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BOTALA SIGNS STRATEGIC LNG TERM SHEET WITH FFS REFINERS TO ADDRESS SOUTHERN AFRICA'S GAS CRISIS

Highlights:

- 1. Strategic Partnership Established:** Botala Energy Ltd and FFS Refiners (Pty) Ltd have signed a Term Sheet for a long-term Liquefied Natural Gas (**LNG**) supply agreement to address Southern Africa's growing demand for cleaner energy solutions.
- 2. Planned LNG Supply Volumes:** Initial production capacity is targeted at 50 tons per day by late 2026, scaling up to over 200 tons per day by 2028, positioning Botala as a key supplier of LNG for industrial and commercial sectors.
- 3. Formalising Long-Term Commitments:** The Term Sheet outlines key conditions, including regulatory approvals, financial structuring, and infrastructure development, to ensure seamless delivery of LNG from Botswana's Serowe Wellfield to South Africa.
- 4. Collaborative Development Across the LNG Value Chain:** Beyond supply, the agreement explores opportunities for midstream and downstream collaboration to enhance distribution networks and customer accessibility.

Botala Energy Ltd (**ASX: BTE**) ("**Botala**") is pleased to announce the execution of a non-binding Term Sheet with FFS Refiners (Pty) Ltd (**FFS**), a South African hydrocarbon solutions leader, to establish a long-term LNG supply agreement. This partnership will leverage Botala's coal bed methane (CBM) resources from the Serowe Wellfield and FFS's established market presence in South Africa to deliver reliable and sustainable energy solutions across the region.

The Term Sheet outlines a phased approach to LNG production and supply, with initial volumes of 50 tons per day targeted by late 2026 and scalability to meet future demand. This agreement is a cornerstone of Botala's strategy to commercialise its CBM resources and address the growing demand for cleaner fuels in industrial and commercial markets.

Dual Partnerships: Strengthening Supply, Diversifying Demand

This agreement with FFS Refiners complements Botala's recent partnership with NOVO Energy, creating a diversified strategy to address Southern Africa's escalating gas crisis. While the NOVO agreement focuses on developing a regional LNG supply chain with a strong emphasis on midstream logistics and distribution to a broad range of markets, the FFS partnership leverages an established downstream customer base and infrastructure tailored for industrial and commercial sectors. Together, these agreements enhance Botala's ability to scale production and reach diverse market segments, while strategically mitigating risks by distributing supply across multiple partners. This dual-pronged approach not only strengthens Botala's position as a critical energy supplier but also provides the flexibility to meet varying customer demands, ensuring greater resilience in addressing the region's urgent need for cleaner energy solutions.

Kris Martinick, CEO, Botala Energy Ltd: *"This agreement with FFS Refiners builds on the increasing momentum and overwhelming interest we've received for gas supply from our Serowe CBM Project. South Africa's looming gas shortage has created a desperate situation for industries seeking reliable and cleaner energy alternatives. Our partnership with FFS allows us to step up and provide a solution that directly addresses this pressing need."*

The collaboration positions Botala as a critical player in meeting the energy demands of a region in transition. By combining our scalable CBM resources with FFS's established network, we can deliver sustainable energy solutions to industries at a time when they need them most. This is not just about energy security—it's about leading the way in the regional energy transition to cleaner fuels while supporting economic and industrial growth in Southern Africa."

The Term Sheet establishes a collaborative framework for the partnership between Botala and FFS Refiners, detailing key responsibilities, production targets, and conditions precedent.

Key Provisions of the Agreement:

LNG Supply Commitment:

- Botala will produce LNG from its Serowe Wellfield, with an initial supply capacity of 50 tons per day by 2026.
- Supply volumes will scale up to over 200 tons per day by 2028, aligning with increasing market demand in South Africa.
- The LNG will be transported to FFS's distribution network, ensuring reliable access to industrial and commercial end-users.

Phased Approach to Delivery:

- **Phase 1:** Initial production and supply of 50 tons per day, supported by infrastructure development at the Serowe Wellfield.
- **Phase 2:** Scaling production capacity to over 200 tons per day through additional wellfield development and midstream investments.

