

# BotsGas

## Investment Summary

21 April, 2020

**Botswana, Southern Africa, CBM**  
Ready To Drill Opportunity



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## Investment Highlights



**Drill Ready** – Existing approvals in place provides opportunity to be a producer within ~2 years



**Strong relationships** – BotsGas and Strata-X (SXA) plan to secure CBM (Coal Bed Methane) off-take agreement with IK



**Asset Security** – BotsGas to participate in SXA placement providing exposure to SXA Queensland projects and security for seed investors



**Government support** – Offset constant power disruptions from imported coal generated electricity



**Transition to Renewables** – Gas acts as an enabler for electricity infrastructure investments in Botswana



**Market** – Existing Domestic Market with longer term intention to market gas and power to Southern Africa

## Investment Highlights

Botswana wants to reduce its reliance on South Africa, especially imported electricity, to become self-sufficient and an exporter of electricity.

Growing demand for industrial and domestic electricity to provide transition to renewables that can be generated from its extensive, undeveloped CBM potential.

Government is proactively encouraging investment and establishment of new industries to generate employment opportunities and diversify its industrial base.

CBM an enabler to transition to a greener energy mix, and thereby reduce reliance on coal and diesel and generate employment.



The targets are drill ready; Strata-X have environmental approvals for 95+ wells drilling program

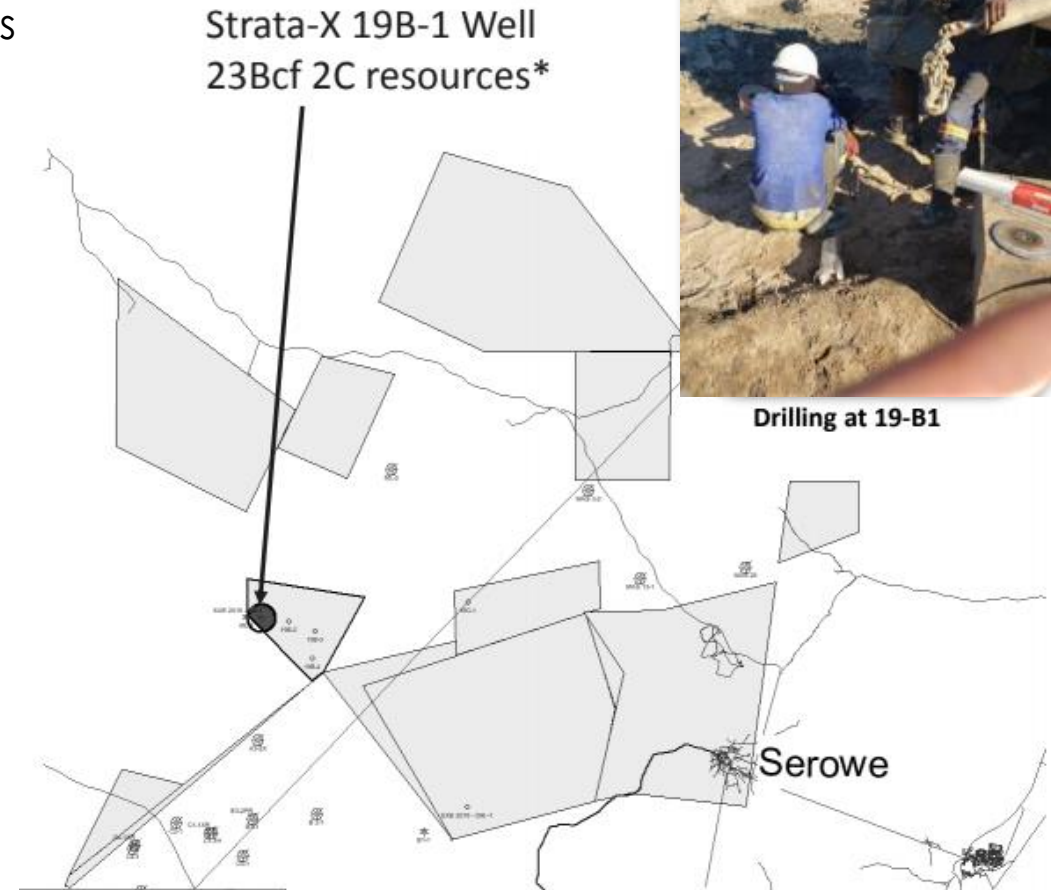
Abstraction of CBM by shallow, low-cost vertical wells is proposed

Botswana is estimated to contain an extensive Coal Bed Methane (CBM) potential of up to 70 TCF\*

