracked land allocation and long-term renewable land leases.
- (iii) Zero-rated VAT on raw materials for manufacturing for export.
- (iv) Duty-free imports of plant and machinery for manufacturing purposes.
- (v) Waiver on transfer duty on land and property.
- (vi) Property tax exemption for 5 years.
- (vii) No exchange controls.
- (viii) Full repatriation of profits and capital.

Non-financial incentives include:

- (i) Support in fast tracking visas plus work and residence permits.
- (ii) Identification and introduction of investors for networking.
- (iii) Assistance in fast tracking environmental and other approvals.

The decision was made to progress the Botswana Solar PV Panel Manufacturing business case into the next phase of business development. The business case demonstrates sufficient value for this project to proceed within the Botala and Solar Finland project gated process.

Botala is leading the PV studies and would own the manufacturing plant jointly with Solar Finland and other funding partners. Botala will become the operator; key commercial attractions are;

- (i) Supply high quality solar PV panels to markets within Southern Africa.
- (ii) Promote and establish hybrid solar/gas energy plants to supply the gas and solar panels.
- (iii) Cooperate with Scandinavian Green Energy Funds and companies in Africa.



*Figure 9 - Image of proposed Solar PV Manufacturing facility, prepared for Botala by Design 360 Architect.*

The business study assessed the viability of the finances, business risks and market to a sufficient level of detail to warrant continuing to spend funds to progress the business case. No 'Show Stopper' risks were identified. The key risks to the business are primarily the supply chain and sales of panels. Mitigation strategies for these have been identified as part of the key focus for the next development phase of the business case along with firming the ownership structure.

Market projections indicate major growth in the global demand for solar panels, including sub-Saharan Africa. Current risks include upward pressure on panel costs and supply chain restrictions. There is an opportunity to mitigate this risk through the self-supply of PV panels to Botala's proposed hybrid gas/solar plants. Botala has secured expressions of interest from two solar project developers in South Africa.

#### **Other**

During the year Botala was also granted *local asset status* by the Botswana Investment and Trade Centre. Thereby encouraging and allowing local pension funds to invest in Botala.

The Group's operations during the year performed as expected in the opinion of the Directors.

#### **Matters subsequent to the end of the financial year**

On 4 September 2023 the Company announced that Serowe-3.2 well was successfully spudded and the commencement of the first of four additional wells around Serowe-3 well of Project Pitse's commercial pilot programme.

On 5 September 2023 the Company announced gas flaring at Serore-3.1 well.

On 22 September 2023 the Company announced the successful completion of \$1,300,000 capital raise via Institutional Placement. A Service provider will also provide \$400,000 of equipment for New Shares in the Company at the same price as the Placement.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



## Information on Directors



*Figure 10 - Image Credits: Front Row: Craig Basson – Executive Director, Wolf Martinick – Director and Executive Chairman, Peter Grant – Non-Executive Director.  
Back Row: Talia Lackenby – Communications Coordinator, Steve Lennon – Energy Development, Kris Martinick – CEO, Modisana Botsile – Country Manager.*

Name:  
 Title:  
 Qualifications:  
 Experience and expertise:



**Dr Wolf Gerhard Martinick**

Director and Executive Chairman

PhD, BSc (Agric).

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

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

Other current directorships:  
 Former directorships (last 3 years):

Special responsibilities:

Interests in securities:

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

None

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

Member of Audit and Risk Committee and Remuneration and Nomination Committee

Botala Energy Ltd: 36,834,617 Shares, 5,600,000 Options and 1,000,000 Performance Rights

Name:  
 Title:  
 Qualifications:  
 Experience and expertise:



Other current directorships:  
 Former directorships (last 3 years):  
 Special responsibilities:

Interests in securities:

**Mr Craig Basson**

Executive Director, Chief Financial Officer and Company Secretary  
 BCom (Hons), FCA, FGIA, GAICD

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

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

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

None

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

Member of the Audit and Risk Committee and Remuneration and Nomination Committee

Botala Energy Ltd: 6,002,000 Shares, 1,675,000 Options and 1,000,000 Performance Rights



Name:  
Title:  
Qualifications:  
Experience and expertise:

**Peter Grant**

Non-Executive Director  
BSc (Hons in Geology)

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



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

Mr Grant is regarded as an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the person's judgement.  
None

Other current directorships:  
Former directorships (last 3 years):

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

Special responsibilities:

Chair of the Audit and Risk Committee and Remuneration and Nomination Committee

Interests in securities:

Botala Energy Ltd: 1,977,778 Shares and 1,000,000 Options

**Meetings of Directors**

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

|                           | Full Board |      | Audit & Risk |      | Remuneration |      |
|---------------------------|------------|------|--------------|------|--------------|------|
|                           | Attended   | Held | Attended     | Held | Attended     | Held |
| Mr Wolf Gerhard Martinick | 10         | 10   | 2            | 2    | 3            | 3    |
| Mr Craig Basson           | 10         | 10   | 2            | 2    | 3            | 3    |
| Mr Peter Desmond Grant    | 10         | 10   | 2            | 2    | 3            | 3    |

Eleven circular resolutions were resolved during the year.

**Retirement, election and continuation in office of Directors**

The Directors retire by rotation in terms of the Constitution of the Company.

**Remuneration report (audited)**

The Remuneration Report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

**The remuneration report is set out under the following main headings:**

- Principles used to determine the nature and amount of remuneration
- Service agreements
- Share-based compensation
- Additional information

**Emoluments of Directors and other KMP**

**Table 1**

| <b>Name</b><br><b>2023</b> | <b>Fees *</b><br><b>\$</b> | <b>Non-monetary<br/>benefits **</b><br><b>\$</b> | <b>Incentives ^</b><br><b>\$</b> | <b>Other ^^</b><br><b>\$</b> | <b>Total</b><br><b>\$</b> | <b>Performance<br/>related</b><br><b>%</b> |
|----------------------------|----------------------------|--|----------------------------------|------------------------------|---------------------------|--|
| <b>Directors</b>           |                            |  |                                  |                              |                           |  |
| Wolf Martinick             | 120,000                    | -  | 50,000                           | -                            | 170,000                   | 29%  |
| Craig Basson               | 180,000                    | -  | 50,000                           | -                            | 230,000                   | 22%  |
| Peter Grant                | 40,000                     | -  | -                                | 29,438                       | 69,438                    | -  |
| <b>Executive Officer</b>   |                            |  |                                  |                              |                           |  |
| Kris Martinick             | 240,000                    | -  | 50,000                           | -                            | 290,000                   | 17%  |
| <b>2023 Total</b>          | <b>580,000</b>             | <b>-</b>   | <b>150,000</b>                   | <b>29,438</b>                | <b>759,438</b>            |  |

| <b>Name</b><br><b>2022</b> | <b>Fees*</b>   | <b>Non-monetary<br/>benefits**</b> | <b>Incentives ^</b> | <b>Total</b>     | <b>Performance<br/>Related</b><br><b>%</b> |
|----------------------------|----------------|------------------------------------|---------------------|------------------|--|
| <b>Directors</b>           |                |                                    |                     |                  |  |
| Wolf Martinick             | 60,000         | 220,000                            | -                   | 280,000          | 57.00%                                     |
| Craig Basson               | 90,000         | 250,000                            | -                   | 340,000          | 47.00%                                     |
| Peter Grant                | 20,000         | 3,333                              | -                   | 23,333           | -  |
| <b>Executive Officer</b>   |                |                                    |                     |                  |  |
| Kris Martinick             | 160,000        | 280,000                            | -                   | 440,000          | 36.00%                                     |
| <b>2022 Total</b>          | <b>330,000</b> | <b>753,333</b>                     | <b>-</b>            | <b>1,083,333</b> |  |

\* Short-term benefits as per *Corporations Regulations* 2M.3.03(1) Item 6. This evaluation includes Cash salary, consulting, director and accrued fees.

\*\* Other long-term benefits as per *Corporations Regulation* 2M.3.03(1) Item 8. Share-based payments and Performance rights have been included in the values.

^ Incentives relate to commissions from Capital Raising efforts performed by the Directors and Key Management Personnel.

^^ Relates to consulting fees paid for geophysics services.

**Ordinary Shares**

Table 2 shows a reconciliation of shares held by each KMP from the beginning to the end of FY 2023 including acquisitions and shares issued during the period.

Table 2

| Name                     | Balance at start of the year or appointment | Placement Acquisitions | Other changes during the period | Balance at the end of the year | Nominally Held    |
|--------------------------|---|------------------------|---------------------------------|--------------------------------|-------------------|
| <b>2023</b>              |   |                        |                                 |                                |                   |
| <b>Directors</b>         |   |                        |                                 |                                |                   |
| Wolf Martinick           | 35,437,002                                  | -                      | 1,397,615                       | 36,834,617                     | 3,000,000         |
| Craig Basson             | 5,900,000                                   | -                      | 102,000                         | 6,002,000                      | 6,002,000         |
| Peter Grant              | 1,977,778                                   | -                      | -                               | 1,977,778                      | 1,977,778         |
| <b>Executive Officer</b> |   |                        |                                 |                                |                   |
| Kris Martinick           | 11,635,000                                  | -                      | 81,151                          | 11,716,151                     | -                 |
| <b>2023 Total</b>        | <b>54,949,780</b>                           | <b>-</b>               | <b>1,580,766</b>                | <b>56,530,546</b>              | <b>10,979,778</b> |

### Options

Table 3 shows a reconciliation of options held by each KMP from the beginning to the end of FY 2023. All vested options were exercisable.

