Second Pitse Well Online as Botala Targets Repeat of MAS-13 Success

Highlights

- **Second Pitse well Serowe-3.4A now online and currently dewatering.**
- **Serowe-3.1: Acid-washing significantly increases productivity, with well-pressure tripling.**
- **Strategic realignment of Project Pitse to include a new well, Serowe-3.5B to replicate MAS-13's sustained flowrate of ~120,000scfd.**
- **Serowe-3.1 and 3.4A will operate as dewatering support wells; five-well dewatering strategy now underway.**
- **Serowe-3.5B to be delivered for ~A$200k using Botala's in-house capabilities, well below the current A$370k forecast for stimulated wells.**

Project Pitse – Pilot Expansion Underway

Botala Energy Ltd (ASX and BSE: BTE) (Botala) is pleased to announce a key milestone in the commissioning of its Project Pitse pilot well-cluster in Botswana, with Serowe-3.4A (Figure 1 below) well successfully brought online. This follows initial production from Serowe-3.1, which is now delivering daily pressure three times greater than previously recorded following recent acid washing, indicating excellent reservoir response.

Figure 1 - Serowe-3.4A Well and Surface Facilities (Source: Botala)

To further capitalise on recent success, Botala updated its Project Pitse plan with the inclusion of a new, strategically located well: Serowe-3.5B to be drilled ~100 metres north of Serowe-3.5A (Figure 2 below). This decision follows the discovery of publicly available data for the MAS-13[1] well in adjacent acreage, which delivered stable flowrates of 100-120,000 scfd (127 GJ/day) over three months, setting a clear benchmark for high-performance Coal Bed Methane (CBM) output in the region.

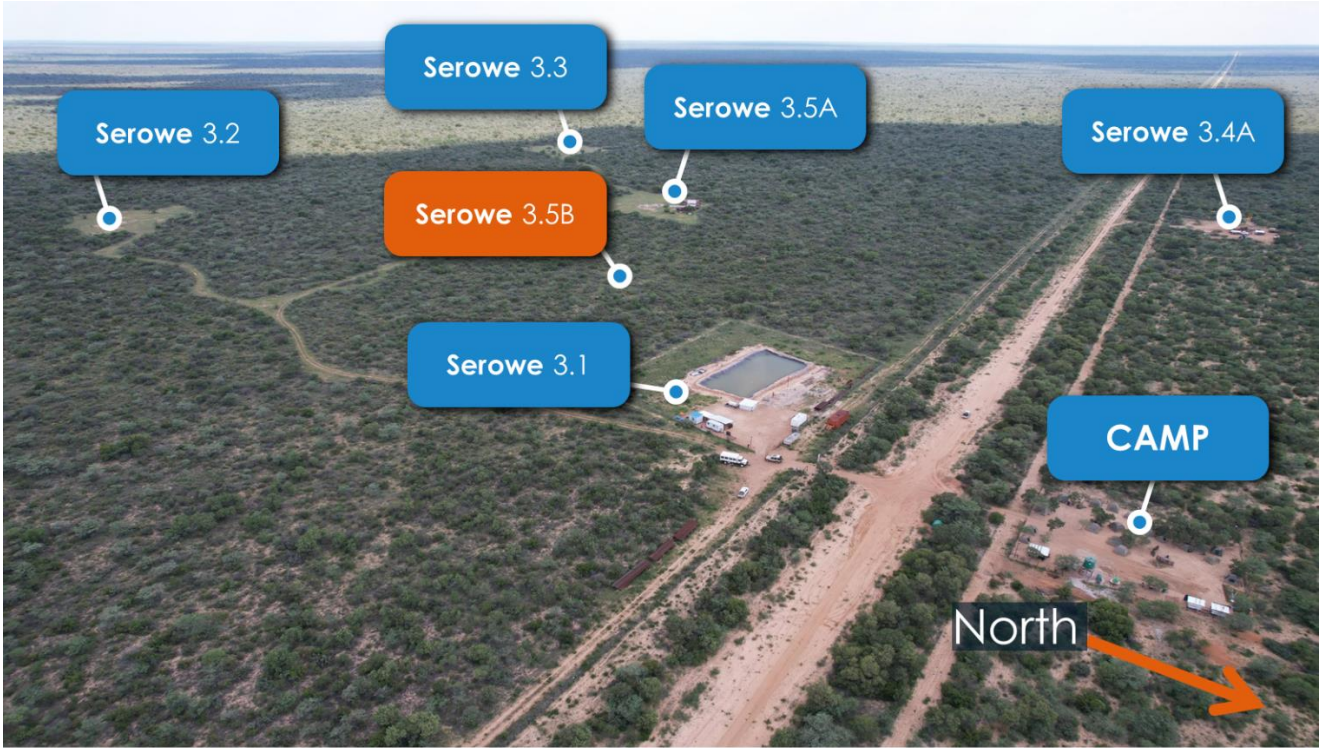

Figure 2 - Project Pitse Overview (Source: Botala)

