



Botala Energy_{Ltd}

Botala Energy Ltd

(Formerly known as BotsGas Pty Ltd)

ABN 41 626 751 620

Interim Report - 31 December 2021

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 'Botala', the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

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

Dr Wolf Gerhard Martinick	Chairperson
Mr Kris Francis Martinick	Chief Executive Officer
Mr Craig Basson	Chief Financial Officer
Mr Peter Desmond Grant	Non-executive Director

The directors have been in office since the start of the financial year to the date of this report except for Mr Peter Desmond Grant who became a director on the 1 December 2021 and Mr Kris Martinick who resigned as a director on the 31 January 2022.

Principal activities

The principal activity of Botala during the period was focused on coal-bed methane (CBM) exploration and development of renewable energy in Botswana.

No significant changes to the nature of Botala's activity occurred during the financial period.

Dividends

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

Review of operations

The loss for the Group after providing for income tax amounted to \$202,667 (31 December 2020: \$99,967).

A review of Botala's operations during the financial period, and the results of those operations, is as follows:

Fund raising

Botala raised \$1,103,333 (30 June 2021: \$1,037,404) before transaction costs during the period and issued 9,194,445 (30 June 2021: 27,714,500) shares to fund its exploration and development activities in Botswana.

Drilling

During the period, three wells, Serowe 3, 4, and 5, were drilled. Detailed geophysical monitoring has been completed on Serowe 3. Results confirmed the accuracy of the regional geological model and further enhanced geological understanding and confidence. Results of the Serowe 1 to 3 wells have been appraised and resulted in a significant upgrade of the CBM resources. The independently certified 2C contingent resource increased by 136 billion cubic feet (bcf) from an estimated 24 billion cubic feet (bcf) to 160 bcf. In addition, the prospective resource within the Botala total tenement holding increased from 6.3 to 10.1 trillion cubic feet.

Name change to Botala Energy Ltd

Botala anticipates becoming a dependable energy producer in Botswana, ultimately with net zero carbon emissions, facilitating the transition to renewables, especially solar supported by batteries and CBM fired generators to provide sustainable baseloads. With this focus on renewable energy, on 6 July 2021, the shareholders approved to change the name from Botsgas Pty Ltd to Botala Energy Limited. The name change occurred on 3 September 2021. Botala is the Setswana word for blue and green and also means "success." Botala will keep the Zebra and blue and black colours in the logo. The Zebra being the national animal of Botswana and blue and black being their national colours.

Changed from private to public company

On 6 July 2021, Botala obtained shareholders approval to change from a proprietary limited company to a public limited company and to change the Constitution as required for a public company.

Negotiated to increase the Botala's interest in the Serowe project by 21% to 70%.

Botala negotiated terms with Pure Hydrogen Corporation Ltd (PH2) that will allow Botala to increase its 49% interest in the Serowe Project by 21% to 70% by giving PH2 a 19.999% interest in Botala immediately post listing. To retain a 49% interest, Botala must continue to meet the farmin commitment of A\$6.1 million. On 31 December 2021, Botala had spent \$2.2 million of this amount.

Energy, Hydrogen and renewables

Botala has a Memorandum of Understanding with PH2 to produce and distribute hydrogen in southern Africa using PH2's Australian experience and business model. Botala is working on establishing the Lupani energy and industrial hub near the town of Serowe in Botswana. It is envisaged that energy hub will grow in stages and consist of reliable solar and gas generated electricity and potentially battery storage to meet Botswana's electricity demand and ultimately export energy. Hydrogen production and distribution is also contemplated, with PH2 providing hydrogen support.

Lupani Energy and Industrial Park

During the period, Botala negotiated with the Ngwato Trust the acquisition of 1,520 ha near the Serowe CBM project for development of an Energy and Industrial Park, complete with the proposed energy hub to provide reliable electricity. Botala has initiated discussions with potential solar partners to provide technical skills, procurement, and funding.

Loci Environmental, an experienced Moptswana environmental consulting company, have submitted study briefs to the Botswana Department of Environmental Affairs to determine the level of assessment to be nominated for development of commercial production of CBM on the Serowe Project Area. This includes a pipeline corridor and establishment of the proposed Lupani Industrial Park complete with the Lupani Energy Hub. Necessary approvals are anticipated to be awarded by late 2022.