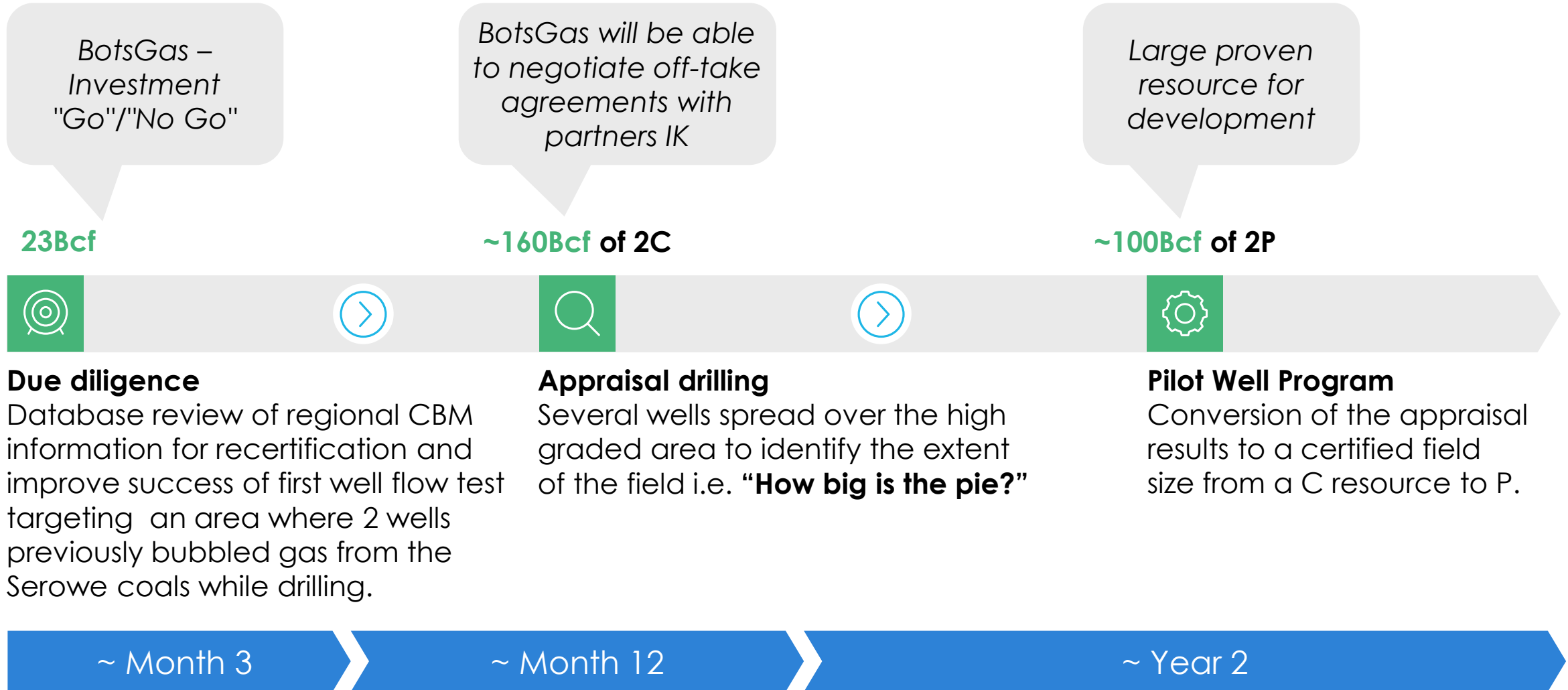
BotsGas is closely associated with IK Holdings Ltd (IK), a private Perth-based company focused on establishing Energy Hubs in Botswana. This provides an avenue for establishing Gas Sales Agreements (GSA's)

## Project Status Overview

-  Strata-X drilled one vertical well in 2019 and planning a multi well drilling campaign 2021 with a focus on proving up more certified gas reserves
