



Botala Energy Ltd

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Botala Energy Ltd (ACN 626 751 620)



2022

Annual Financial Report

Botala Energy Ltd

ABN: 41 626 751 620

Crawley Western Australia 6009

ASX Code: BTE

Letter from the Chairman

Dear Fellow Shareholder

Welcome to you all and a special welcome to our new shareholders who invested in Botala Energy Ltd's (**Botala**) Initial Public Offering (**IPO**) or have recently acquired shares since Botala's admission to the Australian Securities Exchange (**ASX**) on 14 July 2022 (**Admission**). I am pleased to present this Annual Report that outlines (among other things) exploration and development activities for the financial year ending 30 June 2022. Our long-standing shareholders deserve a special thank you for their continued support in supporting Botala up to and following its successful IPO.

This is the first Annual Report since Botala's Admission. Admission was a significant step towards our objective to explore and appraise Botala's 70% owned coal bed methane (**CBM**) project, being the Serowe CBM Project field located in Botswana.

The Serowe CBM Project is centrally located within the countries of the Southern African Development Community, meaning it is traversed by highways, rail and electricity networks linking South Africa's industrial regions, mines, and ports to the huge mining industry of the Copperbelt of Zambia and Democratic Republic of Congo and the important ports of Walvis Bay in Namibia and Durban in South Africa.

CBM Exploration and Development

During the financial year ended 30 June 2022 (**FY22**), Botala, as Operator of the Serowe CBM Project and in the face of Covid-19 related constraints spent ~\$2.9 million on exploration and project development. This included drilling four exploration wells and confirmed the quality of the Serowe CBM Project and its location in a high-grade CBM region of the central Kalahari Karoo basin of Botswana. These activities increased our independently certified 2C contingent CBM resource to 317 bcf (in which Botala holds a 70% interest pursuant to its joint venture agreement with Pure Hydrogen Corporation Limited (**PH2**)).

Botala's focus in the short-term is to demonstrate commercially viable gas flows from the Serowe CBM Project and to further increase certified CBM resources thereon. Botala recently appointed a contractor (refer ASX announcement 10 August 2022) to drill 2 exploration wells this year and work-over the Serowe-3 well for flow testing this year. We are also targeting January 2023 to drill a 4-well pilot production cluster around our Serowe-3 well with a view to achieving a commercial flowrate (refer ASX announcement 10 August 2022).

Early-Stage Research and Development

Botala plans, as an adjunct to its main undertaking of CBM exploration and development, to undertake early-stage research and development in respect of renewable energy opportunities which may be combined with gas extracted from the Serowe CBM Project. In addition, Botala will target hydrogen developments as per our non-binding Memorandum of Understanding (MoU) with Pure Hydrogen Corporation Ltd (ASX:PH2) which has been extended to 31 December 2022. The aim is to apply PH2's Australian business model and our networks to countries comprising the SADC.

Botala provides the following overview in respect of its early-stage renewable energy research and development activities during FY22:

- (a) Botala negotiated an Option to Sub-Lease to secure land within the town of Serowe to be the site of the Botala's proposed Serowe Energy Hub (refer Sections 4.1(dd) and 7.4 of the Prospectus);
- (b) Botala commissioned Loci Environmental (Pty) Ltd, a Botswana based consultancy, in late 2021 to secure environmental approvals for the development of the Serowe CBM Project (refer Sections 2.6 and 3.7 of the Prospectus), complete with a pipeline corridor to the two proposed energy hubs of Serowe and Leupane and the Leupane Industrial Park; and
- (c) Botala entered into a binding MoU with Solar Finland Ltd, a leader in the field of solar energy and manufacturing of solar photovoltaic panels in order to determine whether the solar/gas hybrid electricity generation project should proceed to Front-End Engineering and Design stage (which Botala anticipated occurring in or around 2024) (refer ASX announcements 5 August 2022 and 7 August 2022).

Prior to Admission, Botala acquired a further 21% interest in the Serowe JOA with PH2 (including a corresponding number of shares in the issued capital of Sharpay Enterprises (Pty) Ltd) from PH2, bringing Botala's total interest in the Serowe CBM Project to 70%. Approximately 26% of Botala's interest in the Serowe CBM Project is subject to claw-back by PH2 in the event Botala fails to spend an additional \$3.2 million on exploration and development on the Serowe CBM Project on or before 8 December 2023, which Botala has fully budgeted to satisfy in its use of funds in Section 2.6 of its Prospectus dated 16 May 2022. Subject to Botala satisfying the Outstanding Amount, PH2 will be required to contribute pro-rata to exploration expenditure in accordance with the Serowe JOA (refer Section 7.1 of the Prospectus).