Gas Sales Agreement Tender

Botala is part of IK Holdings' tender to supply the Orapa power station with CBM submitted during the period. The tender group have been advised that it has been short listed and will be advised soon of the outcome. The target is to supply commercial volumes of CBM in late 2023.

Appointment of a Lead Broker for the Initial Public Offer

On 23 November 2022, Botala appointed GTT Ventures Pty Ltd to act as lead broker for Botala's planned Initial Public Offer (IPO) for May 2022. Botala plans to raise up to \$7 million at 20 cents for the IPO and will issue a Prospectus as soon as possible.

Appointment of an additional director

Mr Peter Desmond Grant agreed to join the Board of Directors as a non-executive director on 1 December 2021. Peter is widely recognised for his technical, commercial, and managerial expertise in the energy industry, including in Botswana. Peter's experience will broaden the Board's skill set and assist in achieving Botalas' goals. Peter will also increase the independence of the Board.

Schedule of leases at 31 December 2021

All CBM licences within Botswana are in good standing having satisfied the required commitments.

PL Number	Expiry Date	Status
016/2018	31/12/2022	Active
018/2018	31/12/2022	Active
019/2018	31/12/2022	Active
356/2018	30/09/2021	Active
357/2018	30/09/2021	Active
400/2018	30/09/2021	Active

Covid-19

Covid constraints and the resultant logistical delays extended the duration of the drilling campaigns and their costs. Botala's operations during the period performed as expected in the opinion of the Directors.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

Extension of Hydrogen and Renewables Term Sheet with Pure Hydrogen Corporation Limited

Hydrogen and Renewables Term Sheet extended on 17 January 2022 to allow for the Hydrogen and Renewables Joint Venture Agreement to be completed by 31 December 2022.

Registration of a new Subsidiary in Botswana – Botala Renewables (Pty) Ltd

A new subsidiary company, Botala Renewables (Pty) Ltd, was registered in Botswana on 25 January 2022 to target solar, wind and other renewables.

Resignation of director

Mr Kris Martinick resigned as a director of the Company on 31 January 2022 to ensure that the board has sufficient independence due to a family relationship with the chairman. Kris remains as Chief Executive Officer.

No other matter or circumstance has arisen since 31 December 2021 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.

Likely developments and expected results of operations

Likely developments in the operations of Botala, and the expected results of those operations in future financial periods, have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to Botala.

Environmental Issues

Botala's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

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.

Botala Energy Ltd
(Formerly known as BotsGas Pty Ltd)
Directors' report
31 December 2021



This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "W. Martinick", written over a horizontal line.

Wolf Gerhard Martinick
Executive Chairman

8 March 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Botala Energy Limited for the half-year ended 31 December 2021, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
8 March 2022



B G McVeigh
Partner

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Botala Energy Ltd
(Formerly known as BotsGas Pty Ltd)
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General information

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

Botala Energy Ltd is an unlisted 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 8 March 2022.

Botala Energy Ltd
(Formerly known as BotsGas Pty Ltd)
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



	Note	Consolidated 31 December 2021	31 December 2020
		\$	\$
Revenue			
Interest revenue		32	32
Expenses			
Share of gain/loss of equity accounted investee		(7,098)	-
Consultancy cost		(161,667)	(81,000)
Marketing		(6,326)	(4,929)
Administration		(114,466)	(14,070)
Loss before income tax benefit		(289,525)	(99,967)
Income tax benefit	3	86,858	-
Loss after income tax benefit for the half-year attributable to the owners of Botala Energy Ltd		(202,667)	(99,967)
Other comprehensive income			
<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		1,433,467	115,500
Other comprehensive income for the half-year, net of tax		1,433,467	115,500
Total comprehensive income for the half-year attributable to the owners of Botala Energy Ltd		<u>1,230,800</u>	<u>15,533</u>

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

Botala Energy Ltd
(Formerly known as BotsGas Pty Ltd)
Statement of financial position
As at 31 December 2021