-  Currently Strata-X has 23 Bcf of 2C reserves around their recent well. Most volumes are in the prospective resource category
-  Project is a low-cost development of CBM within Botswana
-  Have environmental approvals for 95+ well drilling programme
-  Farm-in deal will fund the appraisal and pilot well program to underpin GSA with partners



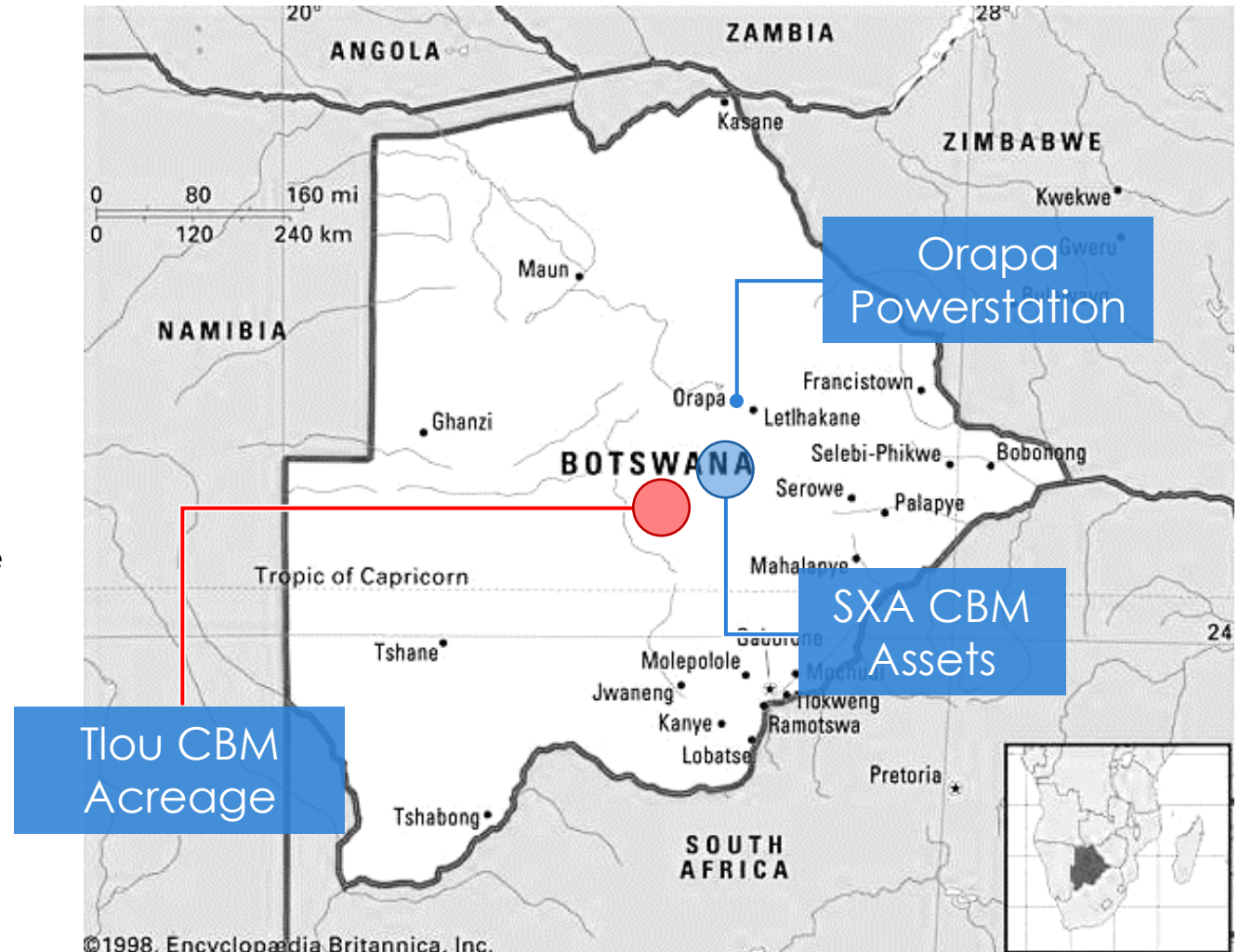
# Project Overview - BotsGas Investment Strategy



