



Botala Energy Ltd

Botala Energy Ltd

ABN 41 626 751 620

Interim Report - 31 December 2022

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Botala Energy Ltd (referred to hereafter as 'Botala', the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

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

Dr Wolf Gerhard Martinick	Director and Chairman
Mr Craig Basson	Director, Chief Financial Officer and Company Secretary
Mr Peter Desmond Grant	Non-Executive Director

The Directors have been in office since the start of the financial year to the date of this report.

Mr Kris Francis Martinick is the Company's CEO.

Principal activities

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

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

Dividends

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

Review of operations

The loss for the Group after providing for income tax amounted to \$663,336 (31 December 2021: \$202,667).

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

Successful Initial Public Offering

Botala successfully completed an initial public offering (IPO) on the ASX through the code BTE and was admitted to the official list of the ASX on 12 July 2022. The official quotation of Botala's securities commenced on 14 July 2022. The IPO was successful in a difficult market and involved the issue of 25,000,000 shares at a price of \$0.20 per share for total funds of approximately \$6,550,000 (before costs).

Drilling

During the period Botala successfully commenced flow-testing the Serowe-3 well, reaching a daily water flowrate of 72bbls1 during drawdown. The water level in the well has been lowered to 142m above the top coals. The aim is to maintain formation permeability by lowering the water level to the coal formations in a controlled manner to allow the CBM gas to flow.

The Serowe-6 well was successfully spudded, drilled and completed during Quarter 4 of 2022. Well logs confirmed the presence of 30m of coal seams. The Serowe-6 well was a ~5km, westward step-out from the Serowe-3 well extending the regional understanding of the coal seams in a westerly direction.

The rig was then moved to Serowe-7 which was due to spud in December 2022, however, weather conditions, essential rig repairs and approach of the Christmas festive period necessitated delaying the spud date to late January 2023.

Geophysical surveys

Botala completed 35km of geophysical surveys over the proposed exploration well sites. The objective being to avoid potential small faults, fractures and igneous intrusions not identified on Botala's regional database. The focus of the initial phase was on the Serowe-6 and Serowe-7 well sites. A calibration line between the wells was corelated with the Serowe-3 and Serowe-4 logging results to improve the understanding of the geophysical structures.

Solar energy and renewables

During the period Botala announced it signed a binding Memorandum of Understanding (MoU) with Solar Finland Ltd (Solar Finland) to jointly investigate providing photovoltaic panels for future solar developments and to complete a business model which includes establishment of a photovoltaic panel manufacturing plant in Botswana. This is in line with the Botswana's aspirations to develop new high technology manufacturing industries in Botswana

Botala and Solar Finland have been actively developing a business case for establishing a PV Solar Panel manufacturing plant in Botswana. Part of the early investigation focused on identifying potential partners and customers to rapidly grow the solar and energy business. Indications suggest that Botala's intentions to use Solar Finland's extensive technology to jointly produce PV panels in Botswana has attractive commercial and in-country appeal to warrant further, detailed study.

EIA progress and stakeholder engagement

The Environmental Impact Assessment (EIA)'s Scoping Document for development of the Serowe gas field was submitted during the period and is currently under review by the Department of Environmental Affairs (DEA). Botala received conditional planning approval for development of its proposed Leupane Energy Hub and Industrial Park and was subsequently advised by DEA that environmental aspects of the project will be assessed at the EIA level. The planning application for the Serowe Energy Hub is currently being assessed by the Serowe Planning Authority. Following this review, the DEA will nominate the level of environmental assessment.

Schedule of leases at 31 December 2022

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

PL Number	Expiry Date	Status
016/2018	31/03/2025	Current
018/2018	31/03/2025	Current
019/2018	31/03/2025	Current
356/2018	30/09/2023	Current
357/2018	30/09/2023	Current
400/2018	30/09/2023	Current
055/2021	31/03/2024	Licence granted

Covid-19

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

Exploration well Serowe-7 was spudded on the 27 January 2023. This well was drilled to a target depth of 510m. Logging determined 35m of coal within the Serowe, Upper and Lower Morupule seams. Further evaluation work is ongoing to action a second Flow-Test.