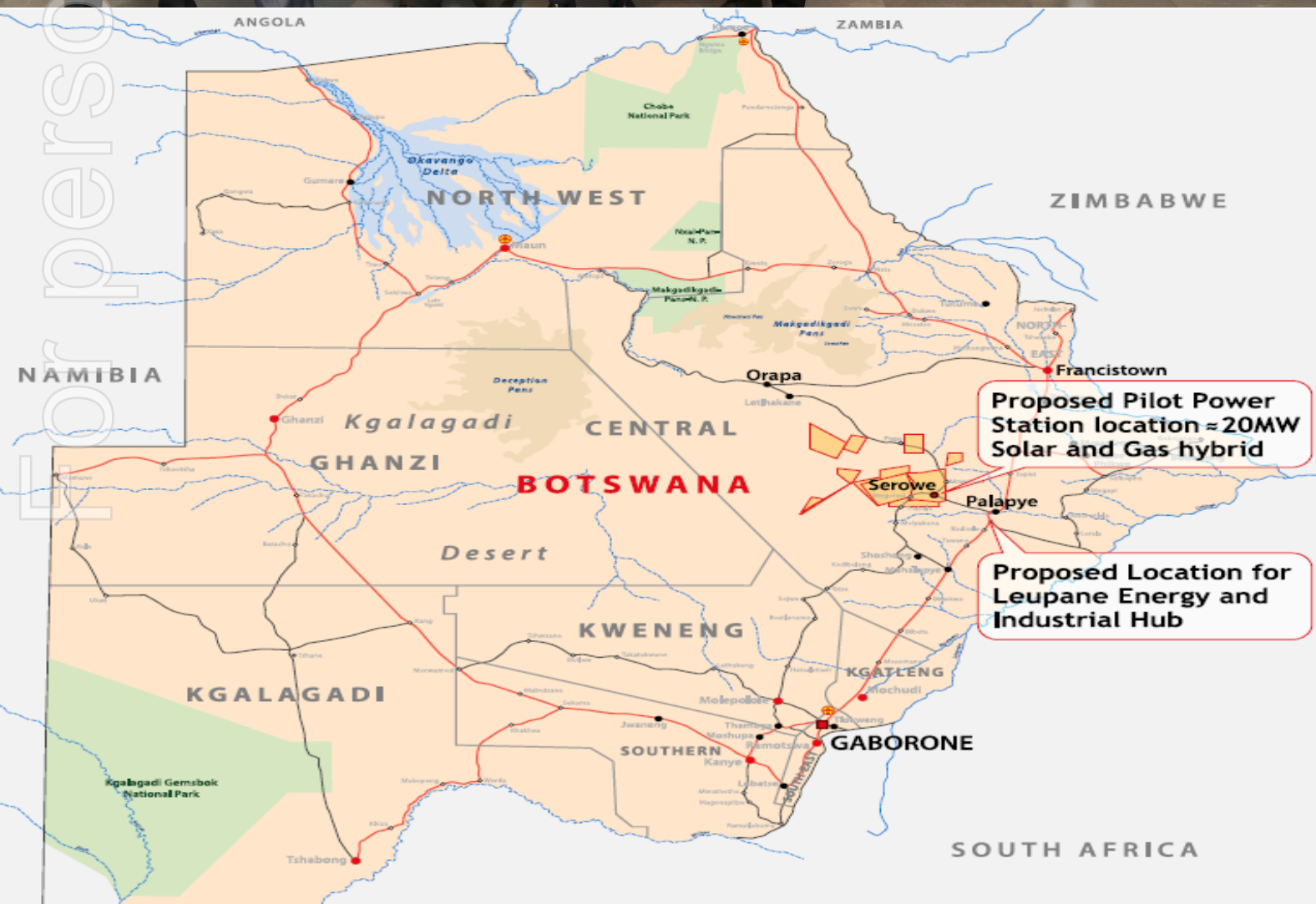
I wish to thank our small, dedicated team located in Australia, the US and Botswana for our achievements over the past year and the support we have received from the regulators and government agencies in Botswana.

I look forward to continuing to keep you regularly informed.



Wolf Martinick
Executive Chairman

For personal use only

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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

Notice of annual general meeting

The details of the Annual General Meeting of Botala Energy Ltd are:

To be held at the Subiaco Hotel on 23 November 2022 at 11am

Registered office

24 Hasler Road
Osborne Park, Western Australia, 6017

Email:
Website:

info@botalaenergy.com.au
www.botalaenergy.com.au

Auditor

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

Legal Advisors

Australia
Hamilton Locke Pty Ltd
Level 27, 152-158 St Georges Terrace
Perth, Western Australia 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, Western Australia, 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

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 2022.

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 - appointed on 1 December 2021
Mr. Craig Basson
Mr. Kris Francis Martinick - resigned as Director on 31 January 2022

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:

Prospecting Licence Number	Expiry Date	Comments
016/2018	31/12/2022	Renewal submitted
018/2018	31/12/2022	Renewal submitted
019/2018	31/12/2022	Renewal submitted
356/2018	30/9/2023	Current
357/2018	30/9/2023	Current
400/2018	30/9/2023	Current
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. The Group did not operate any of its exploration or producing assets. 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 2021 to 30 June 2022 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 \$1,097,771 (30 June 2021: \$96,501).

Drilling

During the year, three wells, Serowe-3, 4, and 5, were drilled and several associated geophysical surveys performed. Results confirmed the accuracy of the regional geological model and further enhanced geological understanding of the coals. Results of the Serowe-1 to 5 wells have been fully integrated into the new geological model for the Botala leases and resulted in a significant upgrade of the CBM resources. The Independent Technical Expert has provided a best estimate relating to the Serowe CBM Project of contingent CBM resources of 317 (bcf) (Independently Certified, Sproule, Gross estimated resource). In addition, the prospective resource within Botala's total tenement holdings has been independently certified at ~8.008 trillion cubic feet. In respect of the prospective resources, the following cautionary statement applies: the estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons

Name change to Botala Energy Ltd

Botala anticipates becoming a dependable energy producer in Botswana, ultimately with 'ambition' to be net zero carbon emissions in the future, facilitating the energy transition to renewables, especially solar supported by batteries and CBM fueled generators to provide sustainable dispatchable power. 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 kept 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.

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 would allow Botala to increase its 49% interest in the Serowe Project by 21% to 70% by providing PH2 a 19.999% interest in Botala immediately post listing. To retain a 49% interest, Botala must continue to meet the farm in commitment of spending A\$6.1 million by 31 December 2023. On 30 June 2022, Botala had spent \$2.9 million of this commitment.

Energy, Hydrogen and renewables

Botala has a Memorandum of Understanding with PH2 to potentially establish hydrogen production and distribution in southern Africa using PH2's Australian experience and business model. Under the MOU Botala and PH2 will look to formalise the working arrangement into a JV by the end of 2023. Botala is working on establishing the Leupane Energy Hub and the Leupane Industrial Park near the town of Palapye (~30 km from the town of Serowe), in Botswana. It is envisaged that Leupane Energy Hub will grow in stages and consist of reliable solar and gas generated electricity and battery storage to meet Botswana's electricity demand and ultimately export energy. Hydrogen production and distribution is also contemplated, with PH2 providing experience to support this initiative.