# Project Location - Botswana at a Glance



- Population 2.3 million
- Politically and financially stable:
  - GDP ~US\$18 Billion
  - Foreign Currency Reserves US\$7.5 Billion
  - GDP Growth (2018) 4.5%
- Supportive Foreign Investment culture:
  - Fraser Institute No. 3 in Africa after Mauritius and Cape Verde
- Favourable credit ratings:
  - Moody's A2 Stable (2019)
- Economic freedom score of 69.5 (2019)
  - No.36 in world, No 1 in Africa



## Why Botswana

Growing demand for industrial and domestic electricity to provide transition to renewables that can be generated from its extensive, undeveloped CBM potential.

Government is proactively encouraging investment and establishment of new industries to generate employment opportunities and diversify its industrial base.

Well educated population and willing workforce.

Good labour relationships.

African country with best corporate governance and rule of law.

Efficient and helpful government departments and agencies focused on assisting industry and creating employment in a socially and environmentally sustainable manner.

Botswana wants to reduce its reliance on South Africa, especially imported electricity, to become self-sufficient and an exporter of electricity.

No Black Economic Empowerment (BEE) policy.



# Revised Farm-in terms and target value



**COVID Pandemic** Farmin terms have been renegotiated reflecting current global travel restrictions and market sentiment. Demonstrates the capacity for both companies to work collaboratively towards a common goal.



**Regional Database** BotsGas and SXA will spend initial funds to build and assess a database combining the knowledge of both companies with the aim to achieving a reserve recertification and improving the success of the first well



**Flexible Exploration Drilling Program** BotsGas and SXA Joint venture will spend US\$4m on drilling and flow-testing wells in the Serowe basin for BotsGas to receive 49% once complete; this is an overall farmin cost reduction in of US\$2.5m.

	Stage	No. Wells	Cost	Earned Equity	Potential Resource	Aim	Development Potential
<b>1a</b>	Due Diligence and Building a Database	Development of Database and reserve certification	US\$300k	0%	23Bcf	Proof of concept and recertification  Obtain preliminary sales contract*	Confirmed gas presence
<b>b</b>	SXA Share placement	Invested in SXA at 6c per share	US\$300k				Exposure to SXA project Venus located in Queensland
<b>2</b>	Appraisal and Pilot program	Flexible program spread over SXA licenses	US\$300k per well + US\$200k testing	49%	Targeting >160Bcf @2C Reserve upgrade 2C to 2P	Prove commercial gas flows. <b>C</b> onversion of <b>C</b> ontingent resource to <b>P</b> roven/ <b>P</b> robable	Enough gas to underpin sales contracts

\*Preliminary economics and are conservatively based on an estimated well head gas price of \$5 – 6/mmcf (million standard cubic feet). Including costs, this is conservatively valued at \$0.5/mmcf. Accuracy of economic analysis will be continuously improved as opportunity matures.

# BotsGas Directors



## Directors



**Wolf Martinick**, PhD, BSc (Agric). Wolf is an environmental scientist with over 40 years experience addressing the environmental and social aspects of the oil, gas, mineral resources and land development industries in various countries, especially Australia and Southern Africa. He was the owner and founding director of MBS Environmental, a major socio-environmental consultancy attending to resource developments across Australasia and numerous other countries, especially Southern Africa.

He is Non-executive director of ASX listed Azure Minerals Ltd; former managing director, chairman and non-executive director of several ASX and AIM listed exploration and mining companies and familiar with project development.



**Kris Martinick**, B Chem Eng (Hons); BSc Chem BCom. Has over 15 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



**Craig Basson** (Company Secretary) BCom(Hons); is a Fellow of the Institutes of Chartered Accountants and Governance Australia and has over 20 years experience in auditing, accounting and financial management in the petroleum and mineral resources, education and viticulture industries of South Africa and Australasia. Craig was Company Secretary and CFO of a number ASX listed companies, notably Basin Minerals Limited and Sun Resources NL, and is the Company Secretary of Little Green Pharma, a company specialising in medicinal cannabis; he recently managed its listing on the ASX.

# BotsGas Executive Management Team



## Advisory Team

**Peter Grant.** 45 years experience in global hydrocarbon exploration and development mainly in senior management with BHP Petroleum and Woodside Energy. He has extensive experience in Botswana in his current role as MD of IK Holdings Ltd. He has been part of the team who made significant discoveries in UK/Australia/Indonesia/Africa and the Americas. He holds a BSc Hons in Geology from Nottingham University (UK).

**Andrew Lambert.** A Geoscientist and Business Development and Commercial Executive with 22 years international experience. Andy led the discovery of the Amersfoort CBM project in Mpumalanga, South Africa, a 1.1Tcf (contingent resource, gross 100%) CBM and Sandstone gas project.