A Flow-Test at Serowe-3 is ongoing with visible gas breakout observed in February 2023. The Flow-Test is designed to monitor increases in downhole annulus pressure to determine the feasibility of establishing a commercial production well.

No other matter or circumstance has arisen since 31 December 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.

Likely developments and expected results of operations

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

Environmental Issues

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

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

On behalf of the Directors



Wolf Gerhard Martinick
Executive Chairman

13 March 2023

AUDITOR'S INDEPENDENCE DECLARATION

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



Perth, Western Australia
13 March 2023

B G McVeigh
Partner

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General information

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

Botala Energy Ltd is 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 13 March 2023.

Botala Energy Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



	Note	Consolidated	
		31 December 2022	31 December 2021
		\$	\$
Other income			
Interest received		43,843	32
Expenses			
Share of loss of equity accounted investee		(167,469)	(7,098)
Employee benefits expense		(300,948)	(151,667)
Finance costs		(2,900)	-
Consultancy costs		(33,544)	(10,000)
Marketing costs		(48,113)	(6,326)
Administration costs		(107,818)	(114,466)
Loss before income tax (expense)/benefit		(616,949)	(289,525)
Income tax (expense)/benefit	4	(46,387)	86,858
Loss after income tax (expense)/benefit for the half-year attributable to the owners of Botala Energy Ltd		(663,336)	(202,667)
Other comprehensive (loss)/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		30,952	1,433,467
Joint venture foreign currency translation		(41,648)	-
Other comprehensive (loss)/income for the half-year, net of tax		(10,696)	1,433,467
Total comprehensive (loss)/income for the half-year attributable to the owners of Botala Energy Ltd		<u>(674,032)</u>	<u>1,230,800</u>
		Cents	Cents
Basic earnings per share		(0.49)	(0.27)
Diluted earnings per share		(0.49)	(0.27)

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 31 December 2022



		Consolidated	
	Note	31 December	30 June 2022
		2022	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,507,962	5,825,416
Trade and other receivables		26,706	47,217
Other assets		112,913	70,008
Total current assets		<u>3,647,581</u>	<u>5,942,641</u>
Non-current assets			
Investments in joint venture	5	10,491,575	8,681,625
Financial assets at fair value through other comprehensive income	6	114,192	880,000
Deferred tax assets	7	22,512	68,899
Total non-current assets		<u>10,628,279</u>	<u>9,630,524</u>
Total assets		<u>14,275,860</u>	<u>15,573,165</u>
Liabilities			
Current liabilities			
Trade and other payables	8	304,311	726,769
Total current liabilities		<u>304,311</u>	<u>726,769</u>
Non-current liabilities			
Payables		-	14,996
Deferred tax liabilities	9	22,512	192,000
Total non-current liabilities		<u>22,512</u>	<u>206,996</u>
Total liabilities		<u>326,823</u>	<u>933,765</u>
Net assets		<u>13,949,037</u>	<u>14,639,400</u>
Equity			
Issued capital	10	13,372,240	13,388,571
Reserves	11	713,857	1,150,541
Retained profits/(accumulated losses)		(137,060)	100,288
Total equity		<u>13,949,037</u>	<u>14,639,400</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 half-year ended 31 December 2022