Leupane Energy and Industrial Park

During the year, Botala negotiated with the Ngwato Trust the acquisition of 1,520 ha near Palapye and within the Serowe CBM project area for development of the Leupane Energy Hub and Industrial Park. Botala is looking for potential battery partners to provide technical skills, procurement, and funding.

Loci Environmental, an experienced Botswana environmental consulting company, submitted study briefs to the Botswana Department of Environmental Affairs determining the requirement for Environmental Impact Assessments (EIA) for development of commercial production of CBM on the Serowe Project Area. This includes a pipeline corridor and establishment of the proposed Leupane Industrial Park complete with the Leupane Energy Hub. Work on the EIA has started and necessary approvals are anticipated to be awarded by first half of 2023.

Gas Sales Agreement Tender

Botala was nominated as a gas supplier for the IK Holdings Ltd's tender to supply the Botswana Power Corporation's 90MW Orapa power station with CBM submitted during the year. The tender consortium have been advised that it has been short listed and BPC have requested an extension on their decision until Q4 2022. The target is to supply commercial volumes of gas in 2024.

Appointment of a Lead Broker and Initial Public Offer

On 23 November 2022, Botala appointed GTT Ventures Pty Ltd to act as lead broker for Botala's Initial Public Offer (IPO). Botala issued a Prospectus on 16 May 2022 and raised \$5 million at 20 cents for the IPO. The IPO was completed with the issue of the securities on 29 June 2022.

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 Botala's goals. Peter will also increase the independence of the Board.

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.

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

Planning for Flow Test

The Botala management team completed extensive planning for a flow test of Serowe-3 during the June 2022 Quarter with the aim of commencing this test in the September 2022 Quarter.

Capital raise

Botala raised \$5,752,000 (30 June 2021: \$1,097,415) before transaction costs during the year and issued 65,746,792 (30 June 2021: 42,728,300) shares to fund its exploration activities in Botswana.

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

1. Botala listed on the Australian Securities Exchange with the ticker code of "BTE" on the 14 July 2022.
2. Kalahari Gas Corporation appointed as drilling contractor on the 10 August 2022. Flow-test skid has been fabricated and will be moved to site in September 2022. Botala has awarded BE&R Consulting with a contract for early-stage research and development of renewable energy opportunities related to the Serowe CBM Project.
3. Strategic binding Memorandum of Understanding signed on the 5 September 2022 with Solar Finland to jointly investigate solar power generation projects and establish solar panel manufacturing in Botswana; at Botala's Leupane Industrial Park.
4. Botala has confirmed with the local landowners that there is a name correction for the location Leupane from Lupani. The spelling Lupani is incorrect, and the relevant authorities have been notified along with Google to correct this. This has not impacted any agreements over the Leupane site.

No other matter or circumstance has arisen since 30 June 2022 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

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.

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

Other current directorships:

Former directorships (last 3 years):

Special responsibilities:

Interests in securities:

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: 35,437,002 Shares, 5,600,000 Options and 1,000,000 Performance Rights

Name:
 Title:
 Qualifications:
 Experience and expertise:

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.

Other current directorships:

None

Former directorships (last 3 years):

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

Special responsibilities:

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

Interests in securities:

Botala Energy Ltd: 5,900,000 Shares, 1,675,000 Options and 1,000,000 Performance Rights

Name:
 Title:
 Qualifications:
 Experience and expertise:

Peter Grant - appointed 1 December 2021

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):

Special responsibilities:

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

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

Name:

Mr Kris Martinick

Title:

Chief Executive Officer

Qualifications:

BSc Chem, BCom, B Chem Eng (Hons)

Experience and expertise:

Mr Martinick was appointed as a Director and CEO on 18 December 2018 and resigned as a Director on 31 January 2022 to provide greater independence to the Board.

Kris has over 16 years' experience in the oil and gas industry in Australasia, including oil and gas field development and processing plants, LNG plants, gas fired power stations and project management. Kris has held senior management roles working on projects and operations in remote areas of Australia and PNG. He is a non-executive director of several private Perth based companies.

Other current directorships:

None

Former directorships (last 3 years):

None

Interests in securities:

Botala Energy Ltd: 11,635,000 Shares, 5,650,000 Options and 1,000,000 Performance Rights

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, 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	11	11	1	1	-	-
Mr Kris Francis Martinick	7	7	-	-	-	-
Mr Craig Basson	11	11	1	1	-	-
Mr Peter Desmond Grant	6	7	1	1	-	-

Any items with respect to Remuneration were addressed in Board meetings prior to the Remuneration Committee being established.

Nine 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

Name	Director fees *	Non-monetary benefits **	Incentives ^	Total	Performance Related
2022	\$	\$	\$	\$	%
Wolf Martinick	60,000	220,000	-	280,000	57%
Craig Basson	90,000	250,000	-	340,000	47%
Peter Grant	20,000	3,333	-	23,333	-
Kris Martinick	160,000	280,000	-	440,000	36%
2022 Total	330,000	753,333	-	1,083,333	

Name	Director fees*	Non-monetary benefits**	Incentives ^	Total	Performance Related %
2021					
Wolf Martinick	-	45,000	15,000	60,000	-
Craig Basson	-	45,000	4,475	49,475	-
Kris Martinick	10,000	90,000	22,500	122,500	-
	<u>10,000</u>	<u>180,000</u>	<u>41,975</u>	<u>231,975</u>	

Please Note: Mr Kris Martinick resigned as a Director on the 31st of January 2022, and thus his 2022 remuneration has been included in the Executive Officer table below:

* 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

Ordinary Shares

Table 2 shows a reconciliation of shares held by each KMP from the beginning to the end of FY 2022 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
2022					
Directors					
Wolf Martinick	25,990,002	7,947,000	1,500,000	35,437,002	4,000,000
Craig Basson	4,097,000	53,000	1,750,000	5,900,000	5,900,000
Peter Grant	1,950,000	-	27,778	1,977,778	1,977,778
Executive officers					
Kris Martinick	9,385,000	250,000	2,000,000	11,635,000	-
2022 Total	41,422,002	8,250,000	5,277,778	54,949,780	11,877,778

Options

Table 3 shows a reconciliation of options held by each KMP from the beginning to the end of FY 2022. 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
2022								
Directors								
Wolf Martinick	5,600,000	-	-	-	-	5,600,000	5,600,000	-
Craig Basson	1,675,000	-	-	-	-	1,675,000	1,675,000	-
Peter Grant	500,000	500,000	-	-	-	1,000,000	1,000,000	-
Executive Officers								
Kris Martinick	5,650,000	-	-	-	-	5,650,000	5,650,000	-
2022 Total	13,425,000	500,000	-	-	-	13,925,000	13,925,000	-

Peter Grant was granted 500,000 Options before he became a Director and was not a related party at the time of receiving the Options.