**Modisana Botsile.** Engineer and commercial analyst in Minerals and Energy with extensive Botswana experience in coal and minerals gained in the Botswana Ministry of Mines, Energy and Water Resources.

**Bosisi Ntshole.** Director of BotsGas Botswana; Business developer residing in Botswana and attends to Regulatory Affairs and Community Relations.

**Vic Bullo:** Mining Engineer with over 40 years experience in project planning, management and project service industries, specialising in establishing executive management teams and detailed corporate planning.

**Anna Nahajski-Staples:** Investment banker with over 25 years experience in global financial markets which includes 15 years specialising in natural resources and ASX equities. Previously held executive and non-executive board roles while managing boutique corporate advisory firm Paloma Investments, established in 2010

**Thomas A.C. Murrell:** B.Ag.Sc.(Hons), Dip.Ag.Econ, MBA, CSP, Vincent Fairfax Fellow. Thomas Murrell MBA, CSP is an expert on capital investment marketing, experienced Board Director and global business leader

**SXA – Project Managers:** Will be the Joint Venture project managers bringing great local expertise to the project:

**Ron Prefontaine,** a veteran geophysicist of the petroleum industry, CBM expert and proven CBM company builder who has also developed new, innovative completion and production methods for CBM.

**Tim Hoops,** a geological engineer with over 40 yrs experience in the petroleum industry, in upstream operations, project implementation and global energy management.

## Offer Details



**Issuer** – BotsGas Pty Ltd (BotsGas, BTG or the Company)

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**Type of Transaction** – Seed Raising

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**Offer details** – Share placement of up to 20,000,000 at A\$0.05 per share to raise \$700,000, open to over subscriptions up to A\$1.0m.

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**Minimum bid** – A\$20,000

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**Issue price** – A\$0.05 per Raising Share

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**Use of funds  
from Raising:**

Stage 1A Strata-X Placement \$300k

Stage 1B Database building, interpretation and mapping, recertification \$300k

Stage 2 Developing exploration / evaluation program that is drill ready

Over subscription will fund wells

## Post Raising Capital Structure



- BotsGas, formerly ZimGas, changed its focus to Botswana where it owns BotsGas (Botswana) P/L.
- BotsGas shares issued: 27,538,300
- BotsGas options issued: 17,257,000 exercise price 5 cents, 1 February 2025.
- Cash in bank: ~AUD\$275,000; No outstanding debts.
- Directors\* Shareholding post raising: 25,577,000 shares
- Shares on issue post raising 50,700,300, assuming upto \$1m raised at \$0.05\*\*

\*Directors are currently not on salary

\*\* Figure is inclusive of Seed Capital Raising Incentive scheme

# Investment Timetable



**Investment offer opens – 3<sup>rd</sup> of March 2020**

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**Commitments due (binding) – 22<sup>nd</sup> May 2020**

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**Deal Closes – 29<sup>th</sup> of May 2020**

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## BotsGas Contact Details



**Thank you for your consideration of investing in BotsGas.**

Please contact our team for any further information.



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[Craig.basson@botsgas.com](mailto:Craig.basson@botsgas.com)



**Website**

[www.botsgas.com](http://www.botsgas.com)

# Back-up Information



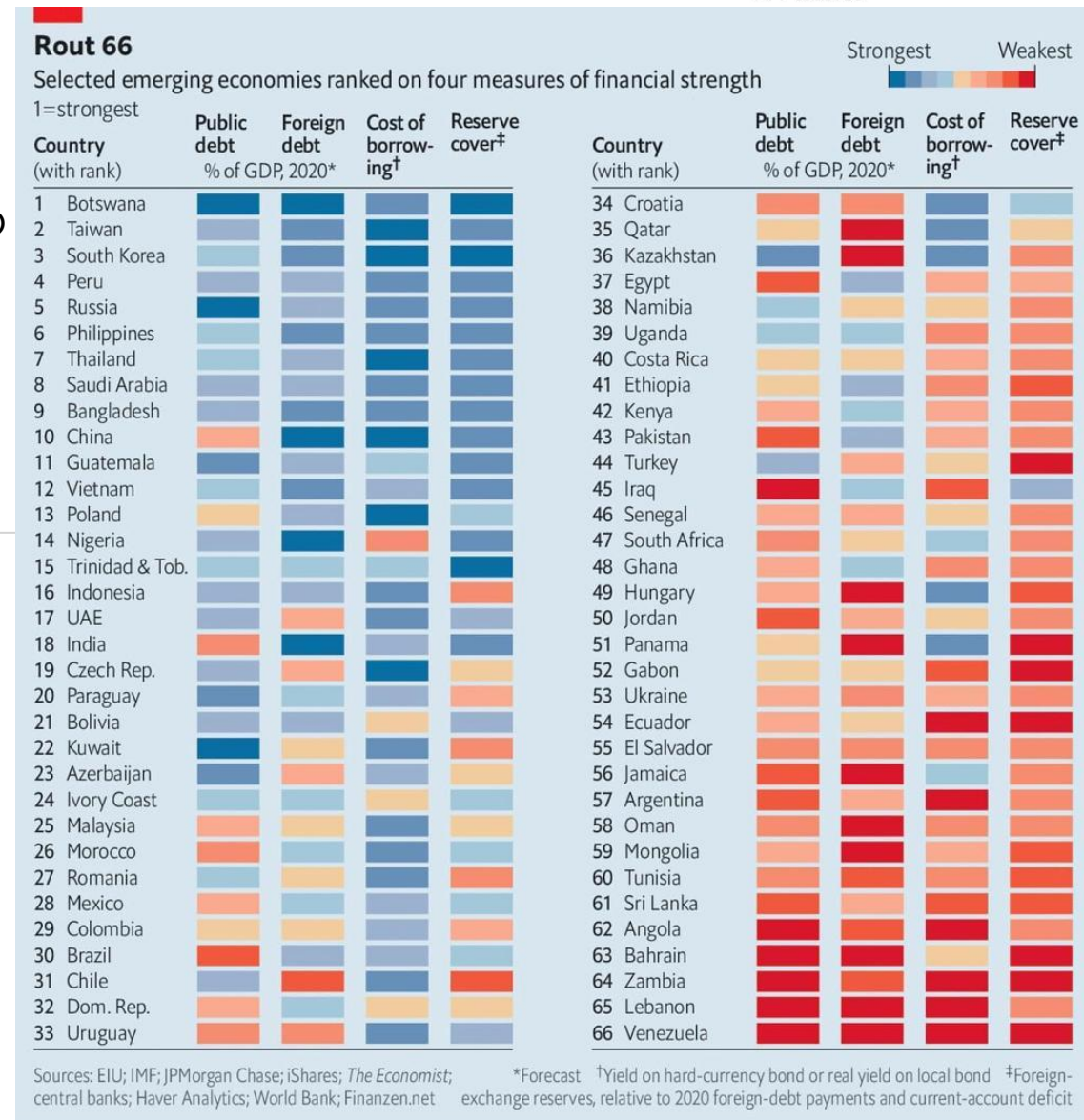
# BotsGas – Vision – Why CBM in Botswana?