Table 3

| Name                     | Balance at start of the year or appointment | Issued   | Acquisition | Exercised | Expired  | Balance at the end of the year | Vested and exercisable | Unvested |
|--------------------------|---|----------|-------------|-----------|----------|--------------------------------|------------------------|----------|
| <b>2023</b>              |   |          |             |           |          |                                |                        |          |
| <b>Directors</b>         |   |          |             |           |          |                                |                        |          |
| Wolf Martinick           | 5,600,000                                   | -        | -           | -         | -        | 5,600,000                      | 5,600,000              | -        |
| Craig Basson             | 1,675,000                                   | -        | -           | -         | -        | 1,675,000                      | 1,675,000              | -        |
| Peter Grant              | 1,000,000                                   | -        | -           | -         | -        | 1,000,000                      | 1,000,000              | -        |
| <b>Executive Officer</b> |   |          |             |           |          |                                |                        |          |
| Kris Martinick           | 5,650,000                                   | -        | -           | -         | -        | 5,650,000                      | 5,650,000              | -        |
| <b>2023 Total</b>        | <b>13,925,000</b>                           | <b>-</b> | <b>-</b>    | <b>-</b>  | <b>-</b> | <b>13,925,000</b>              | <b>13,925,000</b>      | <b>-</b> |

The number of options over ordinary shares in the Botala provided as remuneration to key management personnel is shown in the table above. The options carry no dividend or voting rights.

### Performance based remuneration granted & forfeited during the year.

Table 4 below shows for each KMP how much of their performance rights were issued and vested during the year.

Table 4

| Name                     | Balance at start of the year | Issued   | Exercised | Lapsed   | Balance at the end of the year | Vested and exercisable | Unvested         |
|--------------------------|------------------------------|----------|-----------|----------|--------------------------------|------------------------|------------------|
| <b>2023</b>              |                              |          |           |          |                                |                        |                  |
| <b>Directors</b>         |                              |          |           |          |                                |                        |                  |
| Wolf Martinick           | 1,000,000                    | -        | -         | -        | 1,000,000                      | -                      | 1,000,000        |
| Craig Basson             | 1,000,000                    | -        | -         | -        | 1,000,000                      | -                      | 1,000,000        |
| Peter Grant              | -                            | -        | -         | -        | -                              | -                      | -                |
| <b>Executive Officer</b> |                              |          |           |          |                                |                        |                  |
| Kris Martinick           | 1,000,000                    | -        | -         | -        | 1,000,000                      | -                      | 1,000,000        |
| <b>2023 Total</b>        | <b>3,000,000</b>             | <b>-</b> | <b>-</b>  | <b>-</b> | <b>3,000,000</b>               | <b>-</b>               | <b>3,000,000</b> |

The number of performance rights over ordinary shares in Botala provided as remuneration to key management personnel is shown in table 4 above. The performance rights carry no dividend or voting rights. See notes at share-based compensation section for the conditions that must be satisfied for the performance rights to vest.



### ***Principles used to determine the nature and amount of remuneration***

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ensures that executive reward satisfies the following key criteria for good reward governance practices. The audited remuneration report is set out under the following main headings:

- **Principles used to determine the nature and amount of remuneration**
- **Details of remuneration**
- **Service agreements**
- **Share-based compensation**
- **Additional remuneration**

### **Principles used to determine the nature and amount of remuneration**

The performance of the Group depends upon the quality of its Directors, Executives and staff. To achieve its financial and operating activities, Botala must attract, motivate and retain highly skilled Directors and Executives. Botala embodies the following principles in its remuneration framework:

- Provide competitive awards to attract high calibre Executives;
- Structure remuneration at a level and mix commensurate with their position and responsibilities within the Group so as to reward Executives for the Group and individual performance; and
- Align executive incentive rewards with the creation of value for Shareholders.

### **Executive remuneration policy**

The policy is for Executives to be remunerated on terms that are competitive with those offered by entities of a similar size within the same industry. Packages are reviewed annually by the remuneration committee with any recommendation of this committee reviewed and approved by the Board of Directors.

### **Remuneration consultants are not used by Botala**

As the Group is predominately an exploration and development entity, performance outcomes are uncertain, notwithstanding endeavour. As such, remuneration packages are not linked to profit performance. Present policy is to reward successful performance via shares, incentive performance rights and options that are priced on market conditions at the time of issue. The number of performance rights and options granted is at the full discretion of the Board.

The Options are not issued in relation to past performance, but are considered to promote continuity of employment and provide additional incentive to Executive Officers to increase Shareholder wealth.

The Company's security trading policy provides acceptable transactions in dealing with the Company's securities, including shares, performance rights and options. The full policy can be read on the Company's website.

Shares given to Directors and Executives are valued as the difference between the market price of those shares and the amount paid by the Director or Executive. Performance rights are valued based on the market price and the probability of achieving the relevant milestone. Options are valued using the Black-Scholes model.

### **Non-Executive remuneration policy**

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are currently not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. The maximum aggregate amount of fees that can be paid to Directors is currently AU\$250,000.

### **Executive remuneration**

The Board of Director's policy for determining the nature and amount of compensation of Executive Officers for the Group is as follows:

- The compensation structure for Executive Officers is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of Botala. The contracts for service between the Company and Executive Officers have no fixed term.
- Upon retirement, Executive Officers are paid benefit entitlements accrued to the date of retirement. The remuneration committee recommends the proportion of fixed and variable compensation (if applicable) for each Executive Officer which is approved by the Board.

### **Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

|                    |   |
|--------------------|---|
| Name:              | Wolf Martinick  |
| Title:             | Chairman  |
| Term of agreement: | Unspecified<br>\$120,000 per annum<br>3-month notice period |
| Details:           | Share based payments as determined                          |
| Name:              | Craig Basson  |
| Title:             | Chief Financial Officer and Company Secretary               |
| Term of agreement: | Unspecified<br>\$180,000 per annum                          |
| Details:           | Share based payments as determined                          |
| Name:              | Peter Grant   |
| Title:             | Non-Executive Director                                      |
| Term of agreement: | Unspecified<br>\$40,000 per annum                           |
| Details:           | Share based payments as determined                          |
| Name:              | Kris Martinick  |
| Title:             | Chief Executive Officer                                     |
| Term of agreement: | Unspecified<br>\$240,000 per annum                          |
| Details:           | Share based payments as determined                          |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### **Share-based compensation**

#### **Issue of shares**

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023 (2022; 2,277,778).

| Name           | Date       | Shares           | Issue price | \$             |
|----------------|------------|------------------|-------------|----------------|
| Wolf Martinick | 16/09/2021 | 250,000          | \$0.12      | 30,000         |
| Craig Basson   | 16/09/2021 | 375,000          | \$0.12      | 45,000         |
| Kris Martinick | 16/09/2021 | 500,000          | \$0.12      | 60,000         |
| Wolf Martinick | 06/12/2021 | 250,000          | \$0.12      | 30,000         |
| Craig Basson   | 06/12/2021 | 375,000          | \$0.12      | 45,000         |
| Kris Martinick | 06/12/2021 | 500,000          | \$0.12      | 60,000         |
| Peter Grant    | 06/12/2021 | 27,778           | \$0.12      | 3,333          |
| <b>Total</b>   |            | <b>2,277,778</b> |             | <b>273,333</b> |

### **Issued options**

There were no options over ordinary shares issued to Directors as part of compensation that were outstanding as at 30 June 2023 (2022: 500,000)

| Name        | Issued         | Grant Date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|-------------|----------------|------------|-----------------------------------|-------------|----------------|-------------------------------------|
| Peter Grant | <u>500,000</u> | 30/11/2021 | 30/11/2021                        | 28/02/2025  | \$0.25         | \$0.05                              |

### **Issued performance rights**

There were no performance rights issued to Directors as part of compensation during the year ended 30 June 2023. The following performance rights were issued during 30 June 2022.

#### **Performance rights - Class A**

| Name           | Issued                  | Grant date | Vesting condition | Time to expiry (years) | Exercise price | Fair value per performance right at grant date |
|----------------|-------------------------|------------|-------------------|------------------------|----------------|--|
| Wolf Martinick | 333,333                 | 30/11/2021 | Note A            | 3                      | \$0.00         | \$0.12   |
| Craig Basson   | 333,333                 | 30/11/2021 | Note A            | 3                      | \$0.00         | \$0.12   |
| Kris Martinick | <u>333,334</u>          | 30/11/2021 | Note A            | 3                      | \$0.00         | \$0.12   |
| <b>Total</b>   | <b><u>1,000,000</u></b> |            |                   |                        |                |  |

#### **Performance rights - Class B**

| Name           | Issued                  | Grant Date | Vesting Conditions | Time to expiry (years) | Exercise Price | Fair value per performance right at grant date |
|----------------|-------------------------|------------|--------------------|------------------------|----------------|--|
| Wolf Martinick | 1,000,000               | 30/11/2021 | Note B             | 3                      | \$0.00         | \$0.12   |
| Craig Basson   | 1,000,000               | 30/11/2021 | Note B             | 3                      | \$0.00         | \$0.12   |
| Kris Martinick | <u>1,000,000</u>        | 30/11/2021 | Note B             | 3                      | \$0.00         | \$0.12   |
| <b>Total</b>   | <b><u>3,000,000</u></b> |            |                    |                        |                |  |

The Class B performance rights were converted to ordinary shares on 29 June 2022 as the performance condition had been achieved.



**Performance rights - Class C**

| Name           | Issued                  | Grant date | Vesting conditions | Time to expiry (years) | Exercise price | Fair value per performance right at grant date |
|----------------|-------------------------|------------|--------------------|------------------------|----------------|--|
| Wolf Martinick | 333,333                 | 30/11/2021 | Note C             | 3                      | \$0.00         | \$0.12   |
| Craig Basson   | 333,333                 | 30/11/2021 | Note C             | 3                      | \$0.00         | \$0.12   |
| Kris Martinick | <u>333,334</u>          | 30/11/2021 | Note C             | 3                      | \$0.00         | \$0.12   |
| <b>Total</b>   | <b><u>1,000,000</u></b> |            |                    |                        |                |  |

**Performance rights - Class D**

| Name           | Issued                  | Granted date | Vesting condition | Time to expiry (years) | Exercise price | Fair value per performance right at grant date |
|----------------|-------------------------|--------------|-------------------|------------------------|----------------|--|
| Wolf Martinick | 333,333                 | 30/11/2021   | Note D            | 3                      | \$0.00         | \$0.12   |
| Craig Basson   | 333,333                 | 30/11/2021   | Note D            | 3                      | \$0.00         | \$0.12   |
| Kris Martinick | <u>333,334</u>          | 30/11/2021   | Note D            | 3                      | \$0.00         | \$0.12   |
| <b>Total</b>   | <b><u>1,000,000</u></b> |              |                   |                        |                |  |

**Notes:**

**Class Performance right conditions**

- A Class A Rights will vest on completion of a commercial Gas Sales Agreement.
- B Class B Rights vest on change of control or listing Botala Energy Ltd on the ASX or similar securities exchange. This condition has been achieved.
- C Class C Rights will vest on the discovery of an independently certified 400bcf 2C Reserve in the Serowe Project.
- D Class D Rights will vest on a successful commercial pilot well in the Serowe Project.