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 or appointment	Issued	Exercised	Lapsed	Balance at the end of the year	Vested and exercisable	Unvested
2022							
Directors							
Wolf Martinick	- 2,000,000	(1,000,000)	-	1,000,000	- 1,000,000		
Craig Basson	- 2,000,000	(1,000,000)	-	1,000,000	- 1,000,000		
Executive Officers							
Kris Martinick	- 2,000,000	(1,000,000)	-	1,000,000	- 1,000,000		
Total	- 6,000,000	(3,000,000)	-	3,000,000	- 3,000,000		

Note: No performance rights were granted to any Executive Directors or Key Management Personnel in the 2021 Financial Year.

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 caliber 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.

Voting and comments made at the Botala's 2021 Annual General Meeting ('AGM')

Botala was not required to vote on its remuneration report for the 2021 financial year as it was not a listed company. Botala therefore did not receive any specific feedback at the AGM or throughout the year on its remuneration practices. This report details the nature and amount of remuneration for each Director of Botala and specified Executives (Executive officers) involved in the management of Botala who were not Directors.

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
	\$120,000 per annum
	3 month notice period
Details:	Share based payments as determined

Name: Craig Basson
 Title: Chief Financial Officer and Company Secretary
 Term of agreement: Unspecified
 \$180,000 per annum
 Details: Share based payments as determined

Name: Peter Grant
 Title: Non-Executive Director
 Term of agreement: Unspecified
 \$40,000 per annum
 Details: Share based payments as determined

Name: Kris Martinick
 Title: Chief Executive Officer
 Term of agreement: Unspecified
 \$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

The following shares were issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2022 (2021; 1,890,000).

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
Total		2,277,778		273,333

Issued options

The following options over ordinary shares were issued to Directors as part of compensation that were outstanding as at 30 June 2022.

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

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Issued performance rights

The following performance rights were issued to Directors as part of compensation during the year ended 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
Total	<u>1,000,000</u>					

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
Total	<u>3,000,000</u>					

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
Total	<u>1,000,000</u>					

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
Total	<u>1,000,000</u>					

There were no performance rights granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

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 2022 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".

Please note that as the milestone had been achieved for Class B, these Performance Rights were converted to shares at 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 2022 are summarised below:

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
(Loss) after income tax	(1,097,771)	(96,501)	(16,400)	(20,828)	(4,660)
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:

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

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	4,688,957
			<u>23,445,957</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 2022 and up to the date of this report. There were no options which had lapsed during the year ended 30 June 2022 and up to the date of this report.

This concludes the remuneration report, which has been audited.

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 2022. 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



Kris Francis Martinick
Chief Executive Officer

28 September 2022



Craig Basson
Director and Chief Financial Officer

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Botala Energy Limited for the year ended 30 June 2022, 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 2022

B G McVeigh
Partner

hlb.com.au

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



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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 2022. 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 2022



	Note	Consolidated 2022 \$	2021 \$
Other income			
Interest received		186	60
Expenses			
Administration costs		(93,859)	(41,721)
Consulting fees		(311,665)	(97,000)
Consultancy cost		(34,246)	(1,910)
Finance costs		(599)	-
Marketing costs		(69,142)	(10,356)
Share based payments	4	(558,781)	-
Share of losses of joint ventures accounted for using the equity method		(37,120)	(7,018)
(Loss) before income tax benefit		(1,105,226)	(157,945)
Income tax benefit	6	7,455	61,444
(Loss) after income tax benefit for the year	18	(1,097,771)	(96,501)
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		993,079	490,000
Share of other comprehensive income of joint venture accounted for using equity method		325,933	-
Other comprehensive income for the year, net of tax		1,319,012	490,000
Total comprehensive income for the year		<u>221,241</u>	<u>393,499</u>
		Cents	Cents
Basic loss per share	29	(1.42)	(0.19)
Diluted loss per share	29	(1.42)	(0.19)

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 2022



		Consolidated	
	Note	2022	2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	5,825,416	635,882
Trade and other receivables	8	47,217	5,140
Prepayments	9	70,008	13,260
Total current assets		<u>5,942,641</u>	<u>654,282</u>
Non-current assets			
Investment in joint venture	10	8,681,625	1,196,271
Financial assets at fair value through other comprehensive income	11	880,000	975,000
Deferred tax assets	12	68,899	61,444
Total non-current assets		<u>9,630,524</u>	<u>2,232,715</u>
Total assets		<u>15,573,165</u>	<u>2,886,997</u>
Liabilities			
Current liabilities			
Trade and other payables	13	726,769	228,581
Total current liabilities		<u>726,769</u>	<u>228,581</u>
Non-current liabilities			
Payables	14	14,996	-
Deferred tax liabilities	15	192,000	210,000
Total non-current liabilities		<u>206,996</u>	<u>210,000</u>
Total liabilities		<u>933,765</u>	<u>438,581</u>
Net assets		<u>14,639,400</u>	<u>2,448,416</u>
Equity			
Issued capital	16	13,388,571	2,120,898
Reserves	17	1,150,541	465,907
Retained earnings / (Accumulated losses)	18	100,288	(138,389)
Total equity		<u>14,639,400</u>	<u>2,448,416</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 2022