**Background:** Botswana Government seeks development of its extensive Coal Bed Methane (CBM) potential of up to 70 TCF\* to become less dependent on expensive imported diesel and unreliable electricity to create new industries and employment opportunities.



**BotsGas' Vision:** Produce and develop Botswana's CBM opportunities to provide energy certainty as an enabler for the transition to a greener energy mix, and thereby reduce reliance on coal and diesel and generate employment.



\* Advanced Resources International, ARI]

## Vision: How will it be achieved?

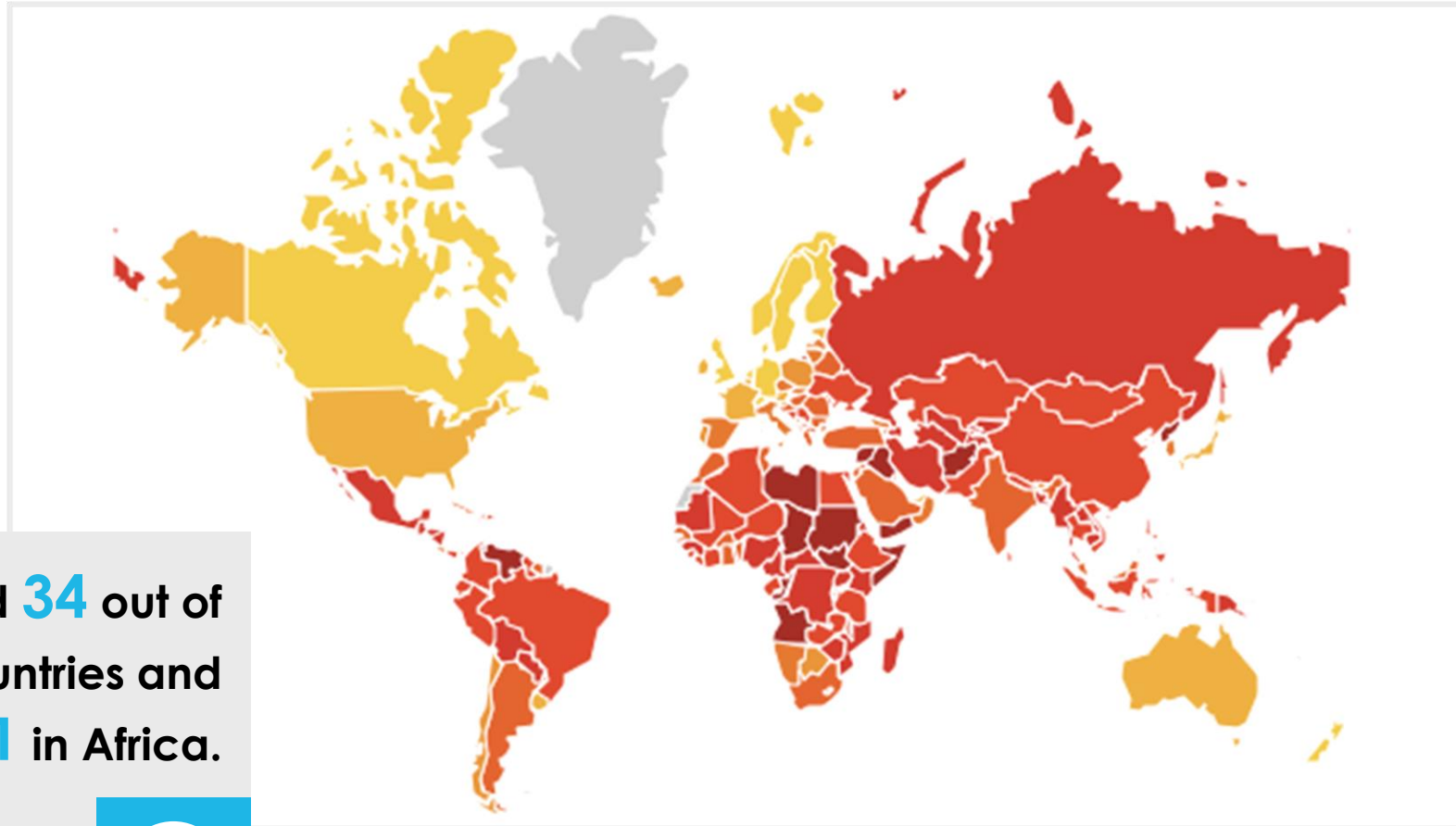


### **BotsGas is farming into Strata-X (SXA) because:**

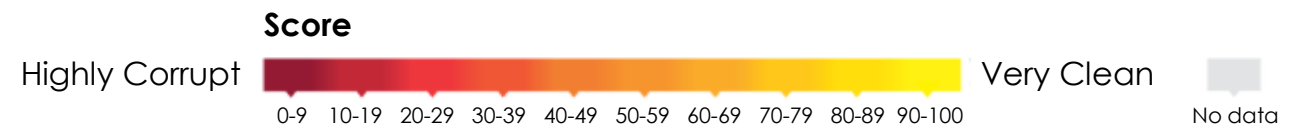
- a) SXA and BotsGas share the same vision of a **stable green Energy Hub within Botswana** with the future potential to support wider regions
- b) SXA has a 6 Tcf (trillion cubic feet), Independently Certified Prospective Resource on its 100% owned Serowe CBM Project, with ~2.4 Tcf potentially located within a high grade area<sup>1</sup>
- c) SXA is targeting the Serowe coal seams, as the following properties result in best production rates, lower operational costs and less technical risk:
  - i. Shallow (~250 to 500m depth; 12m coal over 50m gross interval)
  - ii. Gaseous Coal (80-100% Gas Saturations)
  - iii. CBM can be readily abstracted by a series of low-cost, vertical wells
  - iv. No horizontal drilling and fracking required
- d) SXA is managed by **Ron Prefontaine**, a noted CBM specialist, who leads a team with proven CBM and significant value adding expertise
  - **They know what they are doing and they will be our project managers!**
- e) SXA has approvals to drill 95 wells

<sup>1</sup> Reference to Strata-X public presentations, MHA Petroleum Consultants

# Transparency International Global Corruption Index 2018



Ranked **34** out of **180** Countries and **No.1** in Africa.



## Gas – a Transition to Renewables for Botswana (1)



- a) **BotsGas' CBM Project** will facilitate the use and reliability of greener energy in the transition to renewables
- b) **BotsGas will produce gas:**
  - i. To off-set coal generated power imports
  - ii. As an alternative to coal, diesel, firewood and charcoal within Botswana
  - iii. To provide clean and reliable baseload energy to greener energy solutions
  - iv. For the numerous communities not currently on the national electricity grid
  - v. For conversion of vehicles to use of Compressed Natural Gas (CNG)
- c) **BotsGas' immediate markets are:**
  - i. Orapa power station which will be converted from diesel to CBM
  - ii. Service off-grid communities with 24/7 CNG generators to supplement solar power and provide reliable supplies of electricity. Generators are readily transportable, low-cost, quickly established and have a lower threshold for economic gas development than conventional gas solutions
  - iii. Encourage the conversion of mining fleets and buses to use CNG
  - iv. Encourage the use of small, simple CNG stoves to replace the widespread use of firewood and charcoal
  - v. In the longer term, supply CBM to other planned power stations