Botala had raised funds at 12 cents prior to the Performance Rights being granted and vesting. A valuation calculation confirmed a value of 12 cents per Performance Right.

At the 30 June 2023 the Directors completed an assessment of the Performance Rights to comply with AASB 2 and determine if the above classes of Performance Rights were "more likely, or less likely to be converted into shares".

As the milestone had been achieved for Class B, these Performance Rights were converted to shares on 29 June 2022. The milestone for Class C was considered likely and has been expensed to the share-based reserve.

**Additional information**

The earnings of the Group for the five years to 30 June 2023 are summarised below:

|                         | 2023        | 2022        | 2021     | 2020     | 2019     |
|-------------------------|-------------|-------------|----------|----------|----------|
|                         | \$          | \$          | \$       | \$       | \$       |
| (Loss) after income tax | (1,365,936) | (1,097,771) | (96,501) | (16,400) | (20,828) |
| LTI achieved            | -           | 46%         | -        | -        | -        |

Botala listed on 14 July 2022 and was in operation from the period ended 30 June 2018. During this time the Directors remunerated consultants, employees and themselves with shares which aligns with the long-term performance of the company and to conserve the cash within Botala Energy Ltd.

The long-term incentive relates to the successful listing of Botala Energy Ltd.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

|  | 2023   | 2022   | 2021   | 2020   |
|--|--------|--------|--------|--------|
| Share price at financial year end (\$)       | 0.10   | 0.20   |        |        |
| Basic earnings per share (cents per share)   | (1.02) | (1.42) | (0.19) | (0.15) |
| Diluted earnings per share (cents per share) | (1.02) | (1.42) | (0.19) | (0.15) |

***This concludes the remuneration report, which has been audited.***

### **Shares under option**

Unissued ordinary shares of the company under option at the date of this report are as follows:

| Grant date       | Expiry date      | Exercise price | Number under option |
|------------------|------------------|----------------|---------------------|
| 17 February 2020 | 28 February 2025 | \$0.25         | 18,757,000          |
| 29 June 2022     | 12 July 2025     | \$0.25         | 6,188,957           |
|                  |                  |                | <u>24,945,957</u>   |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Botala or of any other body corporate.

### **Shares issued on the exercise of options**

There were no ordinary shares of Botala issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report. There were no options which had lapsed during the year ended 30 June 2023 and up to the date of this report.

### **Shares under performance rights**

There were no unissued ordinary shares of Botala Energy Ltd under performance rights outstanding at the date of this report.

### **Shares issued on the exercise of performance rights**

There were no ordinary shares of Botala Energy Ltd issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

### **Indemnity and insurance of officers**

Insurance and indemnity arrangements established in the previous year concerning Officers Botala were retained during the year ended 30 June 2023. Botala has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts, for current and former Directors and Officers, including Executive Officers, Directors and secretaries of Botala. The terms of the insurance policy contract do not allow disclosure of the premium. The insurance premiums relate to:

- (i) costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- (ii) other liabilities that may arise from their position, except for conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

### **Indemnity and insurance of auditor**

Botala has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Botala or any related entity against a liability incurred by the auditor.

During the financial year, the Botala has not paid a premium in respect of a contract to insure the auditor of the Botala or any related entity.

#### **Proceedings on behalf of Botala**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Botala, or to intervene in any proceedings to which the Botala is a party for the purpose of taking responsibility on behalf of the Botala for all or part of those proceedings.

#### **Non-audit services**

There were no non-audit services provided during the financial year by the auditor except for the preparation of the independent accountants report in the prospectus.

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

#### **Officers of Botala who are former partners of the auditor**

There are no officers of the Botala who are former partners of HLB Mann Judd (WA Partnership).

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

#### **Auditor**

Continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



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Kris Francis Martinick  
Chief Executive Officer



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Craig Basson  
Director and Chief Financial Officer

28 September 2023



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Botala Energy Ltd for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**28 September 2023**

**B G McVeigh**  
**Partner**

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.







|   |    |
|---|----|
| Consolidated statement of profit or loss and other comprehensive income | 26 |
| Consolidated statement of financial position                            | 27 |
| Consolidated statement of changes in equity                             | 28 |
| Consolidated statement of cash flows                                    | 29 |
| Notes to the consolidated financial statements                          | 30 |
| Directors' declaration  | 53 |
| Independent auditor's report to the members of Botala Energy Ltd        | 54 |
| Shareholder information   | 58 |

## **General information**

The financial statements cover Botala as a Group consisting of Botala and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Botala's functional and presentation currency.

Botala is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

### **Registered office**

24 Hasler Road, Osborne Park WA 6017

### **Principal place of business**

Unit 2, 22 Mounts Bay Road, Crawley WA 6009

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 September 2023. The Directors have the power to amend and reissue the financial statements.



**Botala Energy Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**



|  | <b>Note</b> | <b>Consolidated<br/>2023<br/>\$</b> | <b>2022<br/>\$</b> |
|--|-------------|-------------------------------------|--------------------|
| <b>Other income</b>  |             |                                     |                    |
| Interest received  |             | 86,905                              | 186                |
| <b>Expenses</b>  |             |                                     |                    |
| Share based payments   | 4           | (24,131)                            | (558,781)          |
| Share of losses of joint ventures accounted for using the equity method                                    | 11          | (445,205)                           | (37,120)           |
| Consulting fees  |             | (402,496)                           | (311,665)          |
| Finance costs  |             | (38,809)                            | (599)              |
| Consultancy cost   |             | (60,972)                            | (34,246)           |
| Marketing costs  |             | (136,737)                           | (69,142)           |
| Depreciation   |             | (7,601)                             | -                  |
| Administration costs   |             | (267,991)                           | (93,859)           |
| <b>(Loss) before income tax (expense)/benefit</b>  |             | <b>(1,297,037)</b>                  | <b>(1,105,226)</b> |
| Income tax (expense)/benefit   | 5           | (68,899)                            | 7,455              |
| <b>(Loss) after income tax (expense)/benefit for the year</b>  | 19          | <b>(1,365,936)</b>                  | <b>(1,097,771)</b> |
| <b>Other comprehensive (loss) / income</b>   |             |                                     |                    |
| <i>Items that will not be reclassified subsequently to profit or loss</i>                                  |             |                                     |                    |
| Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax |             | 44,254                              | 993,079            |
| Share of other comprehensive income of joint venture accounted for using equity method                     |             | -                                   | 325,933            |
| Joint venture foreign currency translation   |             | (49,649)                            | -                  |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                       |             |                                     |                    |
| Foreign currency translation   |             | 300                                 | -                  |
| Other comprehensive (loss) / income for the year, net of tax   |             | (5,095)                             | 1,319,012          |
| <b>Total comprehensive (loss) / income for the year</b>  |             | <b>(1,371,031)</b>                  | <b>221,241</b>     |
|  |             | <b>Cents</b>                        | <b>Cents</b>       |
| Basic loss per share   | 29          | (1.00)                              | (1.42)             |
| Diluted loss per share   | 29          | (1.00)                              | (1.42)             |

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Botala Energy Ltd**  
**Consolidated statement of financial position**  
**As at 30 June 2023**



|   |             | <b>Consolidated</b>      |                          |
|---|-------------|--------------------------|--------------------------|
|   | <b>Note</b> | <b>2023</b>              | <b>2022</b>              |
|   |             | <b>\$</b>                | <b>\$</b>                |
| <b>Current assets</b>   |             |                          |                          |
| Cash and cash equivalents   | 6           | 1,866,802                | 5,825,416                |
| Trade and other receivables                                       | 7           | 150,427                  | 47,217                   |
| Prepayments   | 10          | 53,622                   | 70,008                   |
| Total current assets  |             | <u>2,070,851</u>         | <u>5,942,641</u>         |
| <b>Non-current assets</b>   |             |                          |                          |
| Investment in joint venture                                       | 11          | 11,622,225               | 8,681,625                |
| Financial assets at fair value through other comprehensive income | 8           | -                        | 880,000                  |
| Property, plant and equipment                                     | 12          | 85,721                   | -                        |
| Right-of-use assets   | 9           | 557,592                  | -                        |
| Deferred tax assets   | 13          | -                        | 68,899                   |
| Total non-current assets  |             | <u>12,265,538</u>        | <u>9,630,524</u>         |
| <b>Total assets</b>   |             | <u>14,336,389</u>        | <u>15,573,165</u>        |
| <b>Liabilities</b>  |             |                          |                          |
| <b>Current liabilities</b>  |             |                          |                          |
| Trade and other payables  | 14          | 474,940                  | 726,769                  |
| Total current liabilities   |             | <u>474,940</u>           | <u>726,769</u>           |
| <b>Non-current liabilities</b>                                    |             |                          |                          |
| Trade and other payables  | 14          | -                        | 14,996                   |
| Lease liabilities   | 15          | 585,280                  | -                        |
| Deferred tax liabilities  | 16          | -                        | 192,000                  |
| Total non-current liabilities                                     |             | <u>585,280</u>           | <u>206,996</u>           |
| <b>Total liabilities</b>  |             | <u>1,060,220</u>         | <u>933,765</u>           |
| <b>Net assets</b>   |             | <u><u>13,276,169</u></u> | <u><u>14,639,400</u></u> |
| <b>Equity</b>   |             |                          |                          |
| Issued capital  | 17          | 13,372,240               | 13,388,571               |
| Reserves  | 18          | 677,759                  | 1,150,541                |
| Retained earnings / (Accumulated losses)                          | 19          | (773,830)                | 100,288                  |
| <b>Total equity</b>   |             | <u><u>13,276,169</u></u> | <u><u>14,639,400</u></u> |