		Consolidated	
	Note	31 December 2021 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents		1,526,495	635,882
Trade and other receivables		4,311	5,140
Other		7,923	13,260
Total current assets		<u>1,538,729</u>	<u>654,282</u>
Non-current assets			
Investments in joint venture	4	1,741,845	1,196,271
Financial assets at fair value through other comprehensive income	5	3,025,000	975,000
Deferred tax	3	148,302	61,444
Total non-current assets		<u>4,915,147</u>	<u>2,232,715</u>
Total assets		<u>6,453,876</u>	<u>2,886,997</u>
Liabilities			
Current liabilities			
Trade and other payables	6	358,702	228,581
Income tax	3	290,226	-
Total current liabilities		<u>648,928</u>	<u>228,581</u>
Non-current liabilities			
Deferred tax	7	948,726	210,000
Total non-current liabilities		<u>948,726</u>	<u>210,000</u>
Total liabilities		<u>1,597,654</u>	<u>438,581</u>
Net assets		<u>4,856,222</u>	<u>2,448,416</u>
Equity			
Issued capital	8	3,219,123	2,120,898
Reserves	9	1,978,155	465,907
Accumulated losses		(341,056)	(138,389)
Total equity		<u>4,856,222</u>	<u>2,448,416</u>

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

Botala Energy Ltd
(Formerly known as BotsGas Pty Ltd)
Statement of changes in equity
For the half-year ended 31 December 2021



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	797,434	(24,093)	(41,888)	731,453
Loss after income tax expense for the half-year	-	-	(99,967)	(99,967)
Other comprehensive income for the half-year, net of tax	-	115,500	-	115,500
Total comprehensive income for the half-year	-	115,500	(99,967)	15,533
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	728,841	-	-	728,841
Balance at 31 December 2020	<u>1,526,275</u>	<u>91,407</u>	<u>(141,855)</u>	<u>1,475,827</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	2,120,898	465,907	(138,389)	2,448,416
Loss after income tax benefit for the half-year	-	-	(202,667)	(202,667)
Other comprehensive income for the half-year, net of tax	-	1,433,467	-	1,433,467
Total comprehensive income for the half-year	-	1,433,467	(202,667)	1,230,800
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	746,892	-	-	746,892
Share-based payments (note 16)	351,333	78,781	-	430,114
Balance at 31 December 2021	<u>3,219,123</u>	<u>1,978,155</u>	<u>(341,056)</u>	<u>4,856,222</u>

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

Botala Energy Ltd
(Formerly known as BotsGas Pty Ltd)
Statement of cash flows
For the half-year ended 31 December 2021



	Consolidated	
	31 December	31 December
	2021	2020
	\$	\$
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)	(197,512)	(41,931)
Interest received	32	32
	<u>(197,480)</u>	<u>(41,899)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payment for joint venture costs	(704,252)	(5,030)
Proceeds from joint venture operator - Pure Hydrogen Corporation Limited	-	274,000
Proceeds from disposals of financial assets at fair value through other comprehensive income	1,045,453	-
	<u>341,201</u>	<u>268,970</u>
Net cash from investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	752,000	160,000
Share issue transaction costs	(5,108)	(2,273)
	<u>746,892</u>	<u>157,727</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	890,613	384,798
Cash and cash equivalents at the beginning of the financial half-year	<u>635,882</u>	<u>157,942</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>1,526,495</u></u>	<u><u>542,740</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of 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 of \$202,667 and net cash used in operating activities of \$197,480 for the period, the Directors are of the opinion that the Group is a going concern. The Group had net current assets of \$889,801 net asset surplus of \$4,856,222 and a net cash inflow of \$890,613.

Given the potential funding options and cash management initiatives noted below, the Directors believe the going concern basis is appropriate:

- 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 during the period. 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.

After consideration of the above factors together with a review of the Group's financial position and forecast cash flows, the Directors reasonably expect the Group will be able to generate sufficient future cashflows to ensure the Group is able to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. However, should results be materially less than expected and/or the Group is unable to generate any additional funding required, there would exist a material uncertainty which could cast significant doubt as to whether the Group would in such circumstances be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

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.

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

Share-based payment transactions

The Group 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 either the Binomial or 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.

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.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Income tax benefit

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(289,525)	(99,967)
Tax at the statutory tax rate of 30%	(86,858)	(29,990)
Current half-year tax losses not recognised	290,226	-
Current half-year temporary differences not recognised	-	29,990
Tax on sale of financial assets at fair value through other comprehensive income	(290,226)	-
Income tax benefit	<u>(86,858)</u>	<u>-</u>

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
<i>Amounts charged directly to equity</i>		
Deferred tax liabilities (note 7)	738,726	210,000

Note 4. Non-current assets - investments in joint venture

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Investment in equity accounted joint venture	<u>1,741,845</u>	<u>1,196,271</u>
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial half-year are set out below:		
Opening carrying amount	1,196,271	-
Loss after income tax	(7,098)	(7,018)
Additions	1,052,672	1,203,289
Transfer made from Sharpay Enterprises (Pty) Ltd to Botala	(500,000)	-
Closing carrying amount	<u>1,741,845</u>	<u>1,196,271</u>

Refer to note 14 for further information on interests in joint ventures.