# Gas – a Transition to Renewables for Botswana (2)

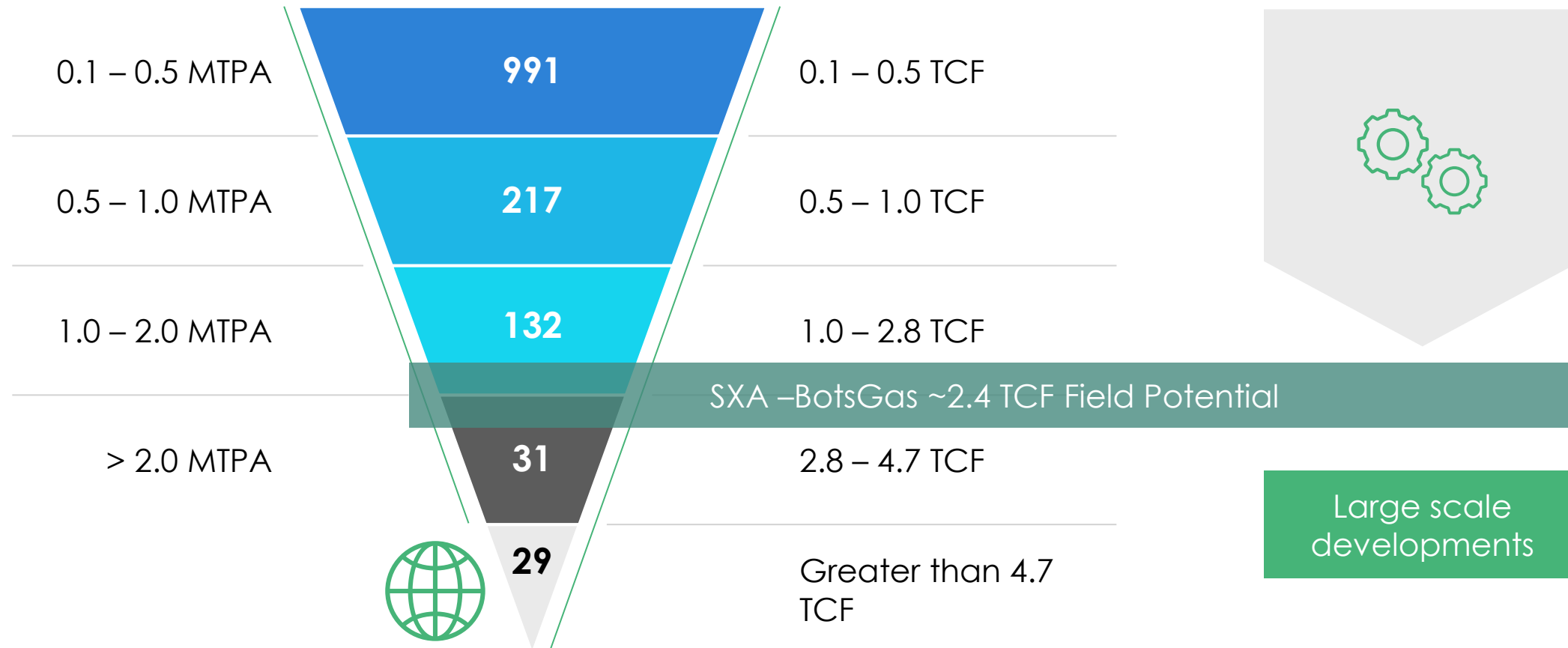


## **d) Socio-economic, environmental and health benefits**

- i. The process of extracting CBM from coal generates water as a by product which will be available for local agriculture.
- ii. Replace imported diesel with domestically produced CBM and CNG will save valuable foreign reserves
- iii. Establishing CNG supportive Renewable power solutions will:
  - Reduce the huge reliance on imported South African coal generated electricity
  - Provide affordable electricity to off-grid communities, and remove the need for costly and unsustainable transmission to small electricity markets
  - 46% of the households (~ 1 million people) in Botswana rely on wood fuel for their principal energy source for cooking
  - Provide clean and reliable energy to many communities and industries
  - Reduce reliance on firewood and reduce the long hours spent daily by women and children collecting firewood
  - Reduce or remove the health hazards associated with smoke inhalation
  - Reduce reliance on charcoal which in many regions is destroying forests, especially large trees
- iv. CBM and CNG, when used to supplement Renewables will provide cleaner energy and reduce the CO<sub>2</sub> footprint
- v. Production of CBM and CNG will result in the establishment of new power supply industries which will create new employment opportunities
- vi. Providing reliable supplies of electricity and CBM or CNG will create opportunities for the establishment of regional Power Hubs. These will attract a variety of industries, small and large, and generate regional employment opportunities. The first Power Hub is likely to be established in the regional town of Serowe

# Gas Opportunities and LNG Equivalent

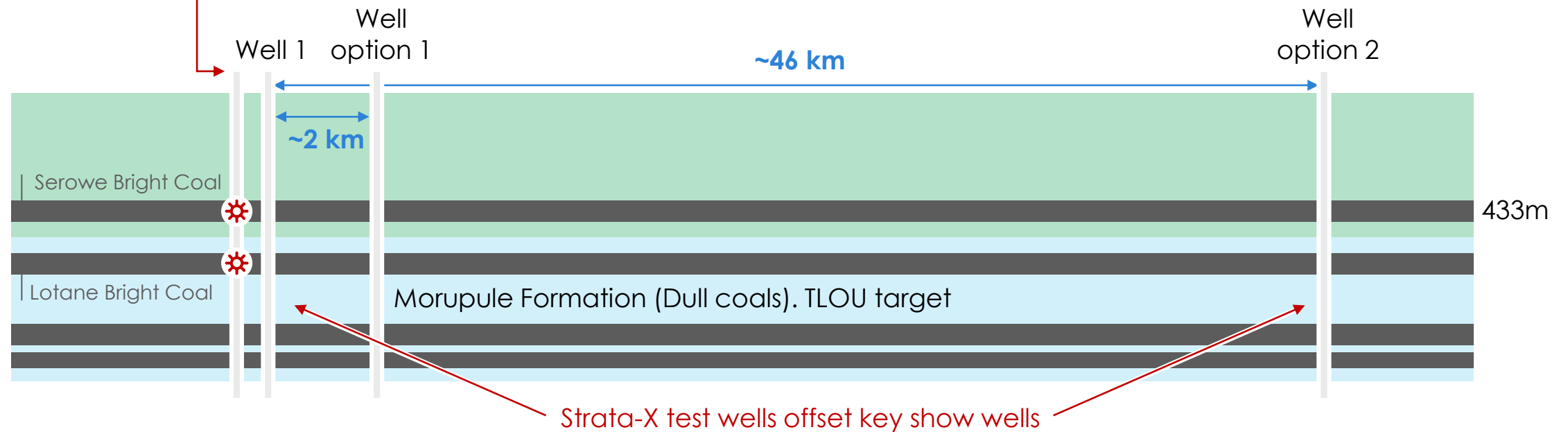
Approximate number of known gas fields around the world