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Botala Energy Ltd**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2023**



| <b>Consolidated</b>   | <b>Issued capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>(Accumulated losses)<br/>\$</b> | <b>Total equity<br/>\$</b> |
|---|------------------------------|------------------------|------------------------------------|----------------------------|
| Balance at 1 July 2021  | 2,120,898                    | 465,907                | (138,389)                          | 2,448,416                  |
| (Loss) after income tax benefit for the year                                  | -                            | -                      | (1,097,771)                        | (1,097,771)                |
| Other comprehensive income for the year, net of tax                           | -                            | 1,319,012              | -                                  | 1,319,012                  |
| Total comprehensive (loss) / income for the year                              | -                            | 1,319,012              | (1,097,771)                        | 221,241                    |
| <i>Transactions with owners in their capacity as owners:</i>                  |                              |                        |                                    |                            |
| Contributions of equity, net of transaction costs (note 17)                   | 10,907,673                   | -                      | -                                  | 10,907,673                 |
| Share-based payments  | 360,000                      | 702,070                | -                                  | 1,062,070                  |
| Transfer from disposal of financial assets through other comprehensive income | -                            | (1,010,515)            | 1,010,515                          | -                          |
| Transfer of joint venture accounting gain on disposal of financial assets     | -                            | (325,933)              | 325,933                            | -                          |
| Balance at 30 June 2022   | <u>13,388,571</u>            | <u>1,150,541</u>       | <u>100,288</u>                     | <u>14,639,400</u>          |
|   |                              |                        |                                    |                            |
| <b>Consolidated</b>   | <b>Issued capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>(Accumulated losses)<br/>\$</b> | <b>Total equity<br/>\$</b> |
| Balance at 1 July 2022  | 13,388,571                   | 1,150,541              | 100,288                            | 14,639,400                 |
| (Loss) after income tax expense for the year                                  | -                            | -                      | (1,365,936)                        | (1,365,936)                |
| Other comprehensive loss for the year, net of tax                             | -                            | (5,095)                | -                                  | (5,095)                    |
| Total comprehensive loss for the year   | -                            | (5,095)                | (1,365,936)                        | (1,371,031)                |
| <i>Transactions with owners in their capacity as owners:</i>                  |                              |                        |                                    |                            |
| Contributions of equity, net of transaction costs (note 17)                   | (16,331)                     | -                      | -                                  | (16,331)                   |
| Share-based payments  | -                            | 24,131                 | -                                  | 24,131                     |
| Transfer from disposal of financial assets through other comprehensive income | -                            | (491,818)              | 491,818                            | -                          |
| Balance at 30 June 2023   | <u>13,372,240</u>            | <u>677,759</u>         | <u>(773,830)</u>                   | <u>13,276,169</u>          |

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*



**Botala Energy Ltd**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2023**



|  |             | <b>Consolidated</b>         |                             |
|--|-------------|-----------------------------|-----------------------------|
|  | <b>Note</b> | <b>2023</b>                 | <b>2022</b>                 |
|  |             | <b>\$</b>                   | <b>\$</b>                   |
| <b>Cash flows from operating activities</b>                      |             |                             |                             |
| Payments to suppliers (inclusive of GST)                         |             | (814,791)                   | (364,825)                   |
| Interest received  |             | 86,905                      | 186                         |
| Interest and other finance costs paid                            |             | (4,161)                     | -                           |
|  |             | <u>                    </u> | <u>                    </u> |
| Net cash (used in) operating activities                          | 28          | <u>(732,047)</u>            | <u>(364,639)</u>            |
| <b>Cash flows from investing activities</b>                      |             |                             |                             |
| Payment for investment in joint venture                          |             | (3,500,256)                 | (1,653,189)                 |
| Payments for property, plant and equipment                       | 12          | (1,236)                     | -                           |
| Proceeds from sale of investments                                |             | 729,985                     | 1,745,080                   |
|  |             | <u>                    </u> | <u>                    </u> |
| Net cash from/(used in) investing activities                     |             | <u>(2,771,507)</u>          | <u>91,891</u>               |
| <b>Cash flows from financing activities</b>                      |             |                             |                             |
| Proceeds from issue of shares                                    | 17          | -                           | 5,752,000                   |
| Share issue transaction costs                                    |             | (455,060)                   | (289,718)                   |
|  |             | <u>                    </u> | <u>                    </u> |
| Net cash from/(used in) financing activities                     |             | <u>(455,060)</u>            | <u>5,462,282</u>            |
| Net increase/(decrease) in cash and cash equivalents             |             | (3,958,614)                 | 5,189,534                   |
| Cash and cash equivalents at the beginning of the financial year |             | 5,825,416                   | 635,882                     |
|  |             | <u>                    </u> | <u>                    </u> |
| Cash and cash equivalents at the end of the financial year       | 6           | <u><u>1,866,802</u></u>     | <u><u>5,825,416</u></u>     |

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Going concern**

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business and at the amounts stated in the financial statements.

Notwithstanding the fact that the Group incurred a loss after tax of \$1,365,936 and net cash outflow in operating activities of \$732,047 for the year, the Directors are of the opinion that the Group is a going concern. The Group had net current assets of \$1,595,911 net asset surplus of \$13,276,169 and a net cash outflow of \$3,958,614.

Based on the budgeted plans for the group, the group will need the following potential funding options and cash management initiatives noted below;

- The Group successfully raised \$1,300,000 on 22 September 2023 via an Institutional Placement and obtained \$400,000 of equipment for new shares in the Company at the same price as the Placement.
- The Group will continue to exercise appropriate cash management and monitoring of operating cashflows according to exploration success. Future exploration expenditure is generally discretionary in nature and exploration activities may be slowed or suspended as part of the Group's cash management strategy.
- The Group has demonstrated its ability to raise capital via equity placements to shareholders. Given the strong support of substantial shareholders and the prospectivity of the Group's current projects the Directors are confident that any future capital raisings will be successful.

Should the Group be unable to raise further debt or capital within the next 12 months with the initiatives detailed above, then there exists a material uncertainty that may cast significant doubt on whether the Group will be able to continue as a going concern and whether it will be required to realise assets and extinguish liabilities other than in the ordinary course of business and at the amounts stated in the financial statements.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### *Historical cost convention*

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

### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Botala Energy Ltd ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Botala Energy Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

## **Note 1. Significant accounting policies (continued)**

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

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

### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Botala Energy Ltd's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### **Revenue recognition**

The Group recognises revenue as follows:

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### **Income tax**

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

### **Current and non-current classification**

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

## **Note 1. Significant accounting policies (continued)**

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

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

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

### **Cash and cash equivalents**

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

### **Trade and other receivables**

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### **Investments and other financial assets**

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

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

#### *Financial assets at fair value through other comprehensive income*

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

#### *Impairment of financial assets*

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

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

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



## **Note 1. Significant accounting policies (continued)**

### **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

|                        |            |
|------------------------|------------|
| Buildings              | 40 years   |
| Leasehold improvements | 3-10 years |
| Plant and equipment    | 3-7 years  |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

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

## **Note 1. Significant accounting policies (continued)**

### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### **Employee benefits**

#### *Share-based payments*

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

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

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

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### **Issued capital**

Ordinary shares are classified as equity.

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

## **Note 1. Significant accounting policies (continued)**

### **Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Botala Energy Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### **Goods and Services Tax ('GST') and other similar taxes**

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

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

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

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

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Share-based payment transactions*

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

## **Note 2. Critical accounting judgements, estimates and assumptions (continued)**

### *Fair value measurement hierarchy*

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

### *Income tax*

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## **Note 3. Operating segments**

### *Identification of reportable operating segments*

The Group is organised into one operating segments: exploration. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The information reported to the CODM is on a monthly basis.

### *Geographical information*

|           | <b>Geographical non-current assets</b> |                  |
|-----------|--|------------------|
|           | <b>2023</b>                            | <b>2022</b>      |
|           | <b>\$</b>                              | <b>\$</b>        |
| Australia | 85,721                                 | 948,899          |
| Botswana  | 12,179,817                             | 8,681,625        |
|           | <u>12,265,538</u>                      | <u>9,630,524</u> |

## **Note 4. Share based payments**

|                      | <b>Consolidated</b> |                |
|----------------------|---------------------|----------------|
|                      | <b>2023</b>         | <b>2022</b>    |
|                      | <b>\$</b>           | <b>\$</b>      |
| Share based payments | <u>24,131</u>       | <u>558,781</u> |

During the current financial year share based payments relate to the issue of Performance Rights issued as an incentive to encourage future performance. The previous financial year share-based payments were issued to Consultants and consist of Performance Rights and options issued as an incentive to encourage future performance and the retention of consultants.



**Note 4. Share based payments (continued)**

| Tranche  | Number of Performance Rights | Milestone  |
|----------|------------------------------|--|
| <b>A</b> | 1,000,000                    | Completion of a Commercial Gas Sales Agreement.  |
| <b>B</b> | 3,000,000                    | Listing Botala Energy Ltd on the ASX or similar securities exchange. For the avoidance of doubt, the Tranche B Performance Rights will vest and convert to Shares as a condition of Admission. |
| <b>C</b> | 1,000,000                    | Discovery of an independently certified 400bcf 2C Resource in the Serowe CBM Project.  |
| <b>D</b> | 1,000,000                    | Successful commercial pilot well in the Serowe CBM Project.  |
| <b>E</b> | 1,100,000                    | Completion of a Commercial Gas Sales Agreement   |
| <b>F</b> | 1,100,000                    | Completion of a Commercial Electricity Sales Agreement   |
| <b>G</b> | 550,000                      | Employed or Consulting to Botala Energy Ltd on 31 December 2023  |

| Tranche  | Milestone  | More Likely or Less Likely   |
|----------|--|--|
| <b>A</b> | Completion of a Commercial Gas Sales Agreement   | Less Likely, as there are significant hurdles to obtain a Purchase Agreement from the Botswana Power Corporation   |
| <b>B</b> | Listing Botala Energy Ltd on the ASX or similar securities exchange. For the avoidance of doubt, the Tranche B Performance Rights will vest and convert to Shares as a condition of Admission. | This milestone has been met as conditional acceptance from the ASX had been received on 30 June 2022.  |
| <b>C</b> | Discovery of an independently certified 400bcf 2C Resource in the Serowe CBM Project   | More Likely, as a 317bcf 2C Resource was independently assessed by Sproule in Q3.  |
| <b>D</b> | Successful Commercial Pilot Well in the Serowe CBM Project   | Less Likely, around 75 CBM Wells drilled in Botswana – no success  |
| <b>E</b> | Completion of a Commercial Gas Sales Agreement   | Less Likely, as there are significant hurdles to obtain a Gas Purchase Agreement from the Botswana Power Corporation and a commercial gas well had not been completed at the grant date                          |
| <b>F</b> | Completion of a Commercial Electricity Sales Agreement   | Less Likely, as there are significant hurdles to obtain an Electricity Purchase Agreement from the Botswana Power Corporation as no definitive agreement had been completed with Solar Finland at the grant date |
| <b>G</b> | Employed or Consulting to Botala Energy Ltd on 31 December 2023  | More Likely, as the consultants have all been consulting to BTE for over a year  |

The total expense recognised arising from the performance rights for the year ended 30 June 2023 is \$24,131 (2022: 480,000). The Class B Performance Rights were converted to shares as at 29 June 2022.