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 benefit for the year	-	-	(96,501)	(96,501)
Other comprehensive income for the year, net of tax	-	490,000	-	490,000
Total comprehensive income for the year	-	490,000	(96,501)	393,499
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 16)	1,037,404	-	-	1,037,404
Share-based payments (note 5)	286,060	-	-	286,060
Balance at 30 June 2021	<u>2,120,898</u>	<u>465,907</u>	<u>(138,389)</u>	<u>2,448,416</u>

Consolidated	Issued capital \$	Reserves \$	(Accumulated losses) / Retained earnings \$	Total equity \$
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 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 16)	10,907,673	-	-	10,907,673
Share-based payments (note 5)	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>

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

		Consolidated	
	Note	2022	2021
		\$	\$
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(364,825)	(124,143)
Interest received		186	60
Net cash (used in) operating activities	28	(364,639)	(124,083)
Cash flows from investing activities			
Payment for investment in joint venture		(1,653,189)	(471,106)
Proceeds from sale of investments	11	1,745,080	-
Net cash from/(used in) investing activities		91,891	(471,106)
Cash flows from financing activities			
Proceeds from issue of shares	16	5,752,000	1,097,415
Share issue transaction costs		(289,718)	(24,286)
Net cash from financing activities		5,462,282	1,073,129
Net increase in cash and cash equivalents		5,189,534	477,940
Cash and cash equivalents at the beginning of the financial year		635,882	157,942
Cash and cash equivalents at the end of the financial year	7	<u>5,825,416</u>	<u>635,882</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.

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 2022 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'.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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 always 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.

Note 1. Significant accounting policies (continued)

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.

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.

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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 1. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

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 2022. 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.

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

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. All debtors at 30 June 2022 were within terms and therefore no allowance for expected credit loss has been recognised.

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.

Note 3. Operating segments (continued)

Geographical information

	Geographical non-current assets	
	2022	2021
	\$	\$
Australia	1,072,000	1,036,444
Botswana	8,681,625	1,196,271
	<u>9,753,625</u>	<u>2,232,715</u>

Note 4. Share based payments

	Consolidated	
	2022	2021
	\$	\$
Share based payments	<u>558,781</u>	<u>-</u>

During the current financial year share based payments were approved and issued. The share-based payments were issued to Directors and Consultants and consist of both Options and Performance Rights issued as an incentive to encourage future performance and the retention of Directors and consultants. Valuation criteria and further information relating to the Options are contained within note 5.

Tranche	Number of Performance Rights	Milestone	
A	1,000,000	Completion of a Commercial Gas Sales Agreement.	
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.	
C	1,000,000	Discovery of an independently certified 400bcf 2C Resource in the Serowe CBM Project.	
D	1,000,000	Successful commercial pilot well in the Serowe CBM Project.	
Tranche	Milestone	More Likely or Less Likely	
A	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	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.	More Likely, as conditional acceptance from the ASX had been received on 30 June 2022	
C	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.	
D	Successful Commercial Pilot Well in the Serowe CBM Project	Less Likely, around 75 CBM Wells drilled in Botswana – no success	

The total expense recognised arising from the performance rights for the year ended 30 June 2022 is \$480,000 (2021: Nil). The Class B Performance Rights were converted to shares as at 29 June 2022.

Note 4. Share based payments (continued)

	Consolidated	
	2022	2021
	\$	\$
Share based payments - Performance rights	480,000	-
Share based payments - Option expense note 5	78,781	-
	<u>558,781</u>	<u>-</u>

Further information relating to the options issued can be found in note 5.

Note 5. Share-based payments - Options

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. All options outstanding had vested at 30 June 2022.

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

	Number of options 2022	Weighted average exercise price 2022	Number of options 2021	Weighted average exercise price 2021
Outstanding at the beginning of the financial year	17,257,000	\$0.25	17,257,000	\$0.25
Granted during the financial year	6,188,957	\$0.25	-	\$0.00
Outstanding at the end of the financial year	<u>23,445,957</u>	\$0.25	<u>17,257,000</u>	\$0.25
Exercisable at the end of the financial year	<u>23,445,957</u>	\$0.25	<u>17,257,000</u>	\$0.25

* No options were forfeited, exercised or expired for the year ended 30 June 2022.

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
29/02/2020	28/02/2025	\$0.25	17,257,000	-	-	-	17,257,000
30/11/2021	28/02/2025	\$0.25	-	500,000	-	-	500,000
06/12/2021	28/02/2025	\$0.25	-	1,000,000	-	-	1,000,000
29/06/2022	12/07/2025	\$0.25	-	4,688,957	-	-	4,688,957
			<u>17,257,000</u>	<u>6,188,957</u>	-	-	<u>23,445,957</u>

Note 5. Share-based payments - Options (continued)

During the current year, the company issued 6,188,957 options to employees, consultants and Pure Hydrogen Corporation Limited. The options issued to Consultants was to incentivise and retain the consultants. The options issued to Pure Hydrogen Corporation Limited were part of the IPO consideration to acquire an additional 21% interest in the Serowe CBM Project for \$503,289.

In the prior year, the Company issued 17,257,000 options to concept founders (directors and advisors) for services rendered in relation to the initial concept development of the Botswana exploration assets. The options vested immediately, were issued in one tranche, exercisable at \$0.05, all with an expiry date of 28 February 2025. These options will be equity settled and the options have been ascribed a value of \$0.00005, using the Black-Scholes option pricing model.

The inputs used were as follows:

Risk free interest rate - 2.37%

Volatility - 80%

Share value - \$0.001.

On 30 June 2021, 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.

The Directors received share-based payments for services during the year ended 30 June 2022 and 2021 to preserve the cash reserves of the company.

The total share based payments issued totaled as follows:

PH2 options - \$503,289

Performance rights - \$480,000

Option expense - \$78,781

The options issued to PH2 were recorded as a contribution to the Serowe CBM Project and not an expense.