# Abstraction of CBM by shallow, low-cost vertical wells is proposed

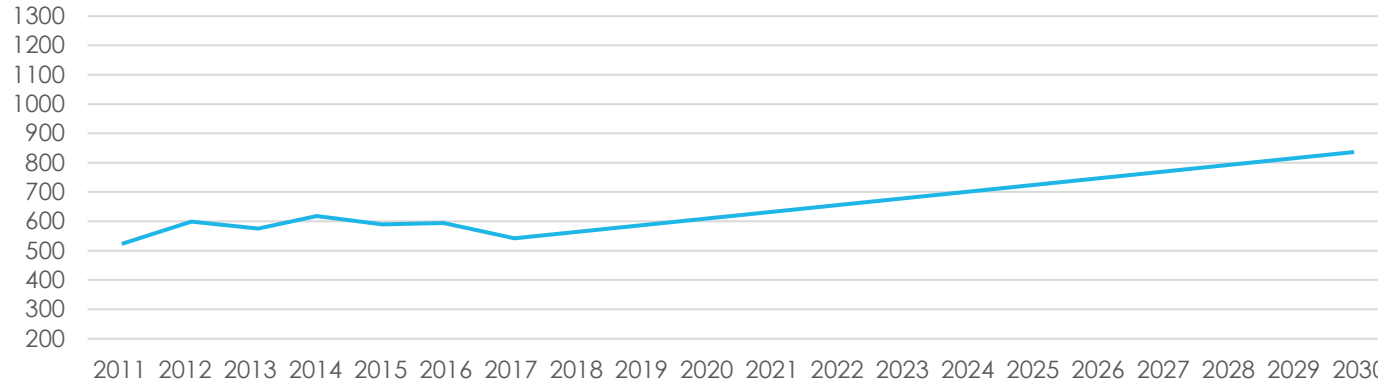


Fully Cored hole with 82% to 100% gas saturations in Serowe and Lotane coals



# Botswana Power Corporation Supply/Demand (June 2019)

Demand Forecast (2018 – 2030) April 2018



## Key Issues:

1. Supply Risks
2. System Peaking Capacity
3. System Reserve Margin

## Supply – Demand Balance (2018 – 2020)

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Morupule A	50	100	100	100	100	100	100	100	100	100	100	100	100
Morupule B	520	390	390	390	390	520	520	520	520	520	520	520	520
Imports	150	150	150	150	150	0	0	0	0	0	0	0	0
Diesel Emergency	160	160	160	160	90	90	90	90	90	90	90	90	90
Total Capacity	880	800	800	800	730	710	710	710	710	710	710	710	710
<b>Peak Demand</b>	<b>577</b>	<b>606</b>	<b>636</b>	<b>668</b>	<b>701</b>	<b>736</b>	<b>773</b>	<b>811</b>	<b>852</b>	<b>895</b>	<b>939</b>	<b>986</b>	<b>1036</b>
Surplus/Shortfall	303	194	164	132	29	-26	-63	-101	-142	-185	-229	-276	-326
Reserve Margin	53%	32%	26%	20%	4%	-4%	-8%	-12%	-17%	-21%	-24%	-28%	-31%

Note: most recent BPC estimates are that Moropule B will not reach maximum output until 2024  
Currently Moropule B is only producing circa 300MW and the balance is imported from Sth Africa



## BotsGas, IK Holdings Ltd, Strata-X and Botswana



BotsGas has a broad network of commercial and technical interests in Botswana.



BotsGas is closely associated with IK Holdings Ltd (IK), a private Perth-based company focussed on establishing Energy Hubs in Botswana. IK is undertaking a detailed study to convert the Orapa 90 MW diesel power station to a 135 MW power station fuelled by CBM. This will give CBM discoveries an immediate market and result in the construction of a gas pipeline network.



Based on positive results from the study, IK is planning to provide first gas to Orapa in 2022.



IK provides technical assistance to BotsGas.



BotsGas will become one of IK's reliable CBM suppliers.

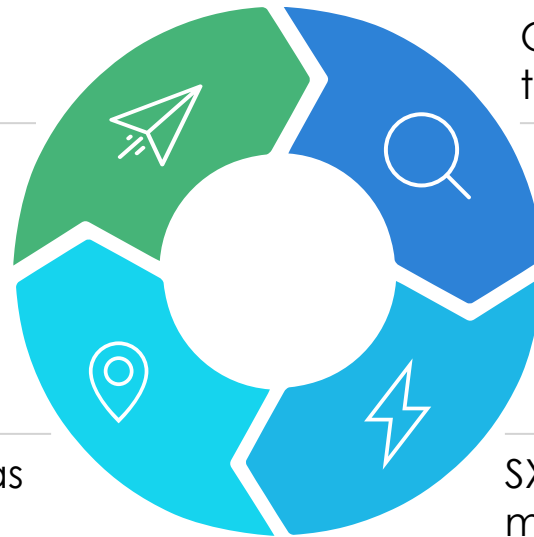


SXA has extensive licences to very prospective CBM leases, complete with identified high priority areas, an excellent data base and a proven record of discovering and developing CBM opportunities

## BotsGas: CBM producer and markets

The farm-in provides BotsGas with the opportunity to become a CBM producer within ~2 years.

BotsGas plans to secure a CBM off-take agreement with IK who will supply the Orapa power station. This will generate a significant cash flow for BotsGas.



Other CBM power stations are scheduled to be commissioned.

SXA and BotsGas also intends to market gas and power to South Africa.

SXA and BotsGas will focus on the large market potential for Compressed Natural Gas (CNG) to replace diesel and for CBM fuelled generators in conjunction with solar panels to provide electricity to villages not connected to the national electricity grid.

# CBM Comparable Transactions 2008 – 2019

Target field reserve after farm-in

Date	Seller	Buyer	Target	Value (A\$M)	2P Reserves (PJ)	3P Reserves (PJ)	2C Resource (PJ)
Feb-2019	Origin Energy	APLNG	Ironbark Project	\$231	129	192	288
Oct-2012	BG	CNOOC	QCLNG Project	\$1,930	11,000	18,000	
Jan-2012	Origin Energy & ConocoPhillips	Sinopec	10% APLNG	\$1,000	1,281	1,602	291
Apr-2011	Origin Energy & ConocoPhillips	Sinopec	15% APLNG	\$1,395	1,690	2,193	647
Dec-2010	Santos & Petronas	KOGAS & TOTAL	22.5% GLNG	\$998	1,126	1,741	
Sep-2010	Santos & Petronas	TOTAL	20% GLNG	\$867	1,001	1,547	
Apr-2009	Pangea	Origin Energy	100% ATP 788P	\$660	N/A	1,150	500
Apr-2009	Beach	Arrow	40% Tipton CSM	\$400	467	1,115	
Dec-2008	AJ Lucas & Molopo	AGL	100% PEL 285	\$370	447	719	
Sep-2008	Origin Energy	Conoco	50% CSM Assest	\$9,550	2,376	5,069	7,935
Jun-2008	Arrow Energy	Shell	CSM domestic and international	\$644	674	1,525	
May-2008	Santos	Petronas	\$40% of GLNG	\$2,640	538	1,600	1,369

Longer term target field Size

**1 PJ = ~ 0.942Bcf; By Comparison, BotsGas target is >1,000PJ of 3P reserves**