



Botala Energy Signs Binding Letter of Intent for Gas Offtake Agreement with SCAW

First Major Commercial Customer Secured

Highlights

- **Largest Commercial Milestone to Date** – signed binding letter of Intent to complete a LNG offtake agreement with SCAW, securing a major industrial LNG off-taker and laying the foundation for project development.
- **Anchor Offtake Secured**: SCAW will purchase up to 3.5 PJ/a of LNG in Phase 1, with an option to expand to 4.7PJ/a in total, significantly de-risking the project as Botala moves towards development.
- **Significant Revenue Potential**: ~A\$38¹ million annually, targeting first LNG supply in 2027/2028.
- **Joint Participation in the Bankable Feasibility Study (BFS)**: SCAW's direct involvement will optimise LNG storage, transportation and delivery, ensuring a cost-effective supply chain.

A Binding Commitment to Develop the Serowe CBM Project

Botala Energy Ltd (**ASX: BTE**) (**Botala** or **the Company**) is pleased to announce that it has signed a binding letter of intent (LOI) in relation to the negotiation of an LNG offtake agreement with SCAW South Africa Proprietary Limited (SCAW), securing its first major LNG off-taker and marking the Company's most significant commercial milestone to date.

This legally binding agreement provides SCAW with exclusive rights to procure up to 3.5 PJ/a (100% of Phase 1 Gas) of LNG from the Serowe CBM Project's first phase, with an option to expand to 4.7 PJ/a as production scales. The commitment assists to de-risk the project, establishing a contracted customer and supporting commercial viability as Botala advances towards development.

The agreement will also integrate SCAW into the Bankable Feasibility Study (BFS), aligning infrastructure development, logistics, and delivery optimisation. The BFS findings will guide the final LNG Sale and Purchase Agreement (SPA)/Gas Sales Agreement (GSA).

Kris Martinick, Chief Executive Officer, Botala Energy Ltd: "This binding LOI is a landmark moment for Botala, securing our first major industrial off-taker and positioning the Serowe CBM Project for development. The demand for gas in South Africa is intensifying, and this deal is a clear demonstration of the strong appetite for reliable LNG supply.

With this commitment to the BFS and infrastructure development, we are not just securing an LNG customer but optimising the entire supply chain. This milestone sets us on the fast track

¹Calculation is based on multiplying the potential sales agreement with the current gas price in South Africa as per the following: SASOL Announcement 5-August-2022 "SASOL Position on gas prices", piped gas price R133,34/GJ (1 Rand = 0.086 A\$ 24/2/2025).

NOTE: This is for pipeline gas and not LNG prices which are anticipated by NERSA to be higher.



to first revenue, demonstrates our leadership in the regional gas market, and provides strong commercial validation for project investment and growth."

Key Conditions Precedent

While the LOI is legally binding, the conclusion of a definitive liquefied natural gas sale and purchase agreement and gas sales agreement ("**Binding Document**") is still to be completed and will be subject to certain conditions precedent, which must be satisfied before LNG supply begins. These materially include:

- **Final Investment Decision (FID):** Both parties must formally approve the project development plan.
- **Regulatory Approvals:** Completion of all environmental, ASX, shareholder, mining and commercial licencing for LNG production and export (and any other required third-party approvals or consents).
- **Gas Reserves Certification:** Confirmation of reserves sufficient to meet contracted supply volumes.
- **Infrastructure Commitments:** Agreement on LNG storage, transportation, and delivery responsibilities between both parties.
- **Financial Close:** Securing project financing for the required infrastructure build-out.

Should these (and other) conditions not be met, the agreement will automatically terminate without liability to either party.

Key Terms of the Agreement

The LOI contemplates that the Binding Documentation (as defined above) will have the following key commercial terms:

- **Term:** Initial 10-year agreement, with an option to extend up to 20 years.
- **Offtake Volumes:** Up to 3.5 PJ/a in Phase 1, with potential to expand to 4.7 PJ/a.
- **Pricing:** Cost plus based pricing for Phase 1 volumes up to 3.5PJ/a; market related pricing for balance of volumes.
- **Take-or-Pay (ToP):** Indicative ToP of 90-95% of the Annual Contract Quantity (ACQ) to be finalised in the BFS.
- **Exclusivity:** Botala commits to exclusive negotiations with SCAW for Phase 1 volumes.

About SCAW

SCAW is a leading industrial manufacturer specialising in various steel products. The company has a significant natural gas demand, using it as a key energy source for its operations in South Africa.

By securing a long-term LNG supply agreement, SCAW is reducing its reliance on traditional fuels, improving cost predictability, and supporting South Africa's energy transition towards cleaner alternatives.

This partnership ensures stable and secure gas supply for SCAW while strengthening Botala's role as a key LNG supplier to Southern Africa's industrial sector.

Bankable Feasibility Study (BFS) – Joint Development Model



A key feature of the LOI is SCAW's active participation in the BFS, which will:

- **Optimise Infrastructure:** Determine the best model for LNG storage, transport, and regasification.
- **Align Cost Structures:** Ensure cost-effective logistics and pricing models.
- **Develop Risk Management Strategies:** Identify and mitigate potential risks in the supply chain.

The BFS is a critical step in finalising the LNG SPA/GSA, with findings shared between both parties to ensure full transparency and efficiency.

South Africa's Gas Market – A Major Growth Opportunity

South Africa is facing a severe natural gas shortage, with pipeline supplies declining and no major new domestic sources coming online. The projected 2027/2028 gas crisis has created urgent demand for LNG alternatives, with:

- **Robust LNG Prices:** Current market pricing at A\$11.37/GJ, making LNG supply commercially attractive.
- **Growing Industrial Demand:** Major manufacturers are seeking secure, long-term contracts.
- **Government Support for LNG Expansion:** South Africa is actively encouraging gas investments to bridge the energy gap.

By securing Scaw as an anchor customer, Botala will position itself as a key LNG supplier in a high-demand market. For completeness, references in this announcement to market size is no guarantee that the Company will be able to capitalise on such markets. As such, investors are cautioned not to place undue reliance on such statements in making an investment decision in respect of the Company.

Potential for Growth – Expanding Beyond Phase 1

This LOI sets the stage for further expansion, with potential for:

- **Additional Offtake Agreements:** Ongoing negotiations with other major industrial players (though investors are cautioned such negotiations are ongoing and there is no guarantee any binding agreement will materialise).
- **Expanded LNG Infrastructure:** Additional LNG storage, transport, and regasification assets.
- **Strategic Gas Partnerships:** Further collaboration with South African industries requiring long-term, secure LNG supply.

With the potential revenue stream, this LOI reinforces Botala's transition from exploration to commercial LNG production.

BY ORDER OF THE BOARD

Yours faithfully

Botala Energy Ltd

Kris Martinick
Chief Executive Officer



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

About Botala Energy Ltd

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

Forward-looking Statements

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