Note 6. Income tax benefit

	Consolidated	
	2022	2021
	\$	\$
<i>Income tax benefit</i>		
Deferred tax - origination and reversal of temporary differences	(7,455)	(61,444)
Aggregate income tax benefit	<u>(7,455)</u>	<u>(61,444)</u>
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 12)	(7,455)	(61,444)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
(Loss) before income tax benefit	(1,105,226)	(157,945)
Tax at the statutory tax rate of 30%	(331,568)	(47,384)
Prior year temporary differences not recognised now recognised	21,094	(14,060)
Permanent differences	1,549	-
Deferred tax recognised directly in equity	301,470	-
Income tax benefit	<u>(7,455)</u>	<u>(61,444)</u>

Note 6. Income tax benefit (continued)

	Consolidated	
	2022	2021
	\$	\$
<i>Amounts charged/(credited) directly to equity</i>		
Deferred tax liabilities (note 15)	(18,000)	210,000

Note 7. Current assets - Cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash at bank	5,825,416	635,882

Note 8. Current assets - Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
Other receivables	5,851	-
Goods and services tax receivable	41,366	5,140
	47,217	5,140

Allowance for expected credit losses

The Group has recognised a loss of \$nil (2021: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022. All debtors at 30 June 2022 were within terms and therefore no allowance for expected credit loss has been recognised.

Note 9. Current assets - Prepayments

	Consolidated	
	2022	2021
	\$	\$
Prepayments	70,008	13,260

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 10. Non-current assets - Investment in joint venture

	Consolidated	
	2022	2021
	\$	\$
Investment in equity accounted joint venture	<u>8,681,625</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 year are set out below:		
Opening carrying amount	1,196,271	-
Additions	1,283,061	1,203,289
(Loss) after income tax	(37,120)	(7,018)
Additions through increasing ownership in associate of 21%	5,913,480	-
Movement through other comprehensive income	<u>325,933</u>	<u>-</u>
Closing carrying amount	<u>8,681,625</u>	<u>1,196,271</u>

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 wholly owned subsidiary Sharpay Enterprises (Pty) Ltd.

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.

At 30 June 2022 the Group had a legal interest of 70% of Sharpay Enterprises (Pty) Ltd.

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

Note 11. Non-current assets - Financial assets at fair value through other comprehensive income

	Consolidated	
	2022	2021
	\$	\$
Investment in shares of Pure Hydrogen Corporation Ltd	<u>880,000</u>	<u>975,000</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	975,000	275,000
Additions	675,000	-
Disposals	(1,745,080)	-
Revaluation increments	<u>975,080</u>	<u>700,000</u>
Closing fair value	<u>880,000</u>	<u>975,000</u>

Refer to note 21 for further information on fair value measurement.

Note 11. Non-current assets - Financial assets at fair value through other comprehensive income (continued)

On 2 June 2020, the Group was allotted 5,000,000 shares at \$0.06 per share in PH2, for an investment of \$300,000. As at 30 June 2022, the closing bid price was \$0.220 per share (30 June 2021: \$0.195). During the year the Group acquired, through the conversion of options, 2,500,000 shares in PH2 for total consideration of \$475,000. Subsequent to the acquisition the Group disposed of 3,500,000 shares for a total gain of \$1,010,515 in order to fund working capital commitments.

The Group designated the investment shown above as equity securities at fair value through other comprehensive income (FVOCI) because these equity securities represent investments that the Group intended to hold for long term strategic purposes.

Note 12. Non-current assets - Deferred tax assets

	Consolidated	
	2022	2021
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	62,461	61,444
Creditors and accruals	6,438	-
Deferred tax asset	<u>68,899</u>	<u>61,444</u>
Amount expected to be recovered after more than 12 months	<u>68,899</u>	<u>61,444</u>
<i>Movements:</i>		
Opening balance	61,444	-
Credited to profit or loss (note 6)	7,455	61,444
Closing balance	<u>68,899</u>	<u>61,444</u>

Carry forward losses for the current year is \$216,903 (2021: 204,144). The carry forward losses have not been brought to account except up to the amount which is able to be recognised. Utilisation of carry forward losses are dependant on successful application of Australian tax losses.

Note 13. Current liabilities - Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
Trade payables	78,893	80,509
Accruals	647,876	148,072
	<u>726,769</u>	<u>228,581</u>

Refer to note 20 for further information on financial instruments.

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

Note 14. Non-current liabilities - payables

	Consolidated	
	2022	2021
	\$	\$
Trade payables	14,996	-

The amount above relates to insurance premium funding which is due to be paid in more than twelve months time.

Refer to note 20 for further information on financial instruments.

Note 15. Non-current liabilities - Deferred tax liabilities

	Consolidated	
	2022	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	192,000	210,000
Deferred tax liability	192,000	210,000
Amount expected to be settled after more than 12 months	192,000	210,000
<i>Movements:</i>		
Opening balance	210,000	-
Charged/(credited) to equity (note 6)	(18,000)	210,000
Closing balance	192,000	210,000

Note 16. Equity - Issued capital

	Consolidated			
	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	136,189,594	70,442,802	13,388,571	2,120,898

Note 16. Equity - Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	42,728,302		797,434
Issue of Shares to Directors in lieu of fees - Q1	31 October 2020	700,000	\$0.05	35,000
Issue of Shares as Seed A - (1)	31 October 2020	2,200,000	\$0.05	110,000
Issue of Shares to Directors in lieu of fees - Q2	31 December 2020	700,000	\$0.05	35,000
Issue of Shares as Seed A - (2)	31 December 2020	1,045,000	\$0.05	52,250
Issue of Shares as Seed A - (3)	28 February 2021	1,200,000	\$0.05	60,000
Issue of Shares as Seed A - (4)	31 March 2021	11,720,000	\$0.05	586,000
Issue of Shares as Seed A - (5)	30 April 2021	525,000	\$0.05	26,250
Issue of Shares as Seed A - (6)	31 May 2021	7,424,500	\$0.05	371,225
Issue of shares to Directors in lieu of fees - Q3/Q4	30 June 2021	2,200,000	\$0.05	110,000
Associated costs of shares issued	30 June 2021	-	\$0.00	(62,261)
Balance	30 June 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
Public Offer	29 June 2022	25,000,000	\$0.20	5,000,000
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
Share issue costs		-	\$0.00	(906,129)
Balance	30 June 2022	<u>136,189,594</u>		<u>13,388,571</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.