Serowe-3.5B will be stimulated with a similar design for MAS13 and become the main production well of the updated production pilot. Surrounding this new well will be five existing support dewatering wells: Serowe-3.1, 3.2, 3.3, 3.4A and 3.5A. This new well-cluster is designed to maximise drawdown and reservoir drainage to assess commercial production at scale.

Botala's recent investment in and deployment of fully refurbished drilling and well-completion equipment significantly reduced costs. This will enable Serowe-3.5B to be delivered for approximately A$200,000, as most of the required equipment has already been acquired. In comparison, fully stimulated wells beyond the Pitse Pilot stimulated wells remain budgeted at A$370,000. This low-cost structure underpins Botala's strategy and ability to rapidly commercialise CBM production across its Serowe acreage. Having a stimulated well and open holes will allow Botala to complete its cost benefit analysis of the optimal well design.

> ***Mr Kris Martinick, Chief Executive Officer of Botala Energy,*** *stated, "With Serowe-3.4A now online and strong early performance from Serowe-3.1, we are entering a new phase for Project Pitse. The decision to drill and stimulate Serowe-3.5B, based on the outstanding MAS13 results is a clear statement of our commercial ambition. We now have a high-performing cluster strategy, a proven low-cost drilling model, and a real opportunity to replicate scalable CBM success in Botswana."*

[1] Xingjin Wang and Tim A. Moore, 24 June 2013. Initial flow model for G2a coal seam, MAS-13 Area.

"Our unique ability to drill, stimulate and complete wells at a fraction of industry-norm costs gives us a competitive edge. Combined with our access to regional markets with high gas prices and limited alternatives, we are in a prime position to rapidly progress this project."

BY ORDER OF THE BOARD

Yours faithfully
Botala Energy Ltd

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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.

Appendix A – Listing Requirements

The following information is provided in respect of this announcement and the reporting of contingent resources and prospective resources.

Listing Rule	Rule	Response
5.30	An entity publicly reporting material exploration and drilling results in relation to petroleum resources must include all of the following information in that report and give the report to ASX for release to the market. (a) The name and type of well. (b) The location of the well and the details of the permit or lease in which the well is located. (c) The entity's working interest in the well. (d) If the gross pay thickness is reported for an interval of conventional resources, the net pay thickness. (e) The geological rock type of the formation drilled. (f) The depth of the zones tested. (g) The types of test(s) undertaken and the duration of the test(s). (h) The hydrocarbon phases recovered in the test(s). (i) Any other recovery, such as, formation water and water, associated with the test(s) and their respective proportions. (j) The choke size used, the flow rates and, if measured, the volumes of the hydrocarbon phases measured. (k) If flow rates were tested, information about the pressures associated with the flow and the duration of the test. (l) If applicable, the number of fracture stimulation stages and the size and nature of fracture stimulation applied.	a) Well title is Serowe-3-4A and is an appraisal well targeting Coal Bed Methane. b) Serowe-3-4A is located at Latitude -22.24598 and Longitude 26.19531136 in Prospecting Licence PL-400. c) Botala Energy Ltd working interest is 100% in the well. d) Serowe 328-374m Upper Morupule 374-400m Lower Morupule 400-421m e) The Geological rock type is coal f) Refer to d) above. g) Flow-testing to be completed as part of the commercial Pilot Project. h) Gas desorption testing has been completed resulting in a Total desorption rate of 3.2 to 4.21 cc/g in the Serowe coal seam and 2.09 to 3.3 cc/g. i) Water volumes will be tested in subsequent flow-testing j) Not Applicable k) Not Applicable l) Not Applicable m) Not Applicable n) Not Applicable

	(m) Any material volumes of non-hydrocarbon gases, such as, carbon dioxide, nitrogen, hydrogen sulphide and sulphur. (n) Any other information that is material to understanding the reported results.	