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | <b>2023</b>         | <b>2022</b>    |
|   | <b>\$</b>           | <b>\$</b>      |
| Share based payments - Performance rights | 24,131              | 480,000        |
| Share based payments - Option expense     | -                   | 78,781         |
|   | <u>24,131</u>       | <u>558,781</u> |

**Note 5. Income tax expense/(benefit)**

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | <b>2023</b>         | <b>2022</b>    |
|   | <b>\$</b>           | <b>\$</b>      |
| <i>Income tax expense/(benefit)</i>   |                     |                |
| Deferred tax - origination and reversal of temporary differences                              | 68,899              | (7,455)        |
| Aggregate income tax expense/(benefit)  | <u>68,899</u>       | <u>(7,455)</u> |
| Deferred tax included in income tax expense/(benefit) comprises:                              |                     |                |
| Decrease/(increase) in deferred tax assets (note 13)  | 68,899              | (7,455)        |
| <i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i> |                     |                |
| (Loss) before income tax (expense)/benefit  | (1,297,037)         | (1,105,226)    |
| Tax at the statutory tax rate of 30%  | (389,111)           | (331,568)      |
| Prior year temporary differences not recognised now recognised                                | 56,404              | 21,094         |
| Deferred tax not recognised   | 209,606             | -              |
| Permanent differences   | -                   | 1,549          |
| Deferred tax recognised directly in equity  | 192,000             | 301,470        |
| Income tax expense/(benefit)  | <u>68,899</u>       | <u>(7,455)</u> |

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2023</b>         | <b>2022</b> |
|   | <b>\$</b>           | <b>\$</b>   |
| <i>Amounts credited directly to equity</i>                            |                     |             |
| Deferred tax liabilities (note 16)                                    | (192,000)           | (18,000)    |
| <i>Tax losses not recognised</i>                                      |                     |             |
| Unused tax losses for which no deferred tax asset has been recognised | 1,313,768           | 216,903     |
| Potential tax benefit @ 30%   | 394,130             | 65,071      |

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

**Note 6. Cash and cash equivalents**

|                       | <b>Consolidated</b> |                  |
|-----------------------|---------------------|------------------|
|                       | <b>2023</b>         | <b>2022</b>      |
|                       | <b>\$</b>           | <b>\$</b>        |
| <i>Current assets</i> |                     |                  |
| Cash at bank          | 466,802             | 5,825,416        |
| Cash on deposit       | 1,400,000           | -                |
|                       | <u>1,866,802</u>    | <u>5,825,416</u> |

**Note 7. Trade and other receivables**

|                                   | <b>Consolidated</b> |               |
|-----------------------------------|---------------------|---------------|
|                                   | <b>2023</b>         | <b>2022</b>   |
|                                   | <b>\$</b>           | <b>\$</b>     |
| <i>Current assets</i>             |                     |               |
| Other receivables                 | 87,129              | 5,851         |
| Goods and services tax receivable | 63,298              | 41,366        |
|                                   | <u>150,427</u>      | <u>47,217</u> |

*Allowance for expected credit losses*

The Group has recognised a loss of \$nil (2022: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023. All debtors at 30 June 2023 were within terms and therefore no allowance for expected credit loss has been recognised.

**Note 8. Financial assets at fair value through other comprehensive income**

|  | <b>Consolidated</b> |                |
|--|---------------------|----------------|
|  | <b>2023</b>         | <b>2022</b>    |
|  | <b>\$</b>           | <b>\$</b>      |
| Investment in shares of Pure Hydrogen Corporation Ltd - FVTOCI Level 1 | <u>-</u>            | <u>880,000</u> |

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

|                                  |                  |                |
|----------------------------------|------------------|----------------|
| Opening fair value               | 880,000          | 975,000        |
| Additions                        | -                | 675,000        |
| Disposals                        | (732,255)        | (1,745,080)    |
| Revaluation increments (Note 18) | <u>(147,745)</u> | <u>975,080</u> |
| Closing fair value               | <u>-</u>         | <u>880,000</u> |

**Note 9. Right-of-use assets**

|                                | <b>Consolidated</b> |             |
|--------------------------------|---------------------|-------------|
|                                | <b>2023</b>         | <b>2022</b> |
|                                | <b>\$</b>           | <b>\$</b>   |
| <i>Non-current assets</i>      |                     |             |
| Land - right-of-use            | 565,105             | -           |
| Less: Accumulated depreciation | <u>(7,513)</u>      | <u>-</u>    |
|                                | <u>557,592</u>      | <u>-</u>    |

The Group leases land for the proposed site of the Leupane Energy and Industrial Park and the Serowe Energy Hub under agreements of between 35 to 44 years with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The implicit interest rate used is 12%.

## **Note 9. Right-of-use assets (continued)**

### *Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| <b>Consolidated</b>     | Land and<br>Buildings<br>\$ | Total<br>\$    |
|-------------------------|-----------------------------|----------------|
| Balance at 1 July 2021  | -                           | -              |
| Balance at 30 June 2022 | -                           | -              |
| Additions               | 565,105                     | 565,105        |
| Exchange differences    | 53                          | 53             |
| Depreciation expense    | (7,566)                     | (7,566)        |
| Balance at 30 June 2023 | <u>557,592</u>              | <u>557,592</u> |

## **Note 10. Prepayments**

|                       | <b>Consolidated</b> |               |
|-----------------------|---------------------|---------------|
|                       | <b>2023</b>         | <b>2022</b>   |
|                       | \$                  | \$            |
| <i>Current assets</i> |                     |               |
| Prepayments           | <u>53,622</u>       | <u>70,008</u> |

Prepayments relate to expenditure which has been incurred but the economic benefits have not been utilised. The predominant amount relates to insurance expenditure covering future periods.

## **Note 11. Investment in joint venture**

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>2023</b>         | <b>2022</b>      |
|  | \$                  | \$               |
| <i>Non-current assets</i>                    |                     |                  |
| Investment in equity accounted joint venture | <u>11,622,225</u>   | <u>8,681,625</u> |

### *Reconciliation*

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

|   |                   |                  |
|---|-------------------|------------------|
| Opening carrying amount                             | 8,681,625         | 1,196,271        |
| (Loss) after income tax                             | (445,205)         | (37,120)         |
| Additions   | 3,435,454         | 1,283,061        |
| Additions through increasing ownership in associate | -                 | 5,913,480        |
| Movement through other comprehensive income         | (49,649)          | 325,933          |
| Closing carrying amount                             | <u>11,622,225</u> | <u>8,681,625</u> |



## **Note 11. Investment in joint venture (continued)**

The Company entered into a contract with Strata-X Australia Pty Ltd to farm-in to 49% of the Retention Licences and Tenements held by Strata-X's wholly owned subsidiary Sharpay Enterprises (Pty) Ltd.

Strata-X Australia Pty Ltd is a wholly owned subsidiary of Pure Hydrogen Corporation Ltd (ASX: PH2).

The Company was appointed as the Operator on 1 January 2021 and will retain its 49% interest by spending AUD \$6.1m by December 2023.

When listing on the ASX in July 2022, the Company agreed to acquire a further 21% of Strata-X participating interest in Sharpay Enterprises (Pty) Ltd. The consideration price was 27,236,557 ordinary shares issued to PH2 which amounted to \$5,447,311 (refer to note 17).

At 30 June 2023 the Company had a legal and beneficial interest of 70% of Sharpay Enterprises (Pty) Ltd.

At the date of this report \$6,309,737 (June 2022: \$2,241,771) had been spent.

As a result of the heads of agreement between the Company and Strata-X Australia Pty Ltd there is joint control in place notwithstanding the legal interest.

Refer to note 27 for further information on interests in joint ventures.

## **Note 12. Property, plant and equipment**

|                                | <b>Consolidated</b>  |                 |
|--------------------------------|----------------------|-----------------|
|                                | <b>2023</b>          | <b>2022</b>     |
|                                | <b>\$</b>            | <b>\$</b>       |
| <i>Non-current assets</i>      |                      |                 |
| Computer equipment - at cost   | 3,195                | -               |
| Less: Accumulated depreciation | (35)                 | -               |
|                                | <u>3,160</u>         | <u>-</u>        |
| Assets under construction      | 82,561               | -               |
|                                | <u><u>85,721</u></u> | <u><u>-</u></u> |

### *Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| <b>Consolidated</b>     | Computer<br>Equipment<br>\$ | Assets under<br>construction<br>\$ | Total<br>\$          |
|-------------------------|-----------------------------|------------------------------------|----------------------|
| Balance at 1 July 2021  | -                           | -                                  | -                    |
| Balance at 30 June 2022 | -                           | -                                  | -                    |
| Additions               | 3,195                       | 82,561                             | 85,756               |
| Depreciation expense    | (35)                        | -                                  | (35)                 |
| Balance at 30 June 2023 | <u><u>3,160</u></u>         | <u><u>82,561</u></u>               | <u><u>85,721</u></u> |

\* Assets under construction relates to establishment costs related to the Leupane Energy and Industrial Park & Serowe Energy Hub.