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	2,120,898	465,907	(138,389)	2,448,416
Loss after income tax benefit for the half-year	-	-	(202,667)	(202,667)
Other comprehensive income for the half-year, net of tax	-	1,433,467	-	1,433,467
Total comprehensive (loss)/income for the half-year	-	1,433,467	(202,667)	1,230,800
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	746,892	-	-	746,892
Share-based payments	351,333	78,781	-	430,114
Balance at 31 December 2021	3,219,123	1,978,155	(341,056)	4,856,222
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	13,388,571	1,150,541	100,288	14,639,400
Loss after income tax expense for the half-year	-	-	(663,336)	(663,336)
Other comprehensive income for the half-year, net of tax	-	(10,696)	-	(10,696)
Total comprehensive income for the half-year	-	(10,696)	(663,336)	(674,032)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 10)	(16,331)	-	-	(16,331)
Transfer from disposal of financial assets through other comprehensive income	-	(425,988)	425,988	-
Balance at 31 December 2022	13,372,240	713,857	(137,060)	13,949,037

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

Botala Energy Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2022



	Consolidated	Consolidated
	31 December	31 December
	2022	2021
	\$	\$
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)	(493,946)	(197,512)
Interest received	43,843	32
	<u>(450,103)</u>	<u>(197,480)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payment for joint venture costs/interest	(2,037,619)	(704,252)
Proceeds from disposals of financial assets at fair value through other comprehensive income	625,328	1,045,453
	<u>(1,412,291)</u>	<u>341,201</u>
Net cash (used in)/from investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	-	752,000
Share issue transaction costs	(455,060)	(5,108)
	<u>(455,060)</u>	<u>746,892</u>
Net cash (used in)/from financing activities		
Net (decrease)/increase in cash and cash equivalents	(2,317,454)	890,613
Cash and cash equivalents at the beginning of the financial half-year	<u>5,825,416</u>	<u>635,882</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>3,507,962</u></u>	<u><u>1,526,495</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business and at the amounts stated in the financial statements.

Notwithstanding the fact that the Group incurred a loss of \$663,336 and net cash used in operating activities of \$450,103 for the period, the Directors are of the opinion that the Group is a going concern. The Group had net current assets of \$3,343,270 net asset surplus of \$13,949,037.

As a consequence of an encouraging flow-test at the Serowe-3 well, the Company is seeking to accelerate its development programme with a potential second flow-test at the Serowe-7 well, which will require additional funding.

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

- The Group will continue to exercise appropriate cash management and monitoring of operating cashflows according to exploration success. Future exploration expenditure is generally discretionary in nature and exploration activities may be slowed or suspended as part of the Group's cash management strategy.
- The Group has demonstrated its ability to raise capital via equity placements to shareholders during the period. Given the strong support of substantial shareholders and the prospectivity of the Group's current projects the Directors are confident that any future capital raisings will be successful.

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

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

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

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

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

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Business combinations

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

Note 3. 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.

Note 3. Operating segments (continued)

The information reported to the CODM is on a monthly basis.

Geographical information

Geographical non-current assets

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$	\$
Australia	136,704	948,899
Botswana	10,491,575	8,681,625
	<u>10,628,279</u>	<u>9,630,524</u>

Note 4. Income tax expense/(benefit)

Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate
Loss before income tax (expense)/benefit

	Consolidated	
	31 December	31 December
	2022	2021
	\$	\$
Tax at the statutory tax rate of 30%	(185,085)	(86,858)
Current half-year tax losses not recognised	15,171	290,226
Adjustment to deferred tax balances	46,387	-
Tax on sale of financial assets at fair value through other comprehensive income	169,914	(290,226)
Income tax expense/(benefit)	<u>46,387</u>	<u>(86,858)</u>

Amounts credited directly to equity
Deferred tax liabilities (note 9)

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$	\$
Deferred tax liabilities (note 9)	(169,488)	(18,000)

Note 5. Non-current assets - investments in joint venture

	Consolidated	
	31 December	
	2022	30 June 2022
	\$	\$
Investment in equity accounted joint venture	<u>10,491,575</u>	<u>8,681,625</u>
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial half-year are set out below:		
Opening carrying amount	8,681,625	1,196,271
Loss after income tax	(167,469)	(37,120)
Additions	-	1,283,061
Additions through increasing ownership in associate	2,019,067	5,913,480
Movement through other comprehensive income	<u>(41,648)</u>	<u>325,933</u>
Closing carrying amount	<u>10,491,575</u>	<u>8,681,625</u>

Refer to note 16 for further information on interests in joint ventures.