The Group entered into a contract with Strata-X Australia Pty Ltd (subsidiary of PH2) to farm-in to 49% of the Retention Licences and Tenements held by Strata-X's subsidiary Sharpay Enterprises (Pty) Ltd.

The Company was appointed as the operator in 2021 and will retain its 49% interest by spending AUD \$6.1m by December 2023. At the date of this report \$2,241,771 had been spent.

Note 5. Non-current assets - financial assets at fair value through other comprehensive income

	Consolidated	
	31 December	30 June 2021
	2021	2021
	\$	\$
Investment in shares of Pure Hydrogen Corporation Ltd - Level 1	<u>3,025,000</u>	<u>975,000</u>

Reconciliation

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

Opening fair value	975,000	275,000
Additions	675,000	-
Disposals	(1,087,419)	-
Revaluation increments	<u>2,462,419</u>	<u>700,000</u>
Closing fair value	<u>3,025,000</u>	<u>975,000</u>

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 December	30 June 2021
	2021	2021
	\$	\$
Trade payables	218,702	88,581
Other payables	<u>140,000</u>	<u>140,000</u>
	<u>358,702</u>	<u>228,581</u>

Refer to note 11 for further information on financial instruments.

Accruals are comprised of costs related to the raising of capital for the Group.

Note 7. Non-current liabilities - deferred tax

	Consolidated	
	31 December	30 June 2021
	2021	2021
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in equity:		
Revaluation of financial assets at fair value through other comprehensive income	<u>948,726</u>	<u>210,000</u>
Deferred tax liability	<u>948,726</u>	<u>210,000</u>
<i>Movements:</i>		
Opening balance	210,000	-
Charged to equity (note 3)	<u>738,726</u>	<u>210,000</u>
Closing balance	<u>948,726</u>	<u>210,000</u>

Note 8. Equity - issued capital

	Consolidated			
	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$
Ordinary shares - fully paid	<u>79,637,247</u>	<u>70,442,802</u>	<u>3,219,123</u>	<u>2,120,898</u>

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 - (3)	26 October 2021	833,333	\$0.12	100,000
Issue of Shares for services	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
Associated costs of shares issued	31 December 2021	-	\$0.00	(5,108)
Balance	31 December 2021	<u>79,637,247</u>		<u>3,219,123</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.

Note 9. Equity - reserves

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Financial assets at fair value through other comprehensive income reserve	1,898,467	465,000
Options reserve	<u>79,688</u>	<u>907</u>
	<u>1,978,155</u>	<u>465,907</u>

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Options reserve

The reserve is used to recognise the value of equity benefits provided to employees and 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 and further information can be found in note 16.

Note 9. Equity - reserves (continued)

Movements in reserves

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

Consolidated	Financial Asset Reserve \$	Options Reserve \$	Total \$
Balance at 1 July 2021	465,000	907	465,907
Revaluation - gross	2,462,419	-	2,462,419
Deferred tax	(738,726)	-	(738,726)
Share-based payments	-	78,781	78,781
Current tax expense	(290,226)	-	(290,226)
Balance at 31 December 2021	<u>1,898,467</u>	<u>79,688</u>	<u>1,978,155</u>

Note 10. Equity - dividends

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

Note 11. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including price risk). The Group'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 Group.

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.

Market risk

Price risk

The Group is exposed to price risks in regards to its investment in PH2.

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.

Fair value of financial instruments

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

Note 12. Key management personnel disclosures

Directors

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

Wolf Gerhard Martinick
 Kris Francis Martinick

Executive Chairman
 Chief Executive Officer (resigned as director on 31 January 2022)
 Chief Financial Officer and Company Secretary
 Non-executive Director (appointed 1 December 2021)

Craig Basson
 Peter Desmond Grant

Note 12. Key management personnel disclosures (continued)

Compensation

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

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Short-term employee benefits	-	10,000
Share-based payments	273,333	70,000
	<u>273,333</u>	<u>80,000</u>

Share based payments relate to \$68,333 director fees and \$205,000 consulting fees settled in ordinary shares during the year

Note 13. Related party transactions

Parent entity

Botala Energy Ltd is the parent entity.