### **Note 13. Deferred tax assets**

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2023</b>         | <b>2022</b> |
|   | <b>\$</b>           | <b>\$</b>   |
| <i>Non-current assets</i>   |                     |             |
| Deferred tax asset comprises temporary differences attributable to: |                     |             |
| Amounts recognised in profit or loss:                               |                     |             |
| Tax losses  | -                   | 62,461      |
| Creditors and accruals  | -                   | 6,438       |
|   | <hr/>               | <hr/>       |
| Deferred tax asset  | -                   | 68,899      |
|   | <hr/>               | <hr/>       |
| Amount expected to be recovered after more than 12 months           | -                   | 68,899      |
|   | <hr/>               | <hr/>       |
| <i>Movements:</i>   |                     |             |
| Opening balance   | 68,899              | 61,444      |
| Credited/(charged) to profit or loss (note 5)                       | (68,899)            | 7,455       |
|   | <hr/>               | <hr/>       |
| Closing balance   | -                   | 68,899      |
|   | <hr/>               | <hr/>       |

### **Note 14. Trade and other payables**

|                                | <b>Consolidated</b> |             |
|--------------------------------|---------------------|-------------|
|                                | <b>2023</b>         | <b>2022</b> |
|                                | <b>\$</b>           | <b>\$</b>   |
| <i>Current liabilities</i>     |                     |             |
| Trade payables                 | 277,886             | 78,893      |
| Accruals                       | 197,054             | 647,876     |
|                                | <hr/>               | <hr/>       |
|                                | 474,940             | 726,769     |
|                                | <hr/>               | <hr/>       |
| <i>Non-current liabilities</i> |                     |             |
| Trade payables                 | -                   | 14,996      |
|                                | <hr/>               | <hr/>       |
|                                | 474,940             | 741,765     |
|                                | <hr/>               | <hr/>       |

Refer to note 21 for further information on financial instruments.

### **Note 15. Lease liabilities**

|  | <b>Consolidated</b> |             |
|--|---------------------|-------------|
|  | <b>2023</b>         | <b>2022</b> |
|  | <b>\$</b>           | <b>\$</b>   |
| <i>Non-current liabilities</i>                       |                     |             |
| Lease liability - Leupane Energy and Industrial Park | 421,412             | -           |
| Lease liability - Serowe Energy Hub                  | 163,868             | -           |
|  | <hr/>               | <hr/>       |
|  | 585,280             | -           |
|  | <hr/>               | <hr/>       |

Lease liabilities are classified as non-current due to the length of the lease being between 35 to 44 years and the impact of the time value of money.

**Note 15. Lease liabilities (continued)**

The following are the amounts recognised in profit or loss:

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2023</b>         | <b>2022</b> |
|   | \$                  | \$          |
| Depreciation expense of right-of-use assets | 7,566               | -           |
| Interest expense on lease liabilities       | 34,648              | -           |
| Expense relating to short-term leases       | 8,400               | -           |
|   | <u>50,614</u>       | <u>-</u>    |

The maturity analysis of lease liabilities is disclosed in note 21.

**Note 16. Deferred tax liabilities**

|  | <b>Consolidated</b> |                 |
|--|---------------------|-----------------|
|  | <b>2023</b>         | <b>2022</b>     |
|  | \$                  | \$              |
| <i>Non-current liabilities</i>   |                     |                 |
| Deferred tax liability comprises temporary differences attributable to:          |                     |                 |
| Amounts recognised in equity:  |                     |                 |
| Revaluation of financial assets at fair value through other comprehensive income | -                   | 192,000         |
| Deferred tax liability   | <u>-</u>            | <u>192,000</u>  |
| Amount expected to be settled after more than 12 months                          | <u>-</u>            | <u>192,000</u>  |
| <i>Movements:</i>  |                     |                 |
| Opening balance  | 192,000             | 210,000         |
| Credited to equity (note 5)  | <u>(192,000)</u>    | <u>(18,000)</u> |
| Closing balance  | <u>-</u>            | <u>192,000</u>  |

**Note 17. Issued capital**

|                              | <b>2023</b>        | <b>Consolidated</b> |                   |
|------------------------------|--------------------|---------------------|-------------------|
|                              | <b>Shares</b>      | <b>2022</b>         | <b>2023</b>       |
|                              |                    | <b>Shares</b>       | <b>\$</b>         |
| Ordinary shares - fully paid | <u>136,189,594</u> | <u>136,189,594</u>  | <u>13,372,240</u> |
|                              |                    |                     | <u>13,388,571</u> |

**Note 17. Issued capital (continued)**

*Movements in ordinary share capital*

| Details  | Date              | Shares             | Issue price | \$                |
|--|-------------------|--------------------|-------------|-------------------|
| Balance  | 1 July 2021       | 70,442,802         |             | 2,120,898         |
| Issue of Shares as Seed B - (1)                      | 16 September 2021 | 2,800,000          | \$0.12      | 336,000           |
| Issue of Shares to Directors in lieu of Fees - Q1    | 16 September 2021 | 1,125,000          | \$0.12      | 135,000           |
| Issue of Shares as Seed B - (2)                      | 24 September 2021 | 2,633,334          | \$0.12      | 316,000           |
| Issue of Shares as Seed B - Part (3)                 | 26 October 2021   | 833,333            | \$0.12      | 100,000           |
| Issue of Shares and Options for services - Tim Hoops | 6 December 2021   | 650,000            | \$0.12      | 78,000            |
| Issue of Shares to Directors in lieu of Fees - Q2    | 6 December 2021   | 1,152,778          | \$0.12      | 138,333           |
| Purchase Price - PH2 (21%)                           | 29 June 2022      | 27,236,557         | \$0.20      | 5,447,311         |
| Lead Manager Shares                                  | 29 June 2022      | 1,315,790          | \$0.20      | 263,158           |
| Conversion of Performance Rights (Class B)           | 29 June 2022      | 3,000,000          | \$0.20      | 360,000           |
| Public Offer   | 29 June 2022      | 25,000,000         | \$0.20      | 5,000,000         |
| Share issue costs                                    |                   | -                  | \$0.00      | (906,129)         |
| Balance  | 30 June 2022      | 136,189,594        |             | 13,388,571        |
| Share issue costs                                    |                   | -                  | \$0.00      | (16,331)          |
| Balance  | 30 June 2023      | <u>136,189,594</u> |             | <u>13,372,240</u> |

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Capital risk management*

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.



**Note 18. Reserves**

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>2023</b>         | <b>2022</b>      |
|  | <b>\$</b>           | <b>\$</b>        |
| Financial assets reserve                           | -                   | 447,564          |
| Foreign currency reserve                           | 300                 | -                |
| Share-based payments reserve                       | 144,131             | 120,000          |
| Options reserve                                    | 582,977             | 582,977          |
| Joint venture foreign currency translation reserve | (49,649)            | -                |
|  | <u>677,759</u>      | <u>1,150,541</u> |

*Financial assets reserve*

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income. At the year end an impairment was performed as there was evidence recoverable amount was below the fair value.

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

*Share-based payments reserve*

The reserve is used to recognise the value of performance right equity benefits provided to directors and employees as part of their remuneration. The performance rights have been valued using the Monte-Carlo Simulation method.

*Options reserve*

The reserve is used to recognise the value of equity benefits provided to the initial concept developers of the Botswana exploration assets to directors as part of their remuneration, and other parties as part of their compensation for services. The options have been valued using the Black-Scholes method.

*Joint venture foreign currency translation reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

## **Note 18. Reserves (continued)**

### *Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

| <b>Consolidated</b>          | Financial<br>asset<br>reserve<br>\$ | Options<br>reserve<br>\$ | Share<br>based<br>payments<br>reserve<br>\$ | Joint<br>venture<br>reserve<br>\$ | Foreign<br>currency<br>translation<br>reserve<br>\$ | Joint<br>venture<br>FCT<br>reserve<br>\$ | Total<br>\$ |
|------------------------------|-------------------------------------|--------------------------|---|-----------------------------------|---|--|-------------|
| Balance at 1 July 2021       | 465,000                             | 907                      | -   | -                                 | -   | -  | 465,907     |
| Revaluation - gross          | 975,079                             | -                        | -   | 325,933                           | -   | -  | 1,301,012   |
| Deferred tax                 | 18,000                              | -                        | -   | -                                 | -   | -  | 18,000      |
| Share based payments         | -                                   | 582,070                  | 120,000                                     | -                                 | -   | -  | 702,070     |
| Disposal of investment       | (1,010,515)                         | -                        | -   | (325,933)                         | -   | -  | (1,336,448) |
| Balance at 30 June 2022      | 447,564                             | 582,977                  | 120,000                                     | -                                 | -   | -  | 1,150,541   |
| Revaluation - gross          | (147,745)                           | -                        | -   | -                                 | -   | -  | (147,745)   |
| Deferred tax                 | 192,000                             | -                        | -   | -                                 | -   | -  | 192,000     |
| Share based payments         | -                                   | -                        | 24,131                                      | -                                 | -   | -  | 24,131      |
| Disposal of investment       | (491,819)                           | -                        | -   | -                                 | -   | -  | (491,819)   |
| Foreign currency translation | -                                   | -                        | -   | -                                 | 300   | (49,649)                                 | (49,349)    |
| Balance at 30 June 2023      | -                                   | 582,977                  | 144,131                                     | -                                 | 300   | (49,649)                                 | 677,759     |

## **Note 19. Retained earnings / (Accumulated losses)**

|  | <b>Consolidated</b> |                |
|--|---------------------|----------------|
|  | <b>2023</b>         | <b>2022</b>    |
|  | <b>\$</b>           | <b>\$</b>      |
| (Accumulated losses) / Retained profits at the beginning of the financial year | 100,288             | (138,389)      |
| (Loss) after income tax (expense)/benefit for the year                         | (1,365,936)         | (1,097,771)    |
| Transfer from disposal of financial assets through other comprehensive income  | 491,818             | 1,010,515      |
| Transfer of joint venture accounting gain on disposal of financial assets      | -                   | 325,933        |
| (Accumulated losses) / Retained profits at the end of the financial year       | <u>(773,830)</u>    | <u>100,288</u> |