Share buy-back

There is no current on-market share buy-back.

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.

Note 16. Equity - Issued capital (continued)

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 17. Equity - Reserves

	Consolidated	
	2022	2021
	\$	\$
Financial assets reserve	447,564	465,000
Share-based payments reserve	120,000	-
Options reserve	582,977	907
	<u>1,150,541</u>	<u>465,907</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.

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 and further information can be found in Note 15 - Share based payments.

Movements in reserves

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

Consolidated	Financial asset reserve \$	Options reserve \$	Share based payments reserve \$	Joint venture reserve \$	Total \$
Balance at 1 July 2020	(25,000)	907	-	-	(24,093)
Revaluation - gross	700,000	-	-	-	700,000
Deferred tax	(210,000)	-	-	-	(210,000)
Balance at 30 June 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	<u>447,564</u>	<u>582,977</u>	<u>120,000</u>	<u>-</u>	<u>1,150,541</u>

Note 18. Equity - Retained earnings / (Accumulated losses)

	Consolidated	
	2022	2021
	\$	\$
Accumulated losses at the beginning of the financial year	(138,389)	(41,888)
(Loss) after income tax benefit for the year	(1,097,771)	(96,501)
Transfer from disposal of financial assets through other comprehensive income	1,010,515	-
Transfer of joint venture accounting gain on disposal of financial assets	325,933	-
Retained profits/(accumulated losses) at the end of the financial year	<u>100,288</u>	<u>(138,389)</u>

Note 19. Equity - Dividends

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

Note 20. 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.

Market risk

Price risk

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

		Average price increase			Average price decrease	
		Effect on	Effect on		Effect on	Effect on
Consolidated - 2022	% change	profit before tax	equity	% change	profit before tax	equity
Financial assets at fair value through other comprehensive income	10%	-	88,000	10%	-	(88,000)
		Average price increase			Average price decrease	
		Effect on	Effect on		Effect on	Effect on
Consolidated - 2021	% change	profit before tax	equity	% change	profit before tax	equity
Financial assets at fair value through other comprehensive income	5%	-	48,750	(5%)	-	(48,750)

Interest rate risk

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

Note 20. Financial instruments (continued)

	Basis points change	Basis points increase Effect on		Basis points change	Basis points decrease Effect on	
		profit before tax	Effect on equity		profit before tax	Effect on equity
Consolidated - 2022						
Cash and cash equivalents	100	<u>58,254</u>	<u>58,254</u>	50	<u>(29,127)</u>	<u>(29,127)</u>
	Basis points change	Basis points increase Effect on		Basis points change	Basis points decrease Effect on	
		profit before tax	Effect on equity		profit before tax	Effect on equity
Consolidated - 2021						
Cash and cash equivalents	100	<u>6,359</u>	<u>6,359</u>	50	<u>(3,179)</u>	<u>3,179</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.

Fair value of financial instruments

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

Note 21. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed 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

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2022				
Assets				
Financial assets at fair value through other comprehensive income	880,000	-	-	880,000
Total assets	<u>880,000</u>	<u>-</u>	<u>-</u>	<u>880,000</u>
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2021				
Assets				
Financial assets at fair value through other comprehensive income	975,000	-	-	975,000
Total assets	<u>975,000</u>	<u>-</u>	<u>-</u>	<u>975,000</u>

There were no transfers between levels during the financial year.

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:

	Consolidated	
	2022	2021
	\$	\$
Short-term employee benefits	330,000	10,000
Share-based payments*	753,333	221,975
	<u>1,083,333</u>	<u>231,975</u>

* Share based payments 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 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:

	Consolidated	
	2022	2021
	\$	\$
<i>Audit services -</i>		
Audit or review of the financial statements	18,000	29,290
<i>Other services -</i>		
Independant Accountants Report	15,000	-
	<u>33,000</u>	<u>29,290</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.

Note 24. Related party transactions (continued)

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:

	Consolidated	
	2022	2021
	\$	\$
Payment for other expenses:		
Fees paid to key management personnel - Cash	330,000	10,000
Fees paid to key management personnel - Share based	753,333	180,000
Other transactions:		
Payment as commission for capital raising - Share based	-	41,975

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:

	Consolidated	
	2022	2021
	\$	\$
Earn-in paid to date to Sharpay Enterprises Pty Ltd	1,883,821	960,320

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

	Parent	
	2022	2021
	\$	\$
(Loss) after income tax	(1,097,771)	(96,501)
Total comprehensive loss	(1,097,771)	(96,501)

Note 25. Parent entity information (continued)

Statement of financial position

	Parent	
	2022	2021
	\$	\$
Total current assets	5,942,641	654,282
Total assets	15,573,165	2,887,027
Total current liabilities	726,769	228,581
Total liabilities	933,765	438,581
Equity		
Issued capital	13,388,571	2,120,928
Financial assets reserve	447,564	465,000
Share-based payments reserve	120,000	-
Options reserve	582,977	907
Retained profits/(accumulated losses)	100,288	(138,389)
Total equity	14,639,400	2,448,446

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 2021 and 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2022.