Conditions Precedent:

- **Regulatory Approvals:** The agreement is contingent on securing all necessary environmental and operational permits for the Serowe Wellfield and associated LNG facilities.
- **Infrastructure Development:** Both parties will collaborate on finalising midstream and downstream infrastructure requirements, including LNG processing, storage, and distribution facilities.
- **Financial Structuring:** Botala and FFS will finalise project financing arrangements to support the phased rollout of production and supply capacity.
- **Gas Sale Agreement (GSA):** A formal GSA will be executed by 28 February 2025, detailing pricing mechanisms, delivery schedules, and logistics.

Responsibilities of the Parties:

- **Botala:** Responsible for gas production, processing, and LNG logistics from the Serowe Wellfield to South Africa.
- **FFS:** Will manage midstream and downstream operations, including LNG distribution, customer sales, and market expansion strategies.

Collaborative Initiatives:

Explore joint investments in midstream infrastructure, such as LNG storage facilities and distribution hubs, to enhance the efficiency of the supply chain. Identify opportunities to expand the customer base for LNG in industrial, commercial, and transportation sectors across Southern Africa.

Condition Precedents and Path to Binding Agreement

The Term Sheet remains non-binding until the satisfaction of key conditions precedent, which include:

1. **Regulatory Compliance:** Obtaining necessary environmental, safety, and operational approvals in Botswana and South Africa for LNG production and distribution.
2. **Project Financing:** Completion of financial structuring, including securing funding for infrastructure development and operational requirements.
3. **Finalisation of GSA:** Execution of a binding GSA by 28 February 2025 and other commercial terms.
4. **Operational Readiness:** Completion of necessary wellfield upgrades, installation of LNG processing facilities, and midstream logistics infrastructure to support initial production volumes.

Upon satisfaction of these conditions, the Term Sheet will transition into a binding agreement, paving the way for phased LNG production and supply to FFS.

Summary of FFS Refiners' Business

FFS Refiners, based in South Africa, is a leading hydrocarbon solutions provider with over five decades of experience. The company specialises in developing tailored fuel solutions for industrial and commercial clients, focusing on reliability, innovation, and sustainability.

Since 2019, FFS has been a pioneer in South Africa's LNG sector, becoming the first company to import LNG into the country.

FFS's commitment to sustainability is evident in their focus on cleaner fuels like LNG, aligning with global efforts to reduce carbon emissions and transition to greener energy alternatives. Their strong market presence and customer network make them an ideal partner for Botla in developing a regional LNG supply chain.

Overview of FFS Refiners

Established over 50 years ago, FFS Refiners is a leading South African hydrocarbon solutions provider.

- Focuses on producing and distributing fuels tailored for industrial, commercial and transportation sectors.
- Recognised for pioneering the import and distribution of LNG in South Africa since 2019.

FFS Refiners – Providing Unique Hydrocarbon Solutions

Business Areas

- **Fuel Production:** Specialises in producing industrial fuels and bespoke hydrocarbon products.
- **Sustainability Initiatives:** Actively invests in clean energy solutions like LNG to reduce carbon emissions.

Future Vision

FFS aims to expand its LNG operations through strategic partnerships like the one with Botla. Their goal is to lead Southern Africa's transition to cleaner energy sources while meeting the growing energy demands of industrial and commercial markets.

Next Steps

With the signing of the Terms Sheet between Botla and FFS, the focus now shifts to meeting the conditions precedent and advancing the partnership toward a binding GSA. The immediate next steps will be focused on the conclusion of a GSA.

These steps will solidify the partnership between Botla and FFS, paving the way for scalable LNG production and supply to address the urgent energy needs of Southern Africa.

Andrew Canning, CEO, FFS Refiners: *"We are thrilled to partner with Botla to expand our LNG offerings in South Africa. Botla's Serowe CBM Project can provide a reliable and scalable gas supply, enabling us to meet the growing demand for cleaner energy solutions across industries. This partnership is a key step in achieving our vision of delivering sustainable, cost-effective hydrocarbon solutions to our customers while supporting the region's energy transition."*

BY ORDER OF THE BOARD

Yours faithfully

BOTALA ENERGY LTD



Kris Martinick
Chief Executive Officer

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This report is lodged on Botla's website, www.botalaenergy.com

About Botala

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

Forward-looking Statements

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