## **Note 20. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

## **Note 21. Financial instruments**

### **Financial risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board monthly.

## **Note 21. Financial instruments (continued)**

### **Market risk**

#### **Interest rate risk**

The company's main interest rate risk arises from cash in bank as there are no loans outstanding.

| <b>Consolidated - 2023</b> | <b>Basis points change</b> | <b>Basis points increase</b> | <b>Effect on</b>        | <b>Basis points change</b> | <b>Basis points decrease</b> | <b>Effect on</b>        |
|----------------------------|----------------------------|------------------------------|-------------------------|----------------------------|------------------------------|-------------------------|
|                            |                            | <b>profit before tax</b>     | <b>Effect on equity</b> |                            | <b>profit before tax</b>     | <b>Effect on equity</b> |
| Cash and cash equivalents  | 100                        | <u>18,668</u>                | <u>18,668</u>           | (100)                      | <u>(18,668)</u>              | <u>(18,668)</u>         |

| <b>Consolidated - 2022</b> | <b>Basis points change</b> | <b>Basis points increase</b> | <b>Effect on</b>        | <b>Basis points change</b> | <b>Basis points decrease</b> | <b>Effect on</b>        |
|----------------------------|----------------------------|------------------------------|-------------------------|----------------------------|------------------------------|-------------------------|
|                            |                            | <b>profit before tax</b>     | <b>Effect on equity</b> |                            | <b>profit before tax</b>     | <b>Effect on equity</b> |
| Cash and cash equivalents  | 100                        | <u>58,254</u>                | <u>58,254</u>           | 50                         | <u>(29,127)</u>              | <u>(29,127)</u>         |

#### **Liquidity risk**

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

#### **Remaining contractual maturities**

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| <b>Consolidated - 2023</b> | <b>Weighted average interest rate %</b> | <b>1 year or less \$</b> | <b>Between 1 and 2 years \$</b> | <b>Between 2 and 5 years \$</b> | <b>Over 5 years \$</b> | <b>Remaining contractual maturities \$</b> |
|----------------------------|---|--------------------------|---------------------------------|---------------------------------|------------------------|--|
|----------------------------|---|--------------------------|---------------------------------|---------------------------------|------------------------|--|

#### **Non-derivatives**

##### **Non-interest bearing**

|                |   |         |   |   |   |         |
|----------------|---|---------|---|---|---|---------|
| Trade payables | - | 457,831 | - | - | - | 457,831 |
|----------------|---|---------|---|---|---|---------|

##### **Interest-bearing - variable**

|                              |        |                |               |                |                  |                  |
|------------------------------|--------|----------------|---------------|----------------|------------------|------------------|
| Lease liability              | 12.00% | 40,682         | 50,057        | 187,972        | 3,515,987        | 3,794,698        |
| <b>Total non-derivatives</b> |        | <u>498,513</u> | <u>50,057</u> | <u>187,972</u> | <u>3,515,987</u> | <u>4,252,529</u> |

| <b>Consolidated - 2022</b> | <b>Weighted average interest rate %</b> | <b>1 year or less \$</b> | <b>Between 1 and 2 years \$</b> | <b>Between 2 and 5 years \$</b> | <b>Over 5 years \$</b> | <b>Remaining contractual maturities \$</b> |
|----------------------------|---|--------------------------|---------------------------------|---------------------------------|------------------------|--|
|----------------------------|---|--------------------------|---------------------------------|---------------------------------|------------------------|--|

#### **Non-derivatives**

##### **Non-interest bearing**

|                              |   |                |               |          |          |                |
|------------------------------|---|----------------|---------------|----------|----------|----------------|
| Trade payables               | - | 726,769        | 14,996        | -        | -        | 741,765        |
| <b>Total non-derivatives</b> |   | <u>726,769</u> | <u>14,996</u> | <u>-</u> | <u>-</u> | <u>741,765</u> |

## **Note 21. Financial instruments (continued)**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

### ***Fair value of financial instruments***

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## **Note 22. Key management personnel disclosures**

### ***Directors***

The following persons were Directors of Botala Energy Ltd during the financial year:

|                        |   |
|------------------------|---|
| Wolf Gerhard Martinick | Executive Chairman                            |
| Craig Basson           | Chief Financial Officer and Company Secretary |
| Peter Grant            | Non-Executive Director                        |

### ***Other key management personnel***

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

|                        |  |
|------------------------|--|
| Kris Francis Martinick | Chief Executive Officer (Director until 31 January 2022) |
|------------------------|--|

### ***Compensation***

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

|                              | <b>Consolidated</b> |                  |
|------------------------------|---------------------|------------------|
|                              | <b>2023</b>         | <b>2022</b>      |
|                              | <b>\$</b>           | <b>\$</b>        |
| Short-term employee benefits | 580,000             | 330,000          |
| Share-based payments*        | -                   | 753,333          |
| Incentives                   | 150,000             | -                |
| Other                        | 29,438              | -                |
|                              | <u>759,438</u>      | <u>1,083,333</u> |

\* Share based payments in the previous financial year relate to \$166,834 director fees and consulting fees settled in ordinary shares during the year. Performance rights of \$480,000 converted into shares during the previous year.

## **Note 23. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by the auditor of the Company:

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
|   | <b>2023</b>         | <b>2022</b>   |
|   | <b>\$</b>           | <b>\$</b>     |
| <i>Audit services -</i>                     |                     |               |
| Audit or review of the financial statements | 50,000              | 18,000        |
| <i>Other services -</i>                     |                     |               |
| Independant Accountants Report              | -                   | 15,000        |
|   | <u>50,000</u>       | <u>33,000</u> |

## **Note 24. Related party transactions**

### *Parent entity*

Botala Energy Ltd is the parent entity.

### *Subsidiaries*

Interests in subsidiaries are set out in note 26.

### *Joint ventures*

Interests in joint ventures are set out in note 27.

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the Directors' report.

### *Transactions with related parties*

The following transactions occurred with related parties:

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2023</b>         | <b>2022</b> |
|   | <b>\$</b>           | <b>\$</b>   |
| Payment for other expenses:                         |                     |             |
| Fees paid to key management personnel - Cash        | 580,000             | 330,000     |
| Fees paid to key management personnel - Share based | -                   | 753,333     |
| Incentives paid to key management personnel - Cash  | 150,000             | -           |
| Other - Cash  | 29,438              | -           |

### *Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

The following balances are outstanding at the reporting date in relation to related parties balances:

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2023</b>         | <b>2022</b> |
|   | <b>\$</b>           | <b>\$</b>   |
| Earn-in paid to date to Sharpay Enterprises (Pty) Ltd | 6,309,737           | 1,883,821   |

### *Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.



## **Note 25. Parent entity information**

Set out below is the supplementary information about the parent entity.

### *Statement of profit or loss and other comprehensive income*

|                          | <b>Parent</b> |             |
|--------------------------|---------------|-------------|
|                          | <b>2023</b>   | <b>2022</b> |
|                          | <b>\$</b>     | <b>\$</b>   |
| (Loss) after income tax  | (1,323,186)   | (1,097,771) |
| Total comprehensive loss | (1,323,186)   | (1,097,771) |

### *Statement of financial position*

|  | <b>Parent</b> |             |
|--|---------------|-------------|
|  | <b>2023</b>   | <b>2022</b> |
|  | <b>\$</b>     | <b>\$</b>   |
| Total current assets                               | 2,037,221     | 5,942,641   |
| Total assets                                       | 13,793,559    | 15,573,165  |
| Total current liabilities                          | 474,940       | 726,769     |
| Total liabilities                                  | 474,940       | 933,765     |
| Net assets   | 13,318,619    | 14,639,400  |
| Equity   |               |             |
| Issued capital                                     | 13,372,240    | 13,388,571  |
| Financial assets reserve                           | -             | 447,564     |
| Share-based payments reserve                       | 144,131       | 120,000     |
| Options reserve                                    | 582,977       | 582,977     |
| Joint venture foreign currency translation reserve | (49,649)      | -           |
| (Accumulated losses) / Retained profits            | (731,080)     | 100,288     |
| Total equity                                       | 13,318,619    | 14,639,400  |

### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2023.

### *Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2023.

### *Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## **Note 26. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

| Name                         | Principal place of business /<br>Country of incorporation | Ownership interest |           |
|------------------------------|---|--------------------|-----------|
|                              |   | 2023<br>%          | 2022<br>% |
| Botala Operations Pty Ltd    | Australia   | 100%               | 100%      |
| BotsGas (Botswana) (Pty) Ltd | Botswana  | 100%               | 100%      |
| BotsHydrogen (Pty) Ltd       | Botswana  | 100%               | 100%      |
| Botala Renewables (Pty) Ltd  | Botswana  | 100%               | 100%      |

## **Note 27. Interests in joint ventures**

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

| Name                        | Principal place of business /<br>Country of incorporation | Ownership interest |           |
|-----------------------------|---|--------------------|-----------|
|                             |   | 2023<br>%          | 2022<br>% |
| Sharpay Enterprises Pty Ltd | Botswana  | 70%                | 70%       |

### *Summarised financial information*

|   | 2023<br>\$ | 2022<br>\$ |
|---|------------|------------|
| <i>Summarised statement of financial position</i> |            |            |
| Current assets                                    | 41,311     | 39,867     |
| Non-current assets                                | 6,551,519  | 3,871,500  |
| Total assets                                      | 6,592,830  | 3,911,367  |
| Current liabilities                               | 6,855,890  | 3,519,913  |
| Total liabilities                                 | 6,855,890  | 3,519,913  |
| Net assets/(liabilities)                          | (263,060)  | 391,454    |

### *Summarised statement of profit or loss and other comprehensive income*

|                                     |           |          |
|-------------------------------------|-----------|----------|
| Other expenses                      | (636,008) | (53,649) |
| (Loss) before income tax            | (636,008) | (53,649) |
| Other comprehensive income          | -         | 465,618  |
| Total comprehensive (loss) / income | (636,008) | 411,969  |

### *Reconciliation of the Group's carrying amount*

|  |           |          |
|--|-----------|----------|
| Opening carrying amount                      | 281,361   | (7,018)  |
| Share of (loss) after income tax             | (445,205) | (37,554) |
| Share of other comprehensive (loss) / income | (49,649)  | 325,933  |
| Closing carrying amount                      | (213,493) | 281,361  |