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 / Country of incorporation	Ownership interest	
		2022	2021
		%	%
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%	-

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 / Country of incorporation	Ownership interest	
		2022 %	2021 %
Sharpay Enterprises Pty Ltd	Botswana	70%	49%
<i>Summarised financial information</i>			
		2022 \$	2021 \$
<i>Summarised statement of financial position</i>			
Current assets		39,867	53,284
Non-current assets		3,871,500	2,596,292
Total assets		3,911,367	2,649,576
Current liabilities		3,519,913	2,357,606
Total liabilities		3,519,913	2,357,606
Net assets		391,454	291,970
<i>Summarised statement of profit or loss and other comprehensive income</i>			
Other revenue		-	17,517
Other expenses		(53,649)	(31,839)
(Loss) before income tax		(53,649)	(14,322)
Other comprehensive income		465,618	-
Total comprehensive income		411,969	(14,322)
<i>Reconciliation of the Group's carrying amount</i>			
Opening carrying amount		(7,018)	-
Share of (loss) after income tax		(37,554)	(7,018)
Share of other comprehensive income		325,933	-
Closing carrying amount		281,361	(7,018)

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

	Consolidated	
	2022	2021
	\$	\$
(Loss) after income tax benefit for the year	(1,097,771)	(96,501)
Adjustments for:		
Share of loss - joint ventures	37,120	-
Share based payments	558,781	96,500
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(5,711)	2,008
Increase in deferred tax assets	(7,455)	-
(Increase) in prepayment	(56,740)	(2,115)
Increase/(decrease) in trade and other payables	225,137	(123,975)
Decrease in deferred tax liabilities	(18,000)	-
Net cash (used in) operating activities	<u>(364,639)</u>	<u>(124,083)</u>

Note 29. Loss per share

	Consolidated	
	2022	2021
	\$	\$
(Loss) after income tax	<u>(1,097,771)</u>	<u>(96,501)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>77,446,948</u>	<u>50,085,905</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>77,446,948</u>	<u>50,085,905</u>
	Cents	Cents
Basic loss per share	(1.42)	(0.19)
Diluted loss per share	(1.42)	(0.19)

Note 30. Events after the reporting period

1. Botala listed on the Australian Securities Exchange with the ticker code of “BTE” on the 14 July 2022.
2. Kalahari Gas Corporation appointed as drilling contractor on the 10 August 2022. Flow-test skid has been fabricated and will be moved to site in September 2022. Botala has awarded BE&R Consulting with a contract for early-stage research and development of renewable energy opportunities related to the Serowe CBM Project.
3. Strategic binding Memorandum of Understanding signed on the 5 September 2022 with Solar Finland to jointly investigate solar power generation projects and establish solar panel manufacturing in Botswana; at Botala’s Leupane Industrial Park.
4. Botala has confirmed with the local landowners that there is a name correction for the location Leupane from Lupani. The spelling Lupani is incorrect, and the relevant authorities have been notified along with Google to correct this. This has not impacted any agreements over the Leupane site.

No other matter or circumstance has arisen since 30 June 2022 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 2022 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



Kris Francis Martinick
Chief Executive Officer

28 September 2022



Craig Basson
Director and Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the members of Botala Energy Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of Botala Energy Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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* ("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.

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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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Sharpay Enterprises Pty Ltd Joint Venture Accounting Refer to Notes 10 and 27	
<p>The carrying amount of the investment in the joint venture as at 30 June 2022 is \$8,681,625 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 2022.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Review management's accounting treatment of the joint arrangement. • Tested the balance sheet and results of the joint venture to ensure that the share of joint venture loss is correctly calculated. • Vouched the cash payments made in relation to contribution to the joint venture. • Vouched the value of shares issued to acquire additional interest in the joint venture. • Assessed the appropriateness of disclosures made in the financial report.

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 2022, 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, related safeguards.

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 the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Botala Energy Limited for the year ended 30 June 2022 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

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 September 2022

B G McVeigh

B G McVeigh
Partner

The shareholder information set out below was applicable as at 12 September 2022.

Equity security holders

Distribution of Shareholdings as at 12 September 2022

Range	Total holders	Units	% Units
1 - 1,000	6	2,619	-
1,001 - 5,000	10	33,060	0.02
5,001 - 10,000	219	2,169,481	1.59
10,001 - 100,000	219	8,016,387	5.89
100,001 Over	84	125,968,047	92.49
Rounding	-	-	0.01
Total	538	136,189,594	100.00

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	2,381	8	6,894

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	31,437,002	23.08
PURE HYDROGEN CORPORATION LIMITED	27,236,557	20.00
MR KRIS FRANCIS MARTINICK	11,635,000	8.54
CORPSERV PTY LTD	5,900,000	4.33
MARTINICK INVESTMENTS PTY LTD	4,000,000	2.94
JCM1 PTY LTD	2,860,000	2.10
VIC BULLO SUPER PTY LTD ATF THE BULLO SUPER FUND A/C	2,305,000	1.69
CHRISTIAN PEDERSEN ATF AFT CRUSTYRA A/C	2,200,000	1.62
DIRK MARTINICK	2,000,000	1.47
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
CITICORP NOMINEES PTY LIMITED	1,045,500	0.77
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
	104,011,585	76.35

Unquoted equity securities

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

The Company has the following unquoted securities:

Class	Number
Tranche A Performance Rights	1,000,000
Tranche C Performance Rights	1,000,000
Tranche D Performance Rights	1,000,000
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.

Class	Number	Restriction period
Shares	82,872,927	24 months from the date of official quotation. From 30 November 2021 to 30 November 2022, being 12
Shares	650,000	months from the date of issue. From 24 September 2021 to 24 September 2022, being
Shares	386,667	12 months from the date of issue. From 16 September 2021 to 16 September 2022, being
Shares	120,000	12 months from the date of issue.
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:

	Ordinary shares	
	Number held	% of total shares issued
Dr Wolf Gerhard Martinick	35,437,002	26.02
Pure Hydrogen Corporation Limited	27,236,557	20.00
Kris Francis Martinick	11,635,000	8.54

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: +(61) 8 9446 8588

Securities Register

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

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, Western Australia, 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

Prospecting licence number	Expiry Date	Interest owned %
016/2018	31/12/2022	70.00
018/2018	31/12/2022	70.00
019/2018	31/12/2022	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.