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

The Company was appointed as the operator in 2021 and will retain its 49% interest by spending AUD \$6.1m by December 2023. At the date of this report \$4,611,992 (June 2022: \$2,241,771) had been spent.

At half-year the Group had a legal interest of 70% of Sharpay Enterprises (Pty) Ltd.

As a result of the heads of agreement between Botala and Strata-X Australia Pty Ltd there is joint control in place notwithstanding the legal interest.

Note 6. Non-current assets - financial assets at fair value through other comprehensive income

	Consolidated	
	31 December	
	2022	30 June 2022
	\$	\$
Investment in shares of Pure Hydrogen Corporation Ltd ("PH2") - Level 1	<u>114,192</u>	<u>880,000</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:		
Opening fair value	880,000	975,000
Additions	-	675,000
Disposals	(627,272)	(1,745,080)
Revaluation increments	<u>(138,536)</u>	<u>975,080</u>
Closing fair value	<u>114,192</u>	<u>880,000</u>

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 31 December 2022, the closing bid price was \$0.175 per share (30 June 2022: \$0.220). During the period the Group disposed of 3,347,476 shares for net proceeds of \$625,328 and a total loss of \$109,173, in order to fund working capital commitments.

Note 7. Non-current assets - deferred tax assets

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$	\$
Deferred tax asset	<u>22,512</u>	<u>68,899</u>
<i>Movements:</i>		
Opening balance	68,899	61,444
(Charged)/Credited to profit or loss	<u>(46,387)</u>	<u>7,455</u>
Closing balance	<u>22,512</u>	<u>68,899</u>

Note 8. Current liabilities - trade and other payables

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$	\$
Trade payables	152,816	78,893
Other payables	<u>151,495</u>	<u>647,876</u>
	<u>304,311</u>	<u>726,769</u>

Refer to note 13 for further information on financial instruments.

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

Note 9. Non-current liabilities - deferred tax liabilities

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in equity:		
Revaluation of financial assets at fair value through other comprehensive income	<u>22,512</u>	<u>192,000</u>
Deferred tax liability	<u>22,512</u>	<u>192,000</u>
<i>Movements:</i>		
Opening balance	192,000	210,000
Credited to equity (note 4)	<u>(169,488)</u>	<u>(18,000)</u>
Closing balance	<u>22,512</u>	<u>192,000</u>

Note 10. Equity - issued capital

	31 December 2022 Shares	Consolidated 30 June 2022 Shares	31 December 2022 \$	30 June 2022 \$
Ordinary shares - fully paid	<u>136,189,594</u>	<u>136,189,594</u>	<u>13,372,240</u>	<u>13,388,571</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30 June 2021	70,442,802		2,120,898
Issue of Shares as Seed B - Part (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 - Part (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		-	-	(906,129)
Balance	30 June 2022	<u>136,189,594</u>		<u>13,388,571</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	136,189,594		13,388,571
Share issue costs		-	-	(16,331)
Balance	31 December 2022	<u>136,189,594</u>		<u>13,372,240</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.

Note 11. Equity - reserves

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Financial assets at fair value through other comprehensive income reserve	52,528	447,564
Share-based payments reserve	120,000	120,000
Options reserve	582,977	582,977
Joint venture foreign currency translation reserve	(41,648)	-
	<u>713,857</u>	<u>1,150,541</u>

Financial assets at fair value through other comprehensive income reserve

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

Options reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. The options have been valued using the Black-Scholes method.