**Note 28. Reconciliation of (loss) after income tax to net cash (used in) operating activities**

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>2023</b>         | <b>2022</b>      |
|  | <b>\$</b>           | <b>\$</b>        |
| (Loss) after income tax (expense)/benefit for the year | (1,365,936)         | (1,097,771)      |
| Adjustments for:                                       |                     |                  |
| Depreciation and amortisation                          | 7,601               | -                |
| Share of loss - joint ventures                         | 445,205             | 37,120           |
| Share based payments                                   | 24,131              | 558,781          |
| Change in operating assets and liabilities:            |                     |                  |
| Increase in trade and other receivables                | (103,210)           | (5,711)          |
| Increase in deferred tax assets                        | (23,049)            | (7,455)          |
| Decrease / (Increase) in prepayment                    | 16,386              | (56,740)         |
| Increase in trade and other payables                   | 266,825             | 225,137          |
| Decrease in deferred tax liabilities                   | -                   | (18,000)         |
| Net cash (used in) operating activities                | <u>(732,047)</u>    | <u>(364,639)</u> |

**Note 29. Loss per share**

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>2023</b>         | <b>2022</b>        |
|   | <b>\$</b>           | <b>\$</b>          |
| (Loss) after income tax   | <u>(1,365,936)</u>  | <u>(1,097,771)</u> |
|   | <b>Number</b>       | <b>Number</b>      |
| Weighted average number of ordinary shares used in calculating basic loss per share   | <u>136,189,594</u>  | <u>77,446,948</u>  |
| Weighted average number of ordinary shares used in calculating diluted loss per share | <u>136,189,594</u>  | <u>77,446,948</u>  |
|   | <b>Cents</b>        | <b>Cents</b>       |
| Basic loss per share  | (1.00)              | (1.42)             |
| Diluted loss per share  | (1.00)              | (1.42)             |

**Note 30. Events after the reporting period**

On 4 September 2023 the Company announced that Serowe-3.2 well was successfully spudded and the commencement of the first of four additional wells around Serowe-3 well of Project Pitse's commercial pilot programme.

On 5 September 2023 the Company announced gas flaring at Serore-3.1 well.

On 22 September 2023 the Company announced the successful completion of \$1,300,000 capital raise via Institutional Placement. A Service provider will also provide \$400,000 of equipment for New Shares in the Company at the same price as the Placement.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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Kris Francis Martinick  
Chief Executive Officer



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Craig Basson  
Director and Chief Financial Officer

28 September 2023

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Botala Energy Ltd

**Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of Botala Energy Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**hlb.com.au**

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| Key Audit Matter  | How our audit addressed the key audit matter  |
|---|---|
| <b>Sharpay Enterprises Pty Ltd Joint Venture Accounting</b><br>Refer to Notes 11 and 27   |   |
| <p>The carrying amount of the investment in the joint venture as at 30 June 2023 is \$11,622,225 including the share of joint venture loss and other comprehensive income for the year then ended.</p> <p>This transaction was considered a key audit matter as it involved a number of complexities and formed a large component of the overall financial position of the Group at 30 June 2023.</p> | <p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Reviewed management's accounting treatment of the joint arrangement.</li> <li>• Considered the Directors' assessment of potential indicators of impairment in addition to making our own assessment;</li> <li>• Substantiated the statement of financial position and results of the joint venture for the year to ensure that the share of joint venture loss is correctly calculated;</li> <li>• Obtained evidence that the joint venture has current rights to tenure of its areas of interest;</li> <li>• Considered the nature and extend of planned ongoing exploration activities for the joint venture;</li> <li>• Vouched the cash payments made in relation to contributions to the joint venture.</li> <li>• Assessed the appropriateness of disclosures made in the financial report.</li> </ul> |

#### *Information Other than the Financial Report and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON THE REMUNERATION REPORT**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Botala Energy Ltd for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**28 September 2023**



**B G McVeigh**  
**Partner**

The shareholder information set out below was applicable as at 18 September 2023.

## Equity security holders

*Distribution of Shareholdings as at 18 September 2023*

| Range            | Total holders | Units              | % Units       |
|------------------|---------------|--------------------|---------------|
| 1 - 1,000        | 8             | 1,967              | -             |
| 1,001 - 5,000    | 23            | 77,515             | 0.06          |
| 5,001 - 10,000   | 190           | 1,857,273          | 1.36          |
| 10,001 - 100,000 | 219           | 7,788,283          | 5.72          |
| 100,001 Over     | 83            | 126,464,556        | 92.86         |
| <b>Total</b>     | <b>523</b>    | <b>136,189,594</b> | <b>100.00</b> |

## On-market buy-back

There is no current on-market buy-back

## Unmarketable Parcels

|  | Minimum Parcel Size | Holders | Units  |
|--|---------------------|---------|--------|
| Minimum \$ 500.00 parcel at \$ 0.2100 per unit | 3,572               | 21      | 35,616 |

## Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

|   | Ordinary shares    |                          |
|---|--------------------|--------------------------|
|   | Number held        | % of total shares issued |
| DR WOLF-GERHARD MARTINICK                         | 33,891,452         | 24.89                    |
| PURE HYDROGEN CORPORATION LIMITED                 | 27,236,557         | 20.00                    |
| MR KRIS FRANCIS MARTINICK                         | 11,716,151         | 8.60                     |
| CORPSERV PTY LTD                                  | 5,920,000          | 4.35                     |
| MARTINICK INVESTMENTS PTY LTD                     | 3,000,000          | 2.20                     |
| JCM1 PTY LTD AH AND JK FAMILY A/C>                | 2,860,000          | 2.10                     |
| VIC BULLO SUPER PTY LTD THE BULLO SUPER FUND A/C> | 2,305,000          | 1.69                     |
| CHRISTIAN PEDERSEN AFT CRUSTYRA A/C>              | 2,200,000          | 1.62                     |
| GLENHURST SUPER FUND PTY LTD                      | 1,977,778          | 1.45                     |
| MR NIGEL HOUGH +                                  | 1,580,800          | 1.16                     |
| YEOVIL HOLDINGS PTY LTD                           | 1,517,281          | 1.11                     |
| BERENES SUPER FUND PTY LTD                        | 1,500,000          | 1.10                     |
| STEPHEN BIRD                                      | 1,500,000          | 1.10                     |
| INKJAR PTY LTD                                    | 1,500,000          | 1.10                     |
| DIRK GERHARD MARTINICK                            | 1,500,000          | 1.10                     |
| CITICORP NOMINEES PTY LIMITED                     | 1,065,295          | 0.78                     |
| ROBERT LARKE                                      | 1,000,000          | 0.73                     |
| TRIBECA NOMINEES PTY LTD                          | 1,000,000          | 0.73                     |
| CHALLENGE RESOURCES PTY LTD                       | 916,667            | 0.67                     |
| KA GEORGE + RJ GEORGE                             | 900,000            | 0.66                     |
|   | <b>105,086,981</b> | <b>77.14</b>             |

**Unquoted equity securities**

Unlisted securities have no voting rights until conversion as fully paid shares.

The Company has the following unquoted securities:

| <b>Class</b>   | <b>Number</b> |
|--|---------------|
| Tranche A Performance Rights   | 1,000,000     |
| Tranche C Performance Rights   | 1,000,000     |
| Tranche D Performance Rights   | 1,000,000     |
| Tranche E Performance Rights   | 1,100,000     |
| Tranche F Performance Rights   | 1,100,000     |
| Tranche G Performance Rights   | 550,000       |
| Options with an exercise price of \$0.25 each and expiring on 28 February 2025 | 18,757,000    |
| Options with an exercise price of \$0.25 each and expiring on 12 July 2025     | 4,688,957     |

**Restricted securities**

The following table provides the number of Securities subject to ASX restrictions and the restriction period applied to those securities.

| <b>Class</b>   | <b>Number</b> | <b>Restriction period</b>                      |
|--|---------------|--|
| Shares   | 82,872,927    | 24 months from the date of official quotation. |
| Options with an exercise price of \$0.25 each and expiring on 28 February 2025 | 18,757,000    | 24 months from the date of official quotation. |
| Options with an exercise price of \$0.25 each and expiring on 12 July 2025     | 4,688,957     | 24 months from the date of official quotation. |
| Tranche A Performance Rights   | 1,000,000     | 24 months from the date of official quotation. |
| Tranche C Performance Rights   | 1,000,000     | 24 months from the date of official quotation. |
| Tranche D Performance Rights   | 1,000,000     | 24 months from the date of official quotation. |

**Substantial holders**

Substantial holders in the Company are set out below:

**Voting rights**

The voting rights attached to ordinary shares are set out below:

**Ordinary shares**

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

**Company Secretary**

The name of the Company Secretary is Mr. Craig Basson

**Registered Office**

The address and telephone details of the registered and administrative office:

24 Hasler Road  
Osborne Park, Western Australia, 6017

Telephone: 0431 527 885



## **Securities Register**

The address and telephone number of the office at which a register of securities is kept:

Computershare Investor Services Pty Ltd  
Level 17  
221 St Georges Terrace  
Perth WA 6000

Telephone: +61 (8) 9323 2000  
Free line: 1300 850 505  
Facsimile: +61 (8) 9323 2033

## **Securities Exchange**

The Company's listed equity securities are quoted on the Australian Securities Exchange

## **Interests in Prospecting Licences**

| <b>Prospecting licence number</b> | <b>Expiry Date</b> | <b>Interest owned %</b> |
|-----------------------------------|--------------------|-------------------------|
| 016/2018                          | 20/02/2025         | 70.00                   |
| 018/2018                          | 20/02/2025         | 70.00                   |
| 019/2018                          | 20/02/2025         | 70.00                   |
| 356/2018                          | 30/09/2023         | 70.00                   |
| 357/2018                          | 30/09/2023         | 70.00                   |
| 400/2018                          | 30/09/2023         | 70.00                   |
| 055/2021                          | 31/03/2024         | 70.00                   |

\* The interest shown in each of the licences represents the legal interest percentage that Botala Energy Ltd owns.