Joint ventures

Interests in joint ventures are set out in note 14.

Key management personnel

Disclosures relating to key management personnel are set out in note 12.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Payment for other expenses:		
Fees paid to key management personnel - Share based	273,333	70,000

Receivable from and payable to related parties

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

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Current receivables:		
Earn-in paid to date to Sharpay Enterprises Pty Ltd	2,241,771	960,320

Terms and conditions

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

Note 14. 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 / Country of incorporation	Ownership interest	
		31 December 2021 %	30 June 2021 %
Sharpay Enterprises (Pty) Ltd	Botswana	49.00%	49.00%

Summarised financial information

	31 December 2021 \$
<i>Summarised statement of financial position</i>	
Cash and cash equivalents	52,989
Current assets	117,074
Non-current assets	<u>2,923,646</u>
Total assets	<u>3,093,709</u>
Current financial liabilities (excluding trade and other payables and provisions)	2,607,533
Current liabilities	7,503
Non-current liabilities	<u>(51,836)</u>
Total liabilities	<u>2,563,200</u>
Net assets	<u><u>530,509</u></u>
<i>Summarised statement of profit or loss and other comprehensive income</i>	
Other revenue	23,616
Other expenses	<u>(14,485)</u>
Profit before income tax	9,131
Other comprehensive income	<u>-</u>
Total comprehensive income	<u><u>9,131</u></u>
<i>Reconciliation of the Group's carrying amount</i>	
Opening carrying amount	(7,018)
Share of loss after income tax	<u>(7,098)</u>
Closing carrying amount	<u><u>(14,116)</u></u>

Note 15. Events after the reporting period

Extension of Hydrogen and Renewables Term Sheet with Pure Hydrogen Corporation Limited

Hydrogen and Renewables Term Sheet extended on 17 January 2022 to allow for the Hydrogen and Renewables Joint Venture Agreement to be completed by 31 December 2022.

Registration of a new Subsidiary in Botswana – Botala Renewables (Pty) Ltd

A new subsidiary company, Botala Renewables (Pty) Ltd, was registered in Botswana on 25 January 2022 to target solar, wind and other renewables.

Resignation of director

Mr Kris Martinick resigned as a director of the Company on 31 January 2022 to ensure that the board has sufficient independence due to a family relationship with the chairman. Kris remains as Chief Executive Officer.

No other matter or circumstance has arisen since 31 December 2021 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.

Note 16. Share-based payments

The Company granted options over ordinary shares in the Company to directors and advisors who were critical in establishing the business of the Company at inception. The options were issued for nil consideration and were granted to concept founders of the Company.

Set out below are summaries of options granted under the plan:

	Number of options 31 December 2021	Weighted average exercise price 31 December 2021	Number of options 31 December 2020	Weighted average exercise price 31 December 2020
Outstanding at the beginning of the financial half-year	17,257,000	\$0.25	17,257,000	\$0.05
Granted	<u>1,500,000</u>	\$0.25	-	\$0.00
Outstanding at the end of the financial half-year	<u><u>18,757,000</u></u>	\$0.25	<u><u>17,257,000</u></u>	\$0.00

In the period the Company issued 1,500,000 options to advisors for services rendered in relation to the development of the Botswana exploration assets. The options vested immediately, were issued in one tranche, exercisable at \$0.25, all with an expiry date of 28 February 2025.

These options will be equity settled and the options have been ascribed a value of \$0.053, using the Black-Scholes option pricing model. The risk free interest rate used was 1.81% and expected volatility was determined based on comparable companies at 0.900 and the shares have been ascribed a value of \$0.12.

In the prior period, the Board, with the signed consent of each option holder, varied the exercise price of the options from \$0.05 to \$0.25. This was to make the options compliant with the ASX guidelines.

Botala Energy Ltd
(Formerly known as BotsGas Pty Ltd)
Directors' declaration
31 December 2021



In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "W. Martinick", with a horizontal line underneath it.

Wolf Gerhard Martinick
Executive Chairman

8 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Botala Energy Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Botala Energy Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Botala Energy Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
8 March 2022



B G McVeigh
Partner