Joint venture foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Movements in reserves

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

Consolidated	Financial asset reserve	Share based payment reserve	Options reserve	Joint venture FCT reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2022	447,564	120,000	582,977	-	1,150,541
Revaluation - gross	(138,536)	-	-	-	(138,536)
Deferred tax	169,488	-	-	-	169,488
Disposal of investment	(425,988)	-	-	-	(425,988)
Foreign currency translation	-	-	-	(41,648)	(41,648)
Balance at 31 December 2022	<u>52,528</u>	<u>120,000</u>	<u>582,977</u>	<u>(41,648)</u>	<u>713,857</u>

Note 12. Equity - dividends

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

Note 13. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

Note 13. Financial instruments (continued)

Market risk

Price risk

The Group is exposed to price risks in regards to its investment in Pure Hydrogen Corporation Ltd.

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 14. Key management personnel disclosures

Directors

The following persons were Key Management Personnel of Botala Energy Ltd during the financial half-year:

Wolf Gerhard Martinick	Director and Chairman
Kris Francis Martinick	Chief Executive Officer
Craig Basson	Director, Chief Financial Officer and Company Secretary
Peter Desmond Grant	Non-executive Director

Compensation

The aggregate compensation made to Directors and other members of Key Management Personnel of the Group is set out below:

	Consolidated	
	31 December	31 December
	2022	2021
	\$	\$
Short-term employee benefits	290,000	-
IPO STI Cash incentive	150,000	-
Share-based payments	-	273,333
	<u>440,000</u>	<u>273,333</u>

Short-term employee benefits relate to \$20,000 director fees and \$270,000 consulting fees settled in cash.

IPO STI Cash incentive relates to one-off short-term cash incentive bonus being paid on achievement of ASX admission occurring on or before 31 December 2023.

There were no share-based payments in the current period.

Note 15. Related party transactions

Parent entity

Botala Energy Ltd is the parent entity.

Joint ventures

Interests in joint ventures are set out in note 16.

Key management personnel

Disclosures relating to key management personnel are set out in note 14.

Note 15. Related party transactions (continued)

Receivable from and payable to related parties

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

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$	\$
Current receivables:		
Earn-in paid to date to Sharpay Enterprises (Pty) Ltd	4,621,212	2,241,771

Terms and conditions

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

Note 16. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December	
		2022	30 June 2022
		%	%
Sharpay Enterprises (Pty) Ltd	Botswana	70.00%	70.00%

Note 16. Interests in joint ventures (continued)

Summarised financial information

	31 December 2022	30 June 2022
	\$	\$
<i>Summarised statement of financial position</i>		
Current assets	28,403	39,867
Non-current assets	5,508,732	3,871,500
Total assets	5,537,135	3,911,367
Current liabilities	5,394,745	3,519,913
Total liabilities	5,394,745	3,519,913
Net assets	142,390	391,454
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Other expenses	(236,813)	(53,649)
Loss before income tax	(236,813)	(53,649)
Other comprehensive (loss)/income	(59,497)	465,618
Total comprehensive (loss)/income	(296,310)	411,969
<i>Reconciliation of the Group's carrying amount</i>		
Opening carrying amount	281,361	(7,018)
Share of loss after income tax	(165,769)	(37,554)
Share of other comprehensive (loss)/income	(41,648)	325,933
Closing carrying amount	73,944	281,361

Note 17. Events after the reporting period

Exploration well Serowe-7 was spudded on the 27 January 2023. This well was drilled to a target depth of 510m. Logging determined 35m of coal within the Serowe, Upper and Lower Morupule seams. Further evaluation work is ongoing to action a second Flow-Test.

A Flow-Test at Serowe-3 is ongoing with visible gas breakout observed in February 2023. The Flow-Test is designed to monitor increases in downhole annulus pressure to determine the feasibility of establishing a commercial production well.

No other matter or circumstance has arisen since 31 December 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.

Botala Energy Ltd
Directors' declaration
31 December 2022



In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Wolf Gerhard Martinick".

Wolf Gerhard Martinick
Executive Chairman

13 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Botala Energy Limited

Report on the Condensed Half-Year Financial Report

Conclusion

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

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 March 2023



B G McVeigh